



NATIONAL ROAD FUND AGENCY

ANNUAL REPORT 2007



A GOOD ROAD NETWORK IS THE CATALYST FOR ECONOMIC EMPOWERMENT

Insert Road map of Country Here



NATIONAL ROAD FUND AGENCY

ANNUAL REPORT 2007

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The front and back cover photographs are views of Chembe Bridge, a GRZ funded project currently under construction.

2 VISION, MISSION, GOAL AND VALUES

VISION

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

MISSION

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

GOAL

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

VALUES

- *Transparency*
- *Accountability*
- *Impartiality*
- *Integrity*
- *Professionalism*
- *Service ethics/customer satisfaction*
- *Zero tolerance to corruption*



Picture 1: Construction of New NRFA Offices, at Fairley Road, in progress



Picture 2: Mr Julu G Simuule

3 CHAIRMAN'S FOREWORD

3.1 INTRODUCTION

As Chairman of the National Road Fund Agency (NRFA) during its initial 3 year period between 1st January 2005 to 31st December, 2007, I would like to put on record my sincere thanks to all Board Members, Management and Staff of the Agency for their innovation, hard work and time that was expended to kick start the operations of the Agency. Starting the new Agency was a very challenging assignment and I am proud to report that the Board certainly responded to this challenge with unqualified commitment and distinction.

It is therefore very appropriate for me to take this opportunity and convey my utmost appreciation of the excellent work done by this pioneer Board. They ensured that the Agency staff recruitment process was transparently conducted and finally provided the strategic policy direction and guidance to management through the development of relevant key operational documents and policies.

3.2 GOVERNMENT SUPPORT

I would like to also, on behalf of the Board, to equally thank the Government of the Republic of Zambia and our Cooperating Partners for their continued support and timely releases of funds to the Agency during this formative period.

3.3 CORPORATE GOVERNANCE

It is worth noting that the Board and Management moved in tandem in implementing the mandate of the Agency as stipulated in the Act and consequently,

the following policy and planning documents are now in place:

- a) Three Year (2008 - 2010) Strategic Plan
- b) Investment Policy
- c) Audit Charter
- d) Risk Management Policy
- e) Training Policy
- f) Terms of Reference for all Board Committees
- g) Communication Strategy
- h) Conditions of Service
- i) Draft Road User Charges Study Report
- j) The Draft Statutory Instrument for Channeling of the Road User Charges directly to the Road Fund

3.4 INTER - AGENCY WORKING RELATIONSHIPS

During the period under review, the NRFA enjoyed a very good working relationship with its two sister Agencies (RDA and RTSA) through the formation of the Committee of Chairpersons.

The Committee of Chairpersons provided invaluable guidance to managements in the three Road Sector Agencies on matters of mutual interest and benefit. This in particular, culminated in the Agency (NRFA) signing a Bilateral Agreement with the Road Transport and Safety Agency (RTSA) that outlined the modus operandi between the two Agencies.

The Committee of Chairpersons also approved guidelines for paying certificates and invoices for contractors, consultants and other service providers resulting in little or no delays.

Further, the Committee of Chairpersons and the three Agencies' Chief Executive Officers met the Committee of Ministers on Road Management Initiative (RMI) to approve the Annual Work Plan and Operational budget for 2007.

3.5 OPERATIONAL CHALLENGES

During the year under review, the Agency faced a number of challenges in its operations, the key one being that of

CHAIRMAN'S FOREWARD

initiating sustainable strategies in the process of mobilising adequate funds for the road sector. Various studies have since been concluded and ready for implementation in 2008 and beyond. This is a deliberate attempt to address this issue both in the short and long term.

Other key challenges faced included the following:

- a) Delays in procurement works - this area needs to be addressed seriously in 2008 as it has tended to retard accelerated performance and progress in the overall road sector development. In fact it has hugely contributed to the Agency having a carry over of unutilized funds into 2008. This situation could have been partially avoided if the procurement process was done in a proactive manner.
- b) Limited budget for monitoring of projects - sample inspections were made to ensure that road users got value for money. However, the Agency's operational budget was limited and this resulted in scaling down on many activities including project monitoring.
- c) Arrears to contractor and consultants - As the Agency assumed responsibility for the GRZ funded projects, it became necessary to establish the extent of outstanding payments for work already executed by various contractors and consultants on all GRZ funded projects. The Agency therefore commissioned a consultant to determine the same with a view of paying them off, starting with the principal amounts.
- d) Job evaluation - it was decided to carry out a job evaluation exercise after the initial 3 years in operation. This would allow a timely review and appropriate alignment of jobs and the Agency's organisational structure. This is in response to the Agency's current and projected future mandate, strategic direction and needs on the ground. It is hoped that the outcome of this exercise will provide an optimal corporate structure responsive to appropriate staff welfare needs in particular and

the demands of the Road Sector in general.

3.6 OUTLOOK FOR 2008 AND BEYOND

The outlook for 2008 and beyond looks very positive and promising indeed for the Road Sector. We expect all road user charges to be channeled to the Road Fund. Further, it is hoped that more funds for road development and maintenance will be mobilised through various arrangements including Public Private Partnerships such as tolling of some roads or/and some structures like bridges.

All in all, the implementation of the 2007 annual work plan brought about little change in road condition on paved road network. This is primarily due to little periodic maintenance undertaken during the year. On the other hand there was great improvement in the condition of gravel roads in the category of Main and District roads that were put on Output based Road Maintenance Contracts (OPRC). Urban roads equally saw substantial amount of work done through accelerated rehabilitation works in various cities and municipalities. A lot, however, still remains to be done to improve feeder roads.

3.7 CONCLUSION

In conclusion, the year under review overallly recorded very positive developments. Of particular significance, policy guidelines and operating systems are now in place to fully execute the Agency's mandate of broadening the revenue base for the road sector. In fact, this broadening of the revenue base for the Road Sector should be the Agency's priority in 2008 and beyond.



Picture 3: Mr Raphael Mabenga

4 DIRECTOR'S REPORT

4.1 INTRODUCTION

This report looks at operational matters. It gives high lights of events that took place during the year.

4.2 PROGRESS

4.2.1 Road Sector Investment Programme (ROADSIP)

The Agency is coordinating the implementation of the Road Sector Investment Programme, phase II (ROADSIP II), which started in 2004-2013 at an estimated cost of US\$1.6 billion. ROADSIP II has various objectives, which should be achieved by 2013. An update is given in this report.

Due to limited resources, coupled with backlog of maintenance, ROADSIP II concentrates on a network of 40,113 Km, which covers the whole country, taking into consideration conditionalities and various economic and social activities. It is linked to the fifth National Development Plan, Millennium Development Goals and 2030 vision for Zambia.

Details of the programme are outlined in the Bankable document and Financial strategy. The main challenge of the Agency is to raise enough resources to narrow the financial gap.

Another issue is to achieve performance indicators in the various agreements with the cooperating partners.

4.2.2 Broadening the Revenue Base

A study was commissioned to look at ways and means of broadening the revenue base in the

road sector. Various recommendations were made in the draft report and notably ones were: a) reviewing Other Road User Charges (RUC) in the country and channel them directly to the Road Fund b) Possibility of tolling some roads and raise money for maintenance c) implementation of Private Public Partnership and d) charge fee-for service. Maintenance of road is no longer the responsibility of Government but Road Users.

Various meetings were held with Cooperating Partners so that they could continue to help in addressing the backlog of maintenance. The outcome of the meetings were very encouraging. We hope they will continue to fund the road sector even beyond 2013 as roads are catalyst for economic growth and economic empowerment of communities.

A feasibility study for tolling of some bridges/roads will be commissioned in 2008.

4.2.3 Statutory Instruments (SI's)

Section 16 of the NRFA Act lists various sources of funds (vehicle license fees, registration fees, international transit fees, weigh bridge fines) that should come to the Road Fund.

Revenue from Weighbridge Fees and Fines was transferred by Statutory Instrument to the Road Fund during 2007.

Further SI's were required for the transfer of other revenue. The SI's have been prepared and have since been submitted to Government for considerations.

4.2.4 Funding in 2007

In the year under review, funding came from various sources as shown in Table 1 below. The table shows that Government released all the funds as approved in the Annual Work Plan and is congratulated for this commitment.

DIRECTOR'S REPORT

Table 1: Income and Expenditure for the year ended 31st December

Funding source	2007			2006		
	Approved Annual Work Plan	Receipts	Disbursements	Approved Annual Work Plan	Receipts	Disbursements
Fuel Levy & RUC	201	232	172	156	201	103
EU	152	0	89	122	221	139
Danida	44	10	8	70	12	13
World Bank/NDF	240	52	59	43	57	57
OPEC	3	8	8	165	17	17
GRZ	124	135	114	199	71	66
Other Donors	23	0	0	80	0	0
Other Income	0	14	0	0	15	0
Total	787	451	450	835	594	395

4.2.5 Disbursement

Funds were spent on works done, certified by consultants and client. We were able to pay within eleven (11) days on average from the date certificates were received by the Agency except where there were queries or insufficient information.

4.2.6 Annual Work Plan 2007

Full implementation was hampered by slow procurement process by the implementing agencies. Joint random inspections with the implementing agency were done to ensure value for money and details are in the main report.

4.2.7 Audited Statements

Audited financial statements were published during the year in accordance the mandate.

4.2.8 Coordination of the Road Sector Investment Programme (ROADSIP)



Picture 4: ROADSIP II Meeting

Coordination was enhanced and other donors, like Japan, joined the donor forum (European

Commission - Chair, DANIDA, NORAD, World Bank, Nordic Development Fund, etc). This is a forum where Cooperating Partners and an Inter-Ministerial team met to review progress of ROADSIP II.

ROADSIP II will be revisited in 2008 through a mid-term review study. This performance coordination triggered further support from the cooperating Partners.

4.2.9 Communication strategy implementation

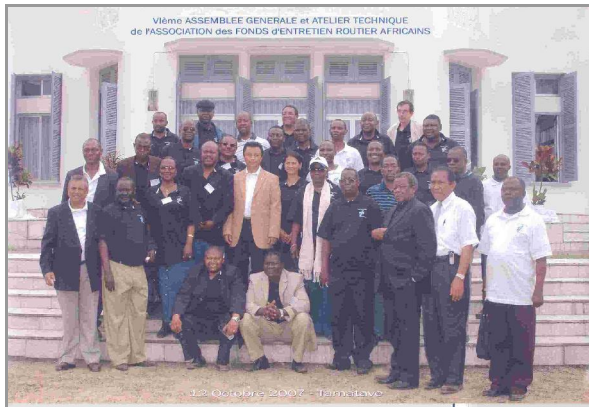
A set of documentary films covering the nine provinces were screened on ZNBC and MUVI television. Feed back from road users was positive and encouraging.

4.2.10 Regional and International Seminars

Various papers were presented at various fora e.g. Senior Executive Programme at the University of Birmingham, Members of Parliament in Uganda and participated in various regional workshops and conferences such as:

- The Sub Sahara Africa Transport Policy Programme (SSATP) in Burkina Faso, by the Director and Board Member.
- Southern Africa Development Community (SADC) on transport infrastructure and meteorology in Botswana, by the NRFA Director.
- The first African Union of Ministers responsible for road transport that was held in Pretoria, South Africa. The meeting was attended by PS MCT, Directors from MCT, NRFA, and officers from RDA.
- African Road Maintenance Funds Association (ARMFA) Annual General

meeting in Madagascar.



Picture 5: African Road Maintenance Funds Association (ARMFA) in Madagascar

The Annual General Meeting was officially opened by HE Marc Ravalomanana The President of Madagascar, which was attended by representatives from 30 countries.

4.2.11 Regional Visitors

Due to good reforms that have been publicized all over the World about the successful road sector reforms in Zambia, we received visitors from Malawi, Lesotho, Madagascar and Uganda. The visitors came to learn how Zambia had excelled in the road sector reforms.



Picture 6: Signing Bilateral Agreement between RTSA and NRFA

4.2.12 Bilateral Agreement

Bilateral Agreement between the Road Transport and Safety Agency and NRFA was signed in the third quarter. It sets modus operandi of the two agencies. All the procedures are detailed in the document and relationship between the two agencies was enhanced.

4.2.13 Audit and Risk Management

An Audit Charter and Risk Management policy was approved and will be fully implemented in 2008. There is a strict internal control system in place. Books of accounts are audited on quarterly basis by external auditors and published in print media.

4.3 CHALLENGES

4.3.1 Arrears to Contractors and Consultants

A study was commissioned in the third quarter of the year to try and determine the quantum of arrears owed to various contractors and consultants. The study will come up with a comprehensive list of all projects, payments made, interests, balances, what has been done on the ground and outstanding works and how much it will cost to complete it, etc. The plan is to start paying off some of the arrears in 2008, starting with principal amounts.

4.3.2 Technical Audit of projects

The Challenge is value for work done. Audits were conducted randomly, and appropriate actions were taken where practicable. Projects were procured by implementing Agencies and supervised by Consultants. Payment claims were prepared by Consultants and certified by the client before they were passed via the implementing agency to NRFA for payment. Before effecting payment, the NRFA Monitoring and Evaluation Department reviewed the claims, and in some cases undertook site visits to verify the same. This resulted into some savings as some certificates were adjusted to reflect what was done on the ground.

4.3.3 Common Basket Funding

The common basket funding is still a challenge. Projects continued to appear in the Yellow book and funding released specifically to specific projects. This did not give room to spend as certificates were received. However, Government authorized a float of K50 billion, to pay GRZ projects using the fuel levy up to this amount and then request reimbursement. This worked well and the payments system improved. The ultimate preferred modus operandi however is to eventually have a fully fledged common basket funding.

4.4 STAFF

The Agency had its full complement of staff. Each Department was operational and systems were in place. Management and staff meetings were held regularly to ensure all were pulling in the same direction. The staff performed very well during 2007 and should do even

better in 2008.



Picture 7: NRFA Staff

4.5 OUTLOOK IN 2008

The following are to be undertaken in 2008:

4.5.1 Implementation of Policy Documents

Implementation of policy documents like the 3 year Strategic Plan, Business Plan, Investment Plan, Risk Management will be effected in 2008.

4.5.2 Capacity Building

Training needs assessment will continue to be done to determine skills gap demands. Based on the outcome of the assessment, the training plan will continue to be updated accordingly.

4.5.3 Cooperating Partners

Communications with our good Cooperating Partners will be further enhanced through meetings.

4.5.4 Procurement Procedures

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

4.5.5 Remedies for shoddy works

The Agency will pay only for work done that meets the set specifications and standards. This will be done through intensified field monitoring. The Local community and their civic leaders should be involved in the monitoring of road projects in their areas

4.6 CONCLUSION

The Board and Management worked very hard to put policy documents and systems in place. We also received a lot of support from Government, Cooperating Partners and Road Users. Therefore, 2007 was a very challenging year but we hope to do better in 2008.

5 NRFA MANAGEMENT TEAM

Director and CEO



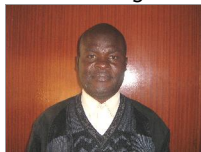
Mr Raphael
Mabenga

Fund Manager



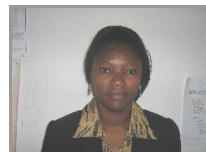
Mr Bryson Mumba

M&E Manager



Mr Emmanuel
Kaunda

Corporate Services
Officer



Mrs Chola Mutambo

Internal Auditor



Mr Richard Shikoki

6 CORPORATE GOVERNANCE

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

6.1 RMI COMMITTEE OF MINISTERS

The Committee of Ministers has overall responsibility for the policy governing the road sector agencies. The Board of the NRFA reports to the Committee of Ministers on a quarterly basis through the Committee of Permanent Secretaries.

6.2 BOARD OF DIRECTORS

The Board currently comprises thirteen (13) Directors, and the composition is balanced so that no one individual or small group can dominate decision making. The depth of experience and diversity of the Board ensures that robust and forthright debate on all issues of material importance to the Agency occurs.

The roles of Board and Management are distinct to avoid duplication.

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

The Board met six times during 2007.



Picture 8: Committee Meeting

6.3 BOARD COMMITTEES

The Board is assisted in the discharge of its responsibilities by three sub-committees, namely the Finance and Technical Committee, Administration Committee and the Audit and Risk Management Committee. These sub-committees are accountable to the Board and meet at least quarterly before the Board meetings. Senior management staff attend all Board and Committee meetings.

6.4 COMPLIANCE AND RISK MANAGEMENT PRACTICES

The Audit and Risk Management Committee assists the Board in the discharge of its duties relating to financial reporting to all stakeholders, compliance, risk management and the effectiveness of accounting and management information systems.

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

6.5 ORGANISATIONAL ETHICS, BUSINESS INTEGRITY AND CONFIDENTIALITY

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

6.6 MANAGEMENT REPORTING

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

6.7 INTERNAL CONTROL

The systems of internal control are designed to safeguard the Agency’s assets, maintain proper accounting records and ensure the reliability of management and financial information produced by the Agency. Control systems are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of authority and duties.

7 RMI COMMITTEE OF MINISTERS

Chairperson



Hon Sara Sayifwanda
Minister of Communications & Transport

Vice Chairperson



Hon Kapembwa Simbao
Minister of Works & Supply

Member



Hon Kenneth Konga
Minister of Energy & Water Development

Member



Hon Ng'andu Magande
Minister of Finance & National Planning

Member



Hon George Kunda
Minister of Justice

Member



Hon Sylvia Masebo
Minister of Local Government and Housing

Member



Hon Ben Kapita
Minister of Agriculture & Cooperatives

Member



Hon Micheal Kaingu
Minister of Tourism Environment & Natural Resources

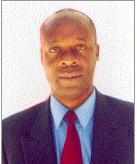
8 RMI COMMITTEE OF PERMANENT SECRETARIES

Chairman



Brigadier General Peter Tembo (Rtd)
PS - MCT

Vice Chairperson



Lt. Col. Bizwayo Nkunika (Rtd)
PS - MWS

Member



Mr Emanuel Ngulube
PS (BEA) - MOFNP

Member



Dr Eustern Mambwe
PS - MTENR

Member



Professor Issac Phiri
PS - MACO

Member



Mr Peter Mumba
PS - Energy

Member



Mrs Gertrude M.K. Imbwae
PS - MOJ

Member



Mr Maswabi Maimbolwa
PS - MLGH

9 BOARD OF DIRECTORS

As at 31st December 2007

Board Chairman



Mr Julu G Simuule.

Vice Chairman



Mr Allington N Bota



Mr Emanuel Ngulube



Brigadier General Peter
Tembo (Rtd)



Mr Dickson Chellah



Ms Annie Zulu Chime



Ms Sichombo Balimu
Mwiya



Mr Milongo Lungu



Maj Henry Imbula (Rtd)



Dr Sylvester M.
Mashamba



Mr Frederick Mwalusaka
Ex-officio



Mr Erasmus M. Chilundika
Ex-officio



Secretary
Mr Raphael Mabenga

Former Directors who served during the year.



Mr Joel M Ukwimi



Ms Georgina N Zulu



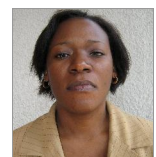
Mr Elijah Banda



Mr Henry M Chipewo



Ms Margaret L Lungu



Mrs Judith Mulongoti



Annual Report

10 FINANCIAL HIGHLIGHTS

Table 2: Income and Expenditure Summary for 2007 & 2006

Income and Expenditure Summary for 2007 & 2006 (K'millions)	2007 Road Fund (Fuel Lev & RUC)	2007 Donor Funds				2007 GRZ Funds	2007 NRFA Secretariat *	TOTAL 2007	2006 Road Fund (Fuel Lev)	2006 Donor Funds				2006 GRZ Funds	2006 NRFA Secretariat *	TOTAL 2006
		World Bank	European Union	OPEC Fund *	Danida *					World Bank	European Union	OPEC Fund *	Danida *			
INCOME																
Bank Interest Received (Net)	6,937	104	4,679		14		285	12,018	14,518	16			4		93	14,631
Danida Funding					10,048			10,048					12,360			12,360
European Union											221,309					221,309
Road Fund - Fuel Levy	224,950							224,950	200,530							200,530
Road Fund - Other Road User Charges	6,961							6,961	(800)						6,300	5,500
Grants Receivable							5,948	5,948								5,948
GRZ Funding						135,061		135,061						71,223		71,223
IDA Funding		49,271						49,271		56,066						56,066
Net Exchange Gains		147						147	142				182		56	381
Nordic Development Fund		2,218						2,218		1,273						1,273
OPEC Fund				7,533			61	7,533			16,908				123	16,908
Other Income	2,311							2,372					596			596
Performance Bond Encashed																
Total INCOME	241,158	51,739	4,679	7,533	10,062	135,061	6,294	456,525	214,390	57,354	221,309	16,908	13,142	71,223	6,571	600,898
EXPENDITURE																
Roads																
Axle Load Control			5,855					5,855			4,644					4,644
Bailey Bridges	1,467					5,033		6,500	4,195							4,195
Civil Works on Roads	104,747	49,626	78,544	7,533	4,310	104,314		349,074		45,272	134,171	16,908	9,591	66,472		272,413
Consultancy and Supervision	4,995	5,338	4,380		1,825	5,107		21,646	4,778	8,052			2,673			15,503
Data Collection																
Environmental MU										120			476			596
Institutional Study										1,002						1,002
Road Maintenance - Councils	55,806							55,806	32,019							32,019
Road Maintenance - Community					738			738								
Road Maintenance - Road Engineers																
Road Safety Campaign									61,393							61,393
Total EXPENDITURE Roads	171,383	54,964	88,779	7,533	6,873	114,455		443,987	102,385	54,735	138,815	16,908	12,739	66,472		392,053
EXPENDITURE Administration																
Bank Charges	179	42	16		11		32	281	176	39			9		378	601
Depreciation							334	334							154	154
Funding - ROADSP									390	323						713
Goods and Services		1,161			721			1,882		22					22	22
HIV/AIDS & Occupational Health										308						308
Net Exchange Losses	22				294		21	337								
Other Administration	329	255			16		2,908	3,507	493	38			82		893	1,506
Project Assets		2,591						2,591		1,184						1,184
Staff Costs							3,174	3,174							2,816	2,816
Total EXPENDITURE Administration	530	4,049	16		1,043		6,468	12,106	1,060	1,914			90		4,240	7,304
Surplus / (Deficit) for the Year	69,245	(7,274)	(84,117)		2,146	20,606	(174)	432	110,945	706	82,494		313	4,751	2,331	201,540

* unaudited

10.1 ROAD FUND

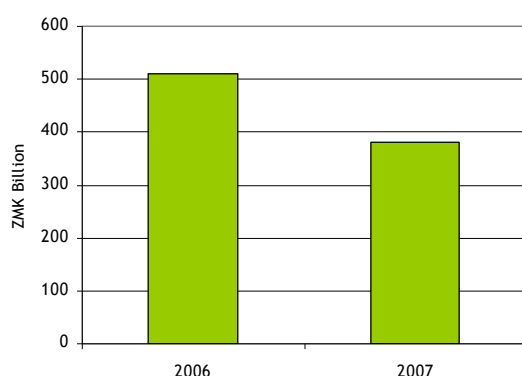
10.1.1 Objective

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

10.1.2 Road Fund Receipts

The receipts from Fuel Levy, GRZ direct funding and the EU budget support recorded a decline of 25 % from K511 billion in 2006 to K381 billion in 2007. The main reason for this decline in funding is due to K221 billion received from the EU budget support in 2006 and none was received in 2007 as the third tranche funding from the EU had not been received as at the end of the year. The EU budget support is part of the €70 million grant from the European Union Development Fund (EDF). Direct funding from GRZ increased from K72 billion to K135 billion for direct funding of projects by the government. Fuel levy funding recorded an increase of 12% from K200 billion to K225 billion in 2007. During 2007, K6.9 billion was received directly from the Road Development Agency as funding from the axle load control programme. Interest amounting to K11.6 billion was earned from investments as compared to K14.6 billion in 2006.

Table 3: Road Fund Receipts 2007 and 2006



10.1.3 Road Fund Disbursements

During the year K374.7 billion was disbursed from the Road Fund as compared to K313 billion in 2006, an increase of 13%. Disbursements in respect of the EU budget supported projects amounted to K88.8 billion, K114.5 billion for GRZ directly funded projects and K171.4 billion from Fuel levy.

Table 4: Road Fund Disbursements 2007 and 2006

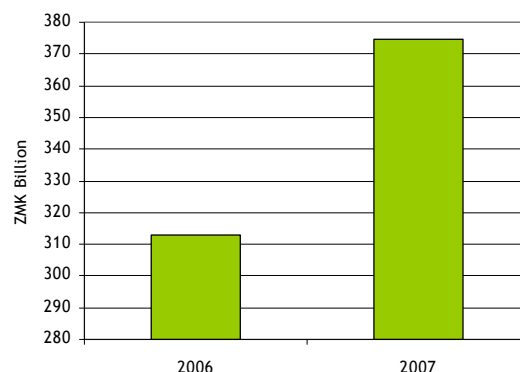
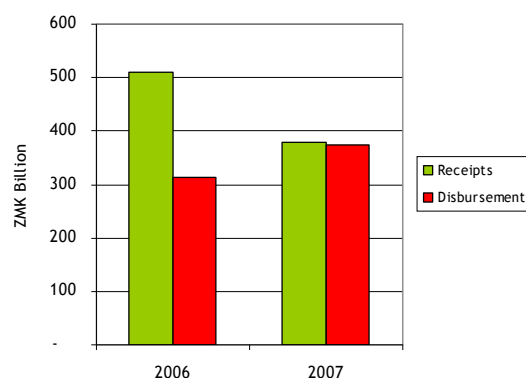


Table 5: Road Fund Receipts and Disbursements 2007 and 2006



10.1.4 Fuel Levy Remittances

During the year under review, the Road Fund was funded through Fuel Levy remittances from the MOFNP. The amount remitted in the year under review was K225 billion while the figure for 2006 was K200 billion. It is pleasing to note that there was an increase of 12% in the remittances compared to the previous year.

Table 6: Fuel Levy Remittances

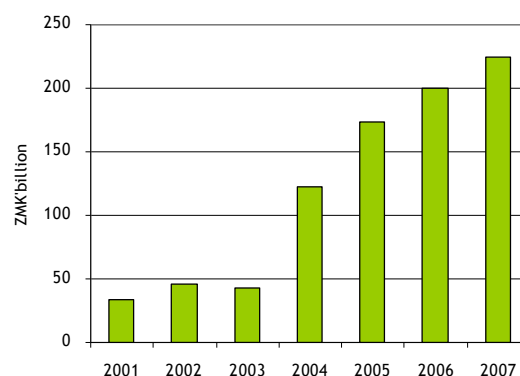


Table 6 above shows the annual amounts of Fuel Levy that was collected in the last seven years with a substantial increase in the last four years.

10.1.5 Fuel Levy Performance

Overall, Fuel Levy remittances for the year exceeded the amount budgeted in the Yellow Book of K221 billion by K4 billion due to the remittance of K4 billion arrears from 2006. MOFNP showed a very high level of commitment in remitting the budgeted amounts and payment of part of the arrears from 2006.

Table 7 shows the monthly collections and the respective remittances to the Road Fund.

Table 7: Fuel Levy Remittances

NRFA FUEL LEVY REMITTANCES IN 2007			
Fuel Levy			
Month	Collections ZMK	Remittances ZMK	Yellow Book ZMK
Jan	17,382,226,747	25,985,000,000	18,333,333,333
Feb	11,517,768,324	25,500,000,000	18,333,333,333
Mar	18,302,049,787	0	18,333,333,334
Apr	21,284,212,973	21,000,000,000	18,333,333,333
May	17,040,412,394	17,300,000,000	18,333,333,333
Jun	18,639,722,845	0	18,333,333,334
Jul	24,563,902,947	32,000,000,000	18,333,333,333
Aug	23,403,544,589	0	18,333,333,333
Sep	24,119,699,182	35,000,000,000	18,333,333,334
Oct	17,931,804,960	27,700,000,000	18,333,333,333
Nov	20,993,557,821	21,600,000,000	18,333,333,333
Dec	23,642,468,631	18,865,000,000	18,333,333,334
Totals:	238,821,371,200	224,950,000,000	220,000,000,000

Details of expenditure are given in FINANCIAL STATEMENT - ROAD FUND.

10.1.6 Change of Fuel Prices during the Year

The Fuel Levy was still being calculated at 15% of the wholesale price for diesel and petrol. During the year the unit price varied on a monthly basis as contained in the following Tables 8 and 9.

Fluctuation of Average Fuel Levy and Average Pump Price over the last six years are shown in Tables 10, 11. and 12

Table 8: Fuel Levy at 15% of Wholesale Price in 2007

2007	Exch Rate Zmk/ US\$	Diesel			Petrol		
		Levy US Cent/ Lit	Levy Zmk/Lit	Whole- sale Zmk/Lit	Levy US Cent/ Lit	Levy Zmk/Lit	Whole- sale Zmk/Lit
Jan	4,205	9.82	412.80	2,752	9.31	391.50	2,610
Feb	4,259	9.29	395.55	2,637	8.65	368.55	2,457
Mar	4,270	9.26	395.55	2,637	8.63	368.55	2,457
Apr	4,171	10.37	432.75	2,885	9.91	413.25	2,755
May	4,029	10.74	432.75	2,885	10.89	438.75	2,925
Jun	3,900	11.10	432.75	2,885	11.25	438.75	2,925
Jul	3,839	11.88	456.00	3,040	11.43	438.75	2,925
Aug	4,024	11.33	456.00	3,040	10.90	438.75	2,925
Sep	3,976	12.47	495.75	3,305	12.18	484.35	3,229
Oct	3,848	12.88	495.75	3,305	12.59	484.35	3,229
Nov	3,785	13.10	495.75	3,305	12.80	484.35	3,229
Dec	3,835	12.93	495.75	3,305	12.63	484.35	3,229
Ave	4,012	11.26	449.76		10.93	436.19	

Table 9: Fuel Levy at 15% of Wholesale Price in 2006

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

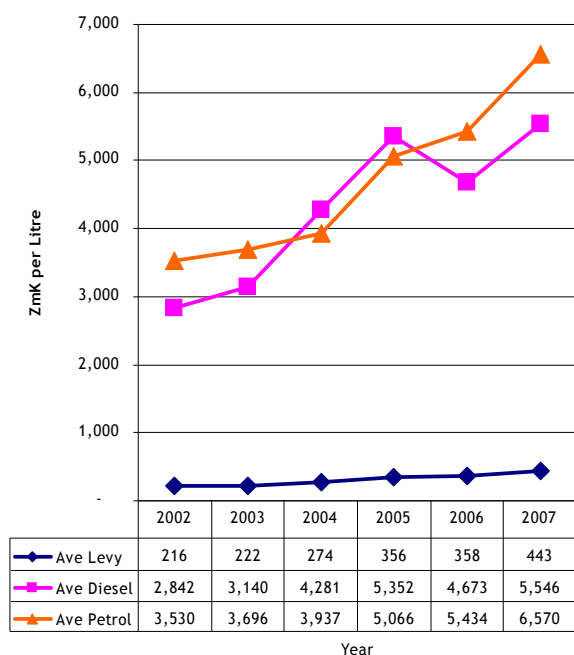
Table 10: Fuel Levy - Diesel

Year	Diesel (Averages)			
	Pump Price per Lit		Fuel Levy Per Lit	
	Zmk	US\$	Zmk	US Cent
2007	5,546	1.38	450	11.26
2006	4,673	1.28	364	10.00
2005	5,352	1.19	370	8.29
2004	4,281	0.89	276	5.74
2003	3,140	0.65	220	5.04
2002	2,842	0.59	212	4.33

Table 11: Fuel Levy - Petrol

Year	Petrol (Averages)			
	Pump Price per Lit		Fuel Levy Per Lit	
	Zmk	US\$	Zmk	US Cent
2007	6,570	1.64	436	10.93
2006	5,434	1.49	351	9.63
2005	5,066	1.05	341	7.73
2004	3,937	0.88	272	5.66
2003	3,696	0.79	223	4.70
2002	3,530	0.73	220	4.49

Table 12: Average Pump Price and Levy per Litre



Fuel Pump Price has increased substantially for both diesel and petrol over the last six years as shown in the graph above.

10.2 EU BUDGET SUPPORT

10.2.1 Projects & Plan

The European Union through the European Development Fund signed an agreement in which the community would contribute to the periodic maintenance of Trunk, Main and District roads through budget support. The project was originally estimated to cost €70

million. The first tranche of €25.4 million (equivalent to K121 billion) was released through the MoFNP during the latter part of 2005 but received by the NRFA in January 2006. In addition K100 billion was received in November 2006 bringing the total budget support to K221 billion as at the end of 2006. During 2007 no funding was received as the third tranche of €21.4 million was not remitted as at end of the year.

During 2007, the amount available under the agreement was increased by an additional €20 million which brought the total support to €90 million.

10.2.2 Expenditures During 2007

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

Annex 4C provides a listing of the projects funded under EU. The projects are Performance based maintenance contracts throughout the country.

10.2.3 Outlook for Year 2008

It is expected that the third tranche will be received during the first quarter of 2008 as the progress has been achieved in the Road Sector in relation to the performance indicators as agreed, as shown in the Table 13.

Most of the indicators were achieved as target as at the end of the year. This will enable Zambia to access additional funds from the European Development Fund during 2008.

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

Table 13: EU funding to the Road Sector - Objectives & Performance Indicators

10.3 ROADSIP- FUNDING FROM OTHER COOPERATING PARTNERS

10.3.1 INTRODUCTION

The objectives of the assistance from cooperating partners are to help the Government of Zambia in the road sector, to

address the backlog of periodic maintenance of the road network and the rehabilitation of roads that have deteriorated beyond the level for periodic maintenance. Although the major contribution from the cooperating partners has been towards periodic maintenance and rehabilitation works, a number of routine

maintenance works have also been funded.

During the year under review funding was provided to the Road Sector by the following cooperating partners:

- (i) DANIDA
- (ii) NDF
- (iii) OPEC
- (iv) World Bank

10.4 DANIDA

10.4.1 Receipts

The Danish Embassy approved the DANIDA Road Sector Programme Support (Road-SPS) Phase 1 for an amount of DK370 million (US\$54.4 million) for a period of five years in November 2002. The funding for the main road (Lusaka-Mongu) was administered and managed by DANIDA whereas the funding for the district and feeder roads and environmental management was administered by NRFA. During the year K10 billion was received by the NRFA for various projects.



Picture 9: HE the President and Danish Ambassador Commissioning of Lusaka - Mongu Road

During 2007, the Danish Embassy approved the DANIDA Road Sector Programme Support (Road-SPS) Phase II for an amount of DK400 million for a period 2007 - 2012. The main projects include the rehabilitation of Mongu-Senanga Road, improvement in Senanga-Sesheke road, district support programmes and institutional support to the Road Sector.

10.4.2 Expenditures During 2007

A total of K7.9 billion has been disbursed for the year ended 31st December 2007.

10.4.3 Outlook for Year 2008

The Danish Embassy has indicated willingness to fund the road from Mongu to Senanga including the rehabilitation of the washed away bridges.

10.5 OPEC

10.5.1 Receipts

OPEC approved a credit of US\$6 million towards the co-financing arrangement with the World Bank for the rehabilitation of road M6 Kafulafuta - Luanshya.



Picture 10: Work on Kafulafuta - Luanshya Road

The total value of the works amounting to K32.454 billion (approximately US\$6.686 million) were to be executed in 18 months. OPEC is providing US\$6 million and the World Bank would provide the balance.

10.5.2 Expenditures During 2007

A total of US\$1.8 million (K7.55 billion) was paid directly for the Luanshya - Kafulafuta Road.

10.6 WORLD BANK

10.6.1 Projects & Plan

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

The objective of the project is to support Government of Republic of Zambia in implementing the first three years ofROADSIP II. The overriding goal of the programme is to stimulate economic growth and to contribute towards poverty alleviation through appropriate investments in road infrastructure, in institutional and policy

reforms and in enhanced Road Sector management.

The institutional development and capacity building component of the RRMP is to support environmental impact management, HIV/AIDS programmes and institutional reforms in the road sector.

Funding of US\$25 million was arranged with the World Bank as additional financing to RRMP for funding of the civil works for the reinstatement of river crossings in selected provinces in Zambia and the detailed design of Mufuchani Bridge across the Kafue River in Kitwe.

10.6.2 Expenditures During 2007

The actual disbursements during the year amounted to US\$15 million bringing the total to US\$20 million since the project became effective in July 2004. The disbursements to date represent, approximately, 41% of the Credit although 30 months have elapsed since the Credit became effective.

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

10.7 NORDIC DEVELOPMENT FUND - NDF

The Nordic Development Fund has made available credit of €8 million to the Road Rehabilitation and Maintenance Project through a Development Financing agreement signed with the Government of the Republic of Zambia. The funding during the year was as follows:

Table 14: Nordic Development Fund

DIRECT PAYMENTS	Year ended 31.12.07	Year ended 31.12.06	Cumulative 30 months to 31.12.07
	US\$	US\$	US\$
Tranche 1	0	137,404	137,404
Tranche 2	0	212,250	212,250
Tranche 3	155,940	0	155,940
Tranche 4	159,165	0	159,165
Tranche 5	80,795	0	80,795
Tranche 6	148,563	0	148,563
TOTAL	544,463	349,654	894,117

The amounts were paid for consultancy services for the techno-economic studies, detailed engineering designs and construction supervision of the Kafue National Park Spinal Road.

10.7.1 Road User Charges Interim Implementation

Study

During the year, the NRFA entered into a contract with SWEROAD/Africon, to undertake the road user charges review and implementation study. The purpose of this study was to provide the NRFA in Zambia with a strategy for the sustainable generation of road fund revenue, based on a revised road user charging system. SWEROAD in association with Africon were appointed to do the study. A workshop was held during the year to consider the first draft final report. It is expected that final report would be completed in January 2008.

The NRFA will consider the recommendations and implementation is planned for the 2008.

10.8 OUTLOOK FOR 2008

The outlook for 2008 is very positive. Additional funding of US\$25 million is expected to be received from the World Bank, and the financing agreement for the EU budget support third tranche of €21.4 million is expected to be released.

Other funding agreements include a mixed credit from the German Development Bank (KfW) for approximately €15 million in support of Rural Transport for Poverty Reduction in the Southern Province of Zambia.

11 MONITORING AND EVALUATION

11.1 INTRODUCTION

Like in the previous year (2006), the Monitoring and Evaluation Department continued performing the following functions:

- reviewing technical documentation submitted by implementing agencies (mainly the Road Development Agency - RDA);
- carrying out technical audit of road projects (mainly out-sourced);
- monitoring project procurement (mainly foreign financed) and;
- monitoring project implementation through physical inspection as well as desk study.

The Department reviewed technical reports such as consultancy reports and tender evaluation reports, draft annual work plan for 2008, project payment certificates, terms of reference for both locally financed as well as

foreign financed consultancies etc.

Technical audit tasks were all outsourced due to limited number of technical staff in the Department who, most of the time, were required to process huge volume of payment certificates on daily basis as well as undertake random site inspection and perform other urgent tasks assigned to the Department.

In monitoring project procurement, emphasis was placed more on foreign financed projects for which NRFA had a role of coordinating activities of implementing agencies and reporting to cooperating partners (foreign financiers). For locally financed road projects or activities, the implementing agencies (RDA and RTSA) had delegated responsibility to adjudicate tenders up to specified thresholds by the Zambia National Tender Board through respective tender committees in the two agencies. Tenders above the specified thresholds were always referred to the Zambia National Tender Board to adjudicate.

11.2 PROGRAMME REVIEW

11.2.1 Annual Programme Review and Planning Workshop



Picture 11: 2008 Annual Work Plan Workshop

The year 2007 represented a positive departure from the previous two years (2005 and 2006) when no annual workshops to review performance in the previous years and plan for the following years could not be held. Although the implementing agency, delayed in producing the draft annual work plan for 2008, the annual workshop was held in December, 2007 to review the performance of the 2007 programme and present the 2008 draft annual work plan to stakeholders.

11.2.2 Road Maintenance Projects in 2007

Like the previous year (2006), the road fund comprised mainly resources from the fuel levy

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

In 2007, financial resources from the National Treasury for all on-going GRZ funded projects were channelled through the National Road Fund Agency. Similarly, the responsibility to monitor their implementation was placed on NRFA

The World Bank and other Cooperating Partners in the road sector such as DANIDA, JICA and OPEC continued with project-specific financing arrangement. The European Union, on the other hand, moved away from project-specific financing to budget support (common basket funding).

a) FUEL LEVY

A total of 76 new road fund projects worth K272.3 billion covering 4,336 Km initiated in 2007. Out of this number, 47 contracts worth K17.4 billion were for routine maintenance covering 2,448 Km.

Out of the remaining 29 contracts, 26 contracts worth K242.2 billion covering 1,948 Km were for periodic maintenance while the remaining 5 contracts worth K12.7 billion were for road drainage structures.

Annex 4A below lists contracts for periodic maintenance and road drainage structures initiated in 2007.

b) WORLD BANK

The World Bank supported projects under RRMP namely:

- Consultancy services for the output and performance based road contract for unpaved rural and district roads in Lundazi, Katete, Chipata, Chongwe and Choma Districts as part of the Agriculture Development Support Project (ADSP) worth ZM520,436,614 as local component, USD 40,000 and Euro 219,518 foreign component and;
- Contract for the Reconstruction of Selected Priority River Crossings in Four National Parks worth K10,294,740,500.

c) DANIDA

DANIDA supported projects under the DANIDA

Road Sector Programme namely:

- Consulting Services to Conduct Effects Monitoring on Lusaka - Mongu Road worth K170,535,200.00 and;
- Training of Selected Road Development Agency Staff in Occupational Health and Safety worth K362,400,000.00;

d) EUROPEAN UNION BUDGET SUPPORT

There were no new road maintenance projects financed from the European Union road sector budget support initiated during the year as a result of concerns raised in the technical audit of output-based road rehabilitation and maintenance projects that were initiated in 2006 that required addressing before starting new projects.

However, the following road maintenance projects funded from EU budget support to the road sector continued running during the year 2007. The rehabilitation component for most of the performance based maintenance projects (except for packages 5 and 8 in Eastern and Copperbelt provinces, respectively) where the EU budget support funds were spent was completed in the course of the year. Road fund local resources assumed financing and sustained the maintenance component to the end of the year.

The Contract for package 8 on the Copperbelt was terminated in the course of the year on account of non performance.

11.3 ROAD FUND MAINTENANCE PROJECTS CARRIED OVER FROM 2006

In addition to 76 new contracts initiated during the year 2007, there were 269 road fund maintenance contracts covering 12,430 Km with contract value of K240.69 billion that had uncompleted works worth K130.18 billion that were carried over from 2006 to 2007 as part of commitment.

11.4 ROAD PROJECTS FUNDED FROM OTHER SOURCES

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

11.4.1 DANIDA

DANIDA continued funding rehabilitation of feeder roads along the Lusaka - Mongu Road Corridor including capacity building in RDA establishment and communities in Districts

along the corridor and training of small scale contractors. A total of 29 contracts with a total contract amount of K17.43 billion were financed. Out of the total of 29 contracts, 14 contracts were for rehabilitation of feeder roads covering well over 270 Km. A total of K5.65 billion was spent on all the 29 contracts during the year under review.

11.4.2 The World Bank

The World Bank continued financing the rehabilitation of Chingola - Kasumbalesa Road (43 Km), Kafue - Chirundu Road (34.7 Km) and part of Kafulafuta - Luanshya Road (7 Km) at a total contracts sum of US \$36,416,967.42, covering 84.7Km. By the end of the year, Chingola - Kasumbalesa and Kafulafuta - Luanshya Roads were fully completed and more than 30 Km of Kafue - Chirundu Road was surfaced and opened to traffic.

11.4.3 Government

For the year under review, the Government had budgeted more than K100 billion towards on-going upgrading of roads to paved standard of 388 Km, periodic maintenance of 160 Km, construction of 2 road bridges. More than 50.0 Km of upgrading was completed, all 388 Km targeted for periodic maintenance was completed but work on the 2 bridges (Chembe and Mongu - Kalabo Road crossings) were carried over to 2008 programme.



Picture 12: Chembe Bridge under construction (GRZ funded)

11.5 IMPLEMENTATION MONITORING AND EVALUATION

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

In 2007 around 33 road projects (new construction, upgrading and periodic maintenance) worth K524.5 billion covering 2,400 Km billion were inspected.

11.5.1 Projects Inspected during the Year 2007

Projects inspected during the year are listed in Annex 5.

In addition to physical inspection the section checked to verify validity, authenticity and correctness of 2,020 payment certificates from the contracts that were active during the year and well over K3.0 billion claimed erroneously on various certificates was detected and saved.

One contract was recommended for termination on account of non performance and poor workmanship on rehabilitation of selected township roads in Kitwe.

11.5.2 Road Fund Programme Performance: 2007 Vs 2006

Table 15: 2007 Plan Vs 2006 Plan

Year	Cost (US\$ m)	Projects	KM to be done	Intervention
2006	135.173	Various	16,909.935	Routine, periodic, Rehabilitation, emergency and supervision
2007	256.095		26,340.240	

Compared to 2006 as shown in Table 15 above, the road maintenance programme in both activity and cost was much higher in 2007 primarily due to continuation of all performance maintenance contracts whose duration ranged from 3 to 4 years but renewable every year depending on good performance. In addition, more new projects were programmed to start during the year.

Table 16: Progress in 2007 Vs Progress in 2006

Agency	Year	Cost (US\$ m)	No of Projects	Km Done	Intervention
RDA	2006	60.695	368	13,764	Routine, periodic, Rehabilitation, upgrading, emergency and supervision
	2007	113.124	391	19,906	

Exchange rate is US\$1 equivalent to ZMK 3,800.

Like the previous year, late procurement of new contracts for routine maintenance on Trunk, Main and District Roads including periodic maintenance on the same classes of roads contributed to the low overall performance compared to the programme. However, more road maintenance was done in

2007 compared to 2006 particularly on routine maintenance.

Even though a lot of labour-intensive routine maintenance was undertaken during the year, the amount jobs created could not be determined because labour statistics and returns were not submitted.

The condition of the paved road network, based on measuring criteria employed previously (other than the international roughness index, IRI) improved marginally from 65% Good, 15% Fair and 20% poor in December 2006 to 65% Good, 20% Fair and 15% Poor in December 2007 primarily due to the few periodic maintenance contracts initiated covering Great East Road (Mutenguleni to Mwami Border Post), Solwezi - Mwinilunga, Ndola - Mufulira, Sabina - Mufulira, Kaoma - Mongu and Mufulira - Mokambo Roads.

The little progress achieved on these contracts (even mere preparatory works like patching potholes in readiness for resealing) changed the conditions of these roads from being poor to fair. Hence the overall increase in paved road network in Fair condition by 5%. Roads in Good condition have not changed from 2006 level despite having had a few rehabilitation projects running during the year, this could be attributed to deterioration of some roads that were in fair condition at the beginning the year by the same length as the rehabilitation done during the year, hence, offsetting achievements made in rehabilitation.

12 PROCUREMENT

12.1 INTRODUCTION

This section highlights procurement activities undertaken by NRFA for all projects in the road sector during the year 2007. The activities are shown according to the sources of finance.

12.1.1 Procurement Activities

The Procurement section reviewed tender documentation from RDA, RTSA, MLGH and MCT on different projects and provided guidance towards improving the quality of the documents before putting them into use or sending them to financing agencies.

Documents reviewed included the following:

- Expressions of Interest
- Request for Proposals

c) Bid/ Proposal Evaluation Reports

d) Contract documents

12.1.2 Procurement status of projects

At the end of the year, majority of activities had either been procured or contracts were awaiting signature as shown in the table 17 below.

Table 17: RRMP Procurement

RRMP Procurement Item	Progress as at 31 December 2007
Consultancy services for detailed assessment, field investigation, detailed engineering design, preparation of bidding documents and supervision of civil works for selected Community Transport and Infrastructure (CTI) in (Chibombo, Kalabo, Sinazongwe, Mpongwe and Zambezi)- Rural Accessibility and Mobility Programme (RAMP- MLGH))	Awaiting contract signature
Community Transport Infrastructure (CTI) Baseline and Ownership study (RAMP-MLGH)	Awaiting contract signature
Phase II of the HIV/AIDS baseline study (MCT)	Addendum was signed. Work in progress
Independent Technical Audit of the Chingola Kasumbalesa Road Rehabilitation Project (MCT)	Procurement completed. Work in progress
Procurement of operational motor vehicles under start up costs for RTSA, NRFA and RDA	Initial procurement completed. RTSA has requested purchase of more vehicles to be funded from savings realized from the initial purchase
Procurement of office equipment for RTSA, RDA and NRFA	Completed



Picture 13: RTSA Patrol Car

12.1.3 Nordic Development Fund (NDF) Projects

The NDF provided financial support towards the RRMP, funded by the World Bank. NDF Procurement progress is in Table 18 as follows:

Table 18: NDF Procurement

NDF Procurement Item	Progress as at 31 December 2007
Consultancy for Technical Assistance to RTSA	Technical Assistant in place and work in progress

NDF Procurement Item	Progress as at 31 December 2007
Consulting Services for the User Charges and Implementation Study (NRFA)	Procurement Completed.
Consultancy Services for the Road Network Reclassification Study (RDA)	Procurement completed.
Labour Based Consultancy and Works Project for Northern Zambia (RDA)	Project cancelled and funds channelled to Kafue National Park road upgrading
Upgrading of Kafue National Park Road	Tender awaiting advertisement
Zambia Transport Information System's Audit (RTSA)	Tender advertised and evaluation completed but no responsive proposal. Request to re-advertise sent to NDF for a No Objection

12.1.4 Additional Financing to Road Rehabilitation Project (EBRP)

The World Bank also funded Consultancy Services on four projects. By the end of the year, the status of these projects was as shown in Table 19 below

Table 19: EBRP Procurement

EBRP Procurement Item	Progress as at 31 December 2007
Reconstruction of Selected Priority River Crossings: Northern Province	Procurement completed
Reconstruction of Selected Priority River Crossings: Luapula Province	Procurement completed
Reconstruction of Selected Priority River Crossings: 4 National Parks	Procurement completed
Consultancy services for supervision of reinstating/ constructing of the damaged and washed way crossings in region 1: Eastern, Northern and Luapula Provinces of Zambia	Procurement completed
Consultancy services for supervision of reinstating/ constructing of the damaged and washed way crossings in region 2: Copperbelt and North-Western Provinces including National Parks of Zambia	Procurement completed

13 INTERNAL AUDIT

13.1 INTRODUCTION

The main responsibilities of the Department were:

- Determine the accuracy and propriety of financial transactions
- Evaluate financial and operational procedures for adequacy of internal controls and provide advice and guidance on control aspects of new policies, systems, processes, and procedures
- Verify the existence of NRFA assets and ensure that proper safeguards are maintained to protect them from loss

- d) Determine the level of compliance with NRFA policies and procedures and the Public finance Act and other relevant government regulations
- e) Evaluate the accuracy, effectiveness, and efficiency of NRFA electronic information and processing systems
- f) Determine the effectiveness and efficiency of the Agency in accomplishing their mission and identify operational opportunities for cost savings and revenue enhancements
- g) Provide assistance and a coordinated audit effort with the management and other external auditors
- h) Investigate fiscal misconduct
- i) Ensure that all aspects of good corporate governance are adhered to.
- j) Ensure that follow up action is taken by management on weaknesses noted by external and internal audits.
- k) Ensure that documented Risk Management policies are in place and implemented.

13.2 ACTIVITIES UNDERTAKEN DURING THE YEAR

13.2.1 Review of Payment certificates

Internal Audit reviews all payment certificates before payment is made to ensure that all prescribed procedures are adhered too and that the relevant supporting documentation is attached.

13.2.2 Site visits to major projects

As part of the audit activities site visits were made to the Chembe Bridge, Chipata township roads as well as the Copperbelt Province township roads.

13.2.3 Quarterly Audit Reports

Audit Reports were produced and reported to Board (through the Audit and Risk Management Committee.

Major risks facing the organisation were considered and mitigating factors implemented.

13.2.4 Business Plan and Internal Audit Manual

To be in line with the Strategic plan for 2008 a business plan was developed for effective and

efficient implementation of departmental objectives. An Internal Audit manual was also developed. This lays out the standards, values, objectives, procedures and the reporting requirements of the department.

14 ADMINISTRATION

The Administration Department attends to the following:

- a) Administration
Covering transport, general cleanliness, security, repairs and maintenance
- b) Human Resources
Encompassing training, staff welfare, industrial relations, staff motivation and retention, enforcement and interpretation of conditions of service
- c) Public Relations
Building the Corporate Image and Information Dissemination
- d) Legal Affairs of the NRFA

14.1 INSTITUTIONAL AND CAPACITY BUILDING

The NRFA attaches great importance to continued professional development for staff, Board and Committee Members. During the financial year under review, the following capacity building activities were undertaken as shown in Table 20 below.



Picture 14: Fleet Management Workshop

Table 20: Training and Capacity Building Activities

ACTIVITY	ATTENDED BY
1 Corporate Governance Workshop	Board Members & Staff
2 SSATP Workshop	Two Board Members, Accountant Road Fund, Roads Engineer
3 Restructuring Road Management	Fund Manager, Board Members and Chairperson RTSA
4 Road Financing and Road Fund Management	Fund Manager, Board Members and Chairperson RTSA
5 Tax Review Workshop	Accountants and Auditors
6 International Financial Reporting Standards (IFRS) Workshop	Accountants and Auditors
7 Public Private Partnerships Capacity Building Workshop	Procurement Specialist & Accountant Road Fund
8 Effective People Management	Director
9 Professional Secretaries Association of Zambia	Secretaries
10 Defensive Driving Workshop	Driver
11 Works Proc. Mgt. Course	Procurement Specialist
12 HR Mgt. & Staff Dev.	Corporate Services Officer
13 Contract Management (IRF)	Roads Engineer
14 ARMFAR CONFERENCE	Two Board members and two staff
15 ACCA professional studies courses - study leave	Two Accounts Assistants
16 Women in Management	Corporate Services Officer
17 Fleet Management	Corporate Services Officer , Driver
18 2008 Tax & Budget Submissions	Accountants, Auditors
19 HR Management & Staff Dev.	Corporate Services Officer
20 2008 Tax & Budget Submissions	Accountants, Auditors
21 Master Class in Executive Ass. and Emotional Intelligence	Secretary
22 IFRS Workshop	Accountants, Auditors
23 The What, Why, Where, When, Who & How of Risk Management	Internal Auditor

14.2 INFORMATION DISSEMINATION ACTIVITIES

14.2.1 INTRODUCTION

In line with the agency's core values of transparency, accountability, and zero tolerance to corruption, it is imperative to keep all stakeholders in the road sector informed as promptly and accurately as possible on the overall activities of the agency. In this vein the Board of Directors approved the NRFA's communication strategy which was developed during the period under review as the agency's Public Relations framework document, outlining the rationale for, and desired outcomes of, the NRFA's proposed information dissemination program, as a building block for sustainable road sector development in Zambia. The communication strategy defines very specific objectives to provide a clear framework within which to formulate actions and against which to evaluate outcomes. These objectives are as outlined below:

14.2.2 OBJECTIVES

The objectives of the communication strategy, include, but are not limited to, the following:

- a) Raising public awareness, and knowledge of NRFA, works and activities, particularly the mobilisation,

management and disbursements of the road fund;

- b) To build and maintain road user charge acceptance and support in the commercialisation of the road sector for efficient and sustainable road management;
- c) Increase and maintain favourable media coverage of all NRFA activities;
- d) To create a sense of public road ownership and increase public support for adequate user fees to fund appropriate road maintenance;
- e) Promoting, and maintaining a coherent and consistent corporate brand and identity;
- f) Improving, and maintaining mutual relationships with the Road Development Agency, the Road Transport and Safety Agency, the National Council for Construction; and other implementing Agencies
- g) Improve and maintain goodwill with cooperating partners;
- h) Cultivate, and maintain government confidence; increased information flow to line ministry, ministries involved in ROADSIP - Works and Supply, Local Government and Housing, Communications and Transport - and key Government agencies and legislators;

- i) Keeping all stakeholders informed, as promptly and accurately as possible, on the performance of the NRFA.
- j) The National Road Fund Agency (NRFA) Communication Strategy as approved by the NRFA board is long term and its implementation is activity based.

14.2.3 Activities undertaken during the year

Some of the activities undertaken and also planned for implementation, this year include the following:

a) TV COMMERCIALS

The Agency has so far produced six television commercials of 30 seconds each, aimed primarily at branding the Agency's corporate image as the Fund Managers of all Road projects and Road Transport Services in Zambia.

The six television commercials were aired every Mondays, Wednesdays and Sundays in the second quarter of 2007, during news breaks, on the Zambia National Broadcasting Corporation (ZNBC) TV 19:00 Hours main news

b) PUBLICISING DISBURSEMENTS, AWARENESS MATERIALS

Additionally, disbursement schedules for donors, Road Fund and GRZ project specific funded projects have been published in the print media; press statements have been issued to simplify the figures and projects for the benefit of all road users, stake holders and cooperating partners.

Further, we have distributed, to the Committee of Permanent Secretaries; and the Committee of Ministers on Road Management Initiative, the Agency's awareness attire; and NRFA inscribed pens to road users, the media and other stakeholders.

c) SHOWS AND EXHIBITIONS

As spelt out in the communication strategy, the agency has, this year, showcased its activities at the International Trade Fair in Ndola and the Zambia Agriculture and Commercial show in Lusaka under one umbrella with its sister agencies, RDA and RTSA.



Picture 15: Ndola Trade Fair

d) RADIO AND TV APPEARANCES

During the year, NRFA management staff has been featured on scheduled radio and TV programmes to spell out the agency's activities. These programmes included Radio Phoenix's Let the People Talk programme, Transparency International Zambia's Transparency and accountability in the road sector on ZNBC TV, and a European Union radio programme on ZNBC radio 2, respectively.

e) TELEVISION DOCUMENTARIES

A nine part series NRFA Television documentary constituted a major part of the agency's information dissemination activities. The television documentaries which were aired on ZNBC and MUVI TV, respectively, highlighted our internal operations, sources of funds in the road sector, and objectives and achievements of phase two of the Road Sector Investment Programme (ROADSIP II). They also showcased the fund disbursements in the nine provinces of Zambia.

We have transferred the TV documentaries onto DVDs which have since been distributed to targeted audiences and key stakeholders.

14.2.4 OUTLOOK FOR 2008

A new schedule of activities from the communication strategy will be implemented in 2008

15 ANNEX 1: PERFORMANCE REVIEW OF ROADSIP II

The performance of the Road Sector Investment Programme (ROADSIP) Phase II, measured against its original objectives may be summarized as follows:

- 1) Rehabilitation, periodic and routine maintenance of the core road network of 40,113 Km through various funding agencies: By the end of the year 2007, about 13,850 Km of both paved and unpaved road network was in maintainable condition. This is 4,422 Km below the target of 18,272 Km which should have been achieved by the end of 2007. This underperformance is mainly on unpaved roads (feeder roads especially);
- 2) Improve road condition for Trunk, Main, District, Primary Feeder, Tourist and selected Urban roads through full and accessibility improvements as per 'need' and priorities: By the end of 2007, the condition of the core road network stood at 27% Good, 64% Fair and 7% Poor (based on ROADSIP II Bankable Document criteria of international roughness index, IRI, definition of < 3 for Good, 3 < IRI < 6 for Fair and IRI > 6 for Poor for paved Trunk, Main and District Roads while the condition of the unpaved road network. This condition would translate to 65% Good, 20% Fair and 15% Poor using the criteria of extent of damage to pavement and drainage structures used in previous years' reports when we did not measure IRI. For the unpaved network, the condition stood at 22% Good, 30% Fair and 48% Poor;
- 3) Capacity building or strengthening of the construction industry was on-going as well as medium term contract maintenance arrangement which provided continuous job security for the construction and consulting industry in the road sector.
- 4) Create employment opportunities through appropriate road interventions. Like the previous years, routine maintenance interventions were the main stream for mass job creation by virtue of their being labour-intensive interventions.
- 5) Improve road safety as per Road Safety Action Plan: Having been fully established during the year under review, the Road Transport and Safety Agency scaled up their activities ie, road safety campaign and education through publications, radio

- and television and print media;
- 6) Improve environmental management by building capacity: The Environmental Unit under RDA has already prepared environmental guidelines and monitoring systems for road projects which are being used on all road projects especially for new construction and rehabilitation.
- 7) Improve rural transport mobility through road improvements: At present there are pilot projects in rural accessibility and mobility in five districts (Mpongwe, Sinazongwe, Kalabo, Zambezi and Chibombo). To support the project and to ensure sustainability, District Council staff and trusts' managers are being equipped with motorcycles to undertake the supervision of CTI projects;
- 8) Improve management of community roads through the Road Development Agency: Capacity building of communities to manage community roads continued both building on what was started by the Zambia Social Investment Fund (ZAMSIF) project as well as new effort being supported by DANIDA and;
- 9) Address poverty and HIV/AIDS country-wide through PRSP and National Policy on HIV/AIDS: Road activities continued to be a major provider of employment to rural communities where poverty is highest. This is in addition to bring rural communities closer to essential services that improve their livelihood.

Consequently, roads open up rural communities to adversaries of HIV/AIDS through their interaction with wider variety of people. To mitigate the effects of HIV/AIDS especially, the HIV/AIDS project in the Ministry of Communications and Transport played and continues to play a vital role in the sector. Although the project coordinator resigned in 2006 and there was no one to drive the project for the rest of 2006, the project was put in the main stream of the Ministry during the year under review and continued to operate.

16 ANNEX 2: STANDING COMMITTEES OF THE BOARD

16.1 ADMINISTRATION COMMITTEE

16.1.1 Composition

Chairperson

Ms Georgina N Zulu

Members

Mr Elijah Banda

Mrs Judith Mulongoti

Mr Julu G Simmule

Mr Allington N Bota

Mr Bryson Mumba

Mr Emmanuel Kaunda

Mr Raphael Mabenga

Mr Richard Shikoki

Secretary

Mrs Chola Mutambo

16.1.2 Activity and Functions

- The Administration Committee's mandate is to effectively and efficiently oversee the administrative activities of the NRFA and to report and make recommendations to the Board
- The committee held five meetings during the year under review to discuss management issues.

16.2 FINANCE AND TECHNICAL COMMITTEE

16.2.1 Composition

Chairman

Mr Allington N Bota

Members

Mrs Margaret L Lungu

Mr Dennis Chisenda

Mr Erasmus Chilundika

Mr Raphael Mabenga

Professor Lloyd Chingambo

Mr Emmanuel Kaunda

Mr Bryson Mumba

Mr Richard Shikoki

Secretary

Mrs Chola Mutambo

16.2.2 Activity and Functions

- The Finance and Technical Committee of NRFA was set up to serve as a "Think Tank" for the Board on Finance and Technical matters
- The committee held seven meetings during the year under review to discuss financial and technical issues

16.3 AUDIT AND RISK MANAGEMENT COMMITTEE

16.3.1 Composition

Chairperson

Mr Joel M Ukwimi,

Members

Mr Henry Chipewo

Mr Andrew Sibale

Mr Denis Mulenga

Mr Raphael Mabengar

Mr Bryson Mumba

Mr Richard Shikoki

Secretary

Mrs Chola Mutambo

16.3.2 Activity and Functions

- The Audit and Risk Management Committee was formed with the mandate to advise the Board on audit functions and foreseeable risks for effective and efficient decisions in the integrated financial management of the road sector.
- The committee held four scheduled meeting in the year under review to discuss potential risk areas in the road sector.

16.4 TENDER COMMITTEE

16.4.1 Composition

Chairman

Mr Raphael Mabenga

Members

Mr Bryson Mumba

Dr Mundia Muya

Mr Jones J Kalyongwe

Mr Emmanuel Kaunda,

Mr Stephen N Mwale

Mrs Muyunda Sakala

Secretary

Mr Kondanani Miti

16.4.2 Activity and Functions

- The Tender Committee was formed in November 2005 with the main task of administering and managing internal procurements on behalf of management
- The committee met three times during the year under review and approved internal major requirements of the Agency.

16.5 ROADSIP STEERING COMMITTEE

16.5.1 Composition

Chair

National Road Fund Agency

Secretary

Ministry of Communications and Transport

Members

Road Development Agency

Road Transport and Safety Agency

Ministry of Local Government and Housing

National Council for Construction

Ministry of Tourism Environment & Natural Resources

Ministry of Finance and National Planning

NB: Members are component managers from each institution.

16.5.2 Activity and Functions

- a) The ROADSIP Steering Committee was constituted as an inter-ministerial committee in 1998 primarily to act as a link between World Bank supervision missions and Government in the coordination of the Road Sector Investment Programme (ROADSIP) with the blessings of the Committee of Ministers on RMI.
- b) Specific functions of the ROADSIP Steering Committee are;
 - i) Acts as a technical link between Donors and Government - prepares ground work for ROADSIP supervision/review by Donors and Government;
 - ii) Reviews ROADSIP projects implementation and reports to Government on a regular basis;
 - iii) Advises implementing agencies on matters affecting progress in the implementation of each component (project) under the programme technically and financially and;
 - iv) Reviews budgetary allocation to various components of the programme to facilitate efficient and timely utilisation of available resources under each project.
- c) The committee met six times during the year under review to monitor progress and make recommendations on action required to be taken for effective implementation of ROADSIP

WORKING GROUP

16.6.1 Composition

Chairperson

Mr Stephen N Mwale

Members

Mr Steddy Chunga

Mr Mambwe Kaenga

Mr Timothy Kamala

Secretary

Mr David Zulu

16.6.2 Activity and Functions

- The Transport Economics Working Group was set up to resolve issues pertaining to transport economics, channelling of Fuel Levy and other road user charges to the Road Fund.
- The committee met twice during the year under review.

16.7 PROCUREMENT COORDINATION WORKING GROUP

16.7.1 Composition

Chairman

Mr Kondanani Miti

Members

Mr Jason Songwe

Mr Andrew Katongo,

Mr Robert Tembo

Secretary

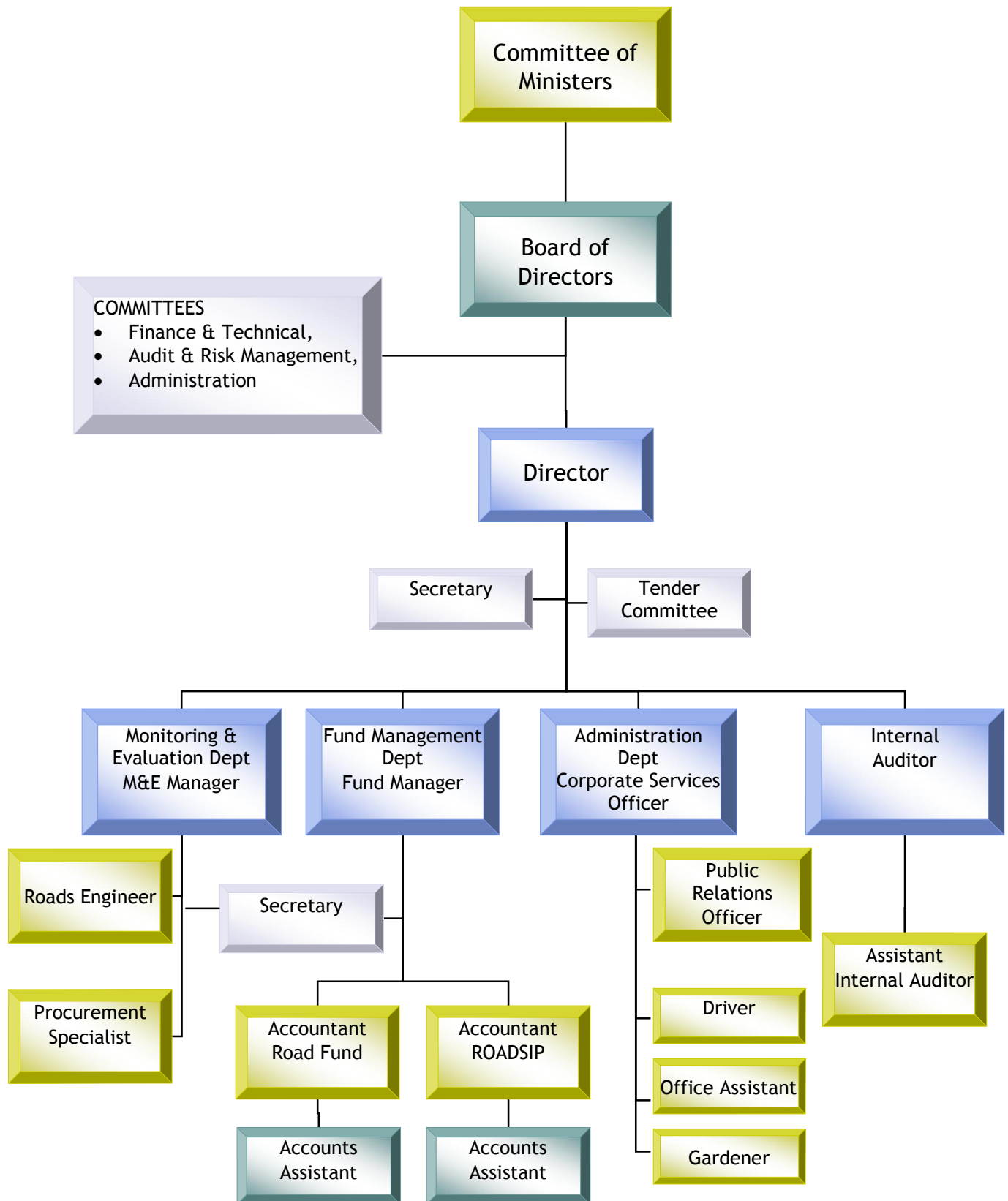
Mr Phillip Milimo

16.7.2 Activity and Functions

- The Procurement Coordination Working Group comprised the procurement coordinators in the key ministries.
- The purpose of this committee is to resolve any procurement problems experienced by the road agencies in their execution of road projects. The committee met six times during the year under review where a number of issues were discussed, prominent among them was standardisation of evaluation reports in all agencies

16.6 TRANSPORT AND ECONOMICS

17 ANNEX 3: NRFA ORGANOGRAM



18 ANNEX 4: DISBURSEMENTS FROM THE ROAD FUND

Table 21: Disbursement of Road Fund for Road Maintenance Works 1995 To 2007

PROVINCE	1995 - 2002	2003	2004	2005	2006	2007
ZMK million						
LUSAKA						
Provincial Rd Engineer	5,131.29	450.05	429.82	2,118.44	4,017.07	14,963.38
Lusaka	32,616.34	478.37	3,340.02	12,717.80	4,921.14	3,584.15
Luangwa	231.16		10.00			
Chongwe	196.12		10.00			1,166.28
Kafue	916.69		10.00			4,114.17
Consultancy fees	1,391.60					
National Task Force	104.98					
<i>Sub Total</i>	40,588.17	928.42	3,799.84	14,836.24	8,938.21	23,827.97
CENTRAL						
Provincial Rd Engineer	2,177.27	716.59	820.43	2,340.72	2,514.72	7,000.90
Kabwe	3,024.05	407.76	519.32	5,080.70	4,029.71	844.79
Chibombo	223.75	264.98	571.47	648.67	243.45	574.40
Serenje	119.37		592.55	288.54	483.90	1,168.48
Mumbwa	345.24	151.05	18.96	39.05	2,450.54	797.27
Mkushi	544.48	67.22	1,022.99	354.74	528.05	1,066.43
Kapiri Mposhi	242.13	312.73	695.53	230.79	180.66	759.68
Consultancy fees	125.67					
<i>Sub Total</i>	6,801.96	1,920.34	4,241.24	8,983.19	10,431.02	12,211.95
COPPERBELT						
Provincial Rd Engineer	22,970.40	6,259.87	24,837.29	31,827.85	6,277.33	3,789.57
Kitwe	1,799.69	1,548.86	599.60	7,374.31	1,749.47	9,058.78
Ndola	2,409.95	450.21	142.74		121.06	2,839.01
Luanshya	2,138.90	1,417.36	73.30	27.95	1,672.21	5,546.37
Mufulira	1,724.10	2,286.20	8,772.25	2,182.62	772.06	4,530.23
Chingola	2,859.44	481.24		1,795.14	2,213.72	5,044.22
Kalulushi	1,529.98	641.07	190.76	20.36	883.32	2,984.38
Chililabombwe	1,878.74	396.23	10.00		808.68	2,798.62
Ndola Rural	71.80	433.18	20.00	22.13		
Lufwanyama	41.01		10.00			
Consultancy fees	200.30					
<i>Sub Total</i>	37,624.32	13,914.22	34,655.94	43,250.36	14,497.85	36,591.18
NORTHERN						
Provincial Rd Engineer	15,961.59	4,605.74	2,149.66	2,372.13	13,877.23	46,433.00
Kasama	2,987.45	546.81	94.60	682.13	1,560.09	2,666.62
Mbala	3,808.25	32.19	129.84	204.20	7.46	3,302.87
Mpika	277.81	96.14	159.45	496.86	259.48	282.40
Chinsali	669.51	102.57	13.56		29.74	58.76
Mporokoso	229.46		10.00	75.14	57.89	110.78
Luwingu	176.60	50.96	23.27		379.18	157.87
Isoka	107.20	187.56	262.34	253.03	79.01	70.72
Mpulungu	86.29					63.33
Kaputa	160.04	229.58	240.31	309.57	65.50	
Nakonde	169.92	72.70	230.03	185.18	61.90	
Chilubi	338.33	186.40	62.00	223.97	119.75	152.62
Consultancy fees	300.80					
<i>Sub Total</i>	25,273.24	6,110.65	3,375.06	4,802.20	16,497.22	53,298.96
LUAPULA						
Provincial Rd Engineer	2,588.01	872.23	689.37	2,375.41	16,491.40	49,650.18
Mansa	1,467.06	425.58	29.59	93.71	6,313.01	4,711.91
Mwense	154.70	216.62	17.72			162.11
Samfya	477.45	147.34	21.74			59.06
Kawambwa	67.28	225.00	329.18	29.17		140.15
Nchelenge	130.35	91.65	62.50	7.03		

ANNEXES

PROVINCE	1995 - 2002	2003	2004	2005	2006	2007
ZMK million						
Chiengwe	386.67	503.80	54.21	85.99		
Milenge	133.40		10.00			
Consultancy fees	65.77					
<i>Sub Total</i>	5,470.70	2,482.22	1,214.31	2,591.30	22,804.41	54,723.40
WESTERN						
Provincial Rd Engineer	3,307.54	207.05	294.91	544.81	16,215.06	3,773.97
Mongu	3,205.45	1,158.04	141.01	159.07	8,840.67	3,262.96
Kaoma	217.10	186.94	10.00	9.84		
Senanga	152.30		10.00			471.93
Kalabo	46.97	128.71	96.53			
Lukulu	216.63	17.26	257.30			101.00
Sesheke	296.43		10.00			5,064.41
Shang'ombo			10.00			
Consultancy fees	163.78					
MCT -Maritime canals	30.00					
<i>Sub Total</i>	7,636.19	1,698.00	829.74	713.72	25,055.73	12,674.28
NORTHWESTERN						
Provincial Rd Engineer	1,448.68	186.33	194.33	1,003.78	13,138.75	40,115.87
Solwezi	2,000.48	689.01	602.05	10.27	1,632.43	2,212.73
Kasempa	241.53		10.00		768.96	708.49
Kabompo	79.39		10.00		32.77	37.15
Mwinilunga	684.62	239.22	180.56		140.52	5,206.29
Zambezi	107.17		10.00			58.81
Mufumbwe	315.71	266.89	35.47			194.49
Chavuma	21.95		10.00			92.48
Consultancy fees	107.60					
<i>Sub Total</i>	5,007.13	1,381.45	1,052.40	1,014.05	15,713.43	48,626.30
EASTERN						
Provincial Rd Engineer	27,641.53	3,738.35	16,455.72	9,725.66	22,100.68	8,959.25
Chipata	4,699.17	566.58	2,366.19	1,765.23	4,636.58	6,129.07
Nyimba	1,055.54	362.42	498.00	593.43	170.90	42.06
Petauke	1,454.82	379.79	661.94	601.78	133.24	204.26
Lundazi	488.25	368.44	516.02	1,134.82	347.38	671.85
Katete	216.46	328.97	663.38	141.60	50.21	347.38
Chadiza	476.78	285.77	561.76	552.00	340.70	358.59
Chama	639.98	254.44	480.49	649.02	462.81	153.55
Mambwe	199.46	213.09	630.22	776.62	536.50	348.86
Consultancy fees	15.86					
<i>Sub Total</i>	36,872.00	6,497.84	22,833.70	15,940.16	28,779.01	17,214.85
SOUTHERN						
Provincial Rd Engineer	5,326.70	428.11	493.94	1,542.57	874.91	3,588.44
Livingstone	2,341.29	198.94	126.74	3,095.94	4,747.13	4,330.70
Kalomo	4,944.19	10.00				108.65
Choma	659.57	45.16	1.85	2,685.28	1,783.93	89.48
Namwala	61.20	10.00	182.69			
Monze	660.09	306.01	1.71			53.03
Mazabuka	746.55	17.31			3,212.62	5,054.68
Gwembe	185.43	52.13		2,717.52		
Siavonga	526.04	212.35	101.28			
Sinazongwe	214.43	141.49			1.15	
Kazungula	53.60				1.15	
Consultancy fees	108.42					
<i>Sub Total</i>	15,827.51	1,421.51	908.19	10,041.31	10,620.90	13,224.97
Non Works	2,073.37	2,412.30				
MLGH- AUR						
<i>Sub Total</i>	2,073.37	2,412.30				
GRAND TOTAL	200,090.02	38,766.94	72,910.42	102,172.53	153,337.79	272,393.88

19 ANNEX 4A: ROAD FUND CONTRACTS FOR 2007

Table 22: Road Fund Contracts in 2007

Project Name	Contractor	Intervention	Surface Type	Length (Km)	Contract Amount (ZK)
Accelerated Urban Roads Rehabilitation: Ndola City	Turner Construction Ltd / Bicon Zambia Ltd J.V.C.	Rehabilitation	Paved	9.55	7,723,776,354
Periodic Maintenance of Selected Lusaka City Roads: Kudu Crescent, Manenekela, Fir, Ash and St. Ignatius	G.M. International (Z) Ltd	Periodic maintenance	Paved	3.6	3,307,354,411
Periodic Maintenance of various roads in Lusaka Province	Shachitari Contractors	Periodic maintenance	Unpaved	47.0	1,939,714,088
Periodic maintenance of various roads in Lusaka Province	Bric-Tech Construction Ltd	Periodic maintenance	Unpaved	18.7	1,185,953,353
Emergency Repair of road drainage structures: Batoka - Maamba Road (D775)	GM International	Emergency repairs	Paved	-	2,052,858,406
Periodic maintenance of Road T5: Solwezi - Mutanda - Mwinilunga	Raubex Construction Zambia Ltd	Periodic maintenance	Paved	245.0	47,000,000,000
Supervision of Periodic Maintenance of T5: Solwezi - Mwinilunga Road	Brian Colquhoun Hugh O'Donnell and Partners	Supervision	Paved	-	1,495,792,625
Accelerated Urban Roads Rehabilitation - Chipata Town	Sable Transport/Bicon (Z) Ltd	Rehabilitation	Paved	8.7	9,176,478,102
Periodic Maintenance: Chongwe - Mulalika (RD149/RD151/RD152)	Nakangea Enterprises Ltd	Periodic maintenance	Unpaved	25.0	908,379,281
Periodic Maintenance: Sabina - Mufulira - Mokambo	Roads & Paving (Zambia) Ltd	Periodic maintenance	Paved	42.0	4,296,305,021
Periodic Maintenance of Road M4: Ndola - Mufulira	China Geo - Engineering Corporation	Periodic maintenance	Paved	60.0	4,824,294,996
Emergency Repair of Road T1: Kafue - Mazabuka	Raubex Construction Zambia Ltd	Periodic maintenance	Paved	85.0	1,599,585,476
Periodic maintenance of Road R127: Chitanda - Chiyuni - Ipongo	Crocodile Construction Ltd	Periodic maintenance	Unpaved	74.0	2,283,912,125
Periodic maintenance of Township Roads in Luanshya: Town Centre - Roan Mpatamatu Road	G.M. International (Z) Ltd	Periodic maintenance	Paved	13.0	3,353,773,091
Periodic Maintenance of Kaoma - Mongu Road: M9	China Geo - Engineering Corporation	Periodic maintenance	Paved	263.00	12,774,766,263
Periodic Maintenance of Road D18: Kasama - Isoka	Supreme Construction and Engineering	Periodic maintenance	Unpaved	175.00	10,241,654,967
Periodic Maintenance of Kitwe - Kalulushi Road: M7	China Henan International Cooperation Group Company Ltd	Periodic maintenance	Paved	10.00	7,656,425,726
Rehabilitation of Kasama - Isoka Road D18	Supreme Construction and Engineering	Periodic maintenance	Unpaved	175.0	2,773,099,875
Rehabilitation of Road D76/77: Kashikishi - Lunchinda	China Geo - Engineering Corporation	Periodic maintenance	Unpaved	123.0	29,680,033,819
Rehabilitation of road D499: Chabbobboma - Sinazeze	Roads Contractor Company Ltd	Rehabilitation	Unpaved	81.5	16,124,916,127
Design and Construction of Bridge and Approach Roads at Matumbo River Crossing	China Henan International Cooperation Group Company Ltd / BCHOD	Bridge construction	Unpaved	-	10,141,676,597
Periodic maintenance of Chimula - Chilundumuzi - Senka Road	Vyane Enterprises	Periodic maintenance	Unpaved	97.0	2,882,477,923
Rehabilitation of Road D315: Limulunga - Usha	JMB Investments Ltd	Rehabilitation	Unpaved	27.0	3,572,872,144
Periodic Maintenance: Isoka - Nakonde Road	China Geo - Engineering Corporation	Periodic maintenance	Unpaved	100.0	10,241,654,967
Emergency Repair of Drainage Structures and Section of Road D782: Mpula Junction - Mboroma	Mundial Works Ltd	Repair of road drainage structures and section of road	Unpaved	55.0	3,435,206,500
Rehabilitation: Nsumbu - Kasaba Bay	Pine Roads & General Contractors	Rehabilitation	Unpaved	15.0	919,958,002
Holding Maintenance: Livingstone Weighbridge - Zimbabwe Border	China Geo - Engineering Corporation	Periodic maintenance	paved	13.1	6,675,747,719
Maintenance of Road D134: Sinda - Chilongozi, Lot10	Nashinga Construction Company Ltd	Periodic maintenance	Unpaved	98.0	1,205,301,276
Periodic maintenance of Namalundu Road D396: T2S - Kafue Gorge	China Geo Engineering Corporation	Periodic maintenance	Paved	28.2	14,762,834,185
Periodic maintenance of Road T4 (Great East Road): Mutenguleni - Mwami Border Post	Sable Transport	Periodic maintenance	Paved	56.0	30,157,204,550
Repair of Kakoma Culverts on Road D817: Kapiri Mposhi	Pet - Gyb Ltd	Repair of Road Drainage structures	Unpaved	-	155,876,146
Emergency Repairs: Reconstruction of Maunda Culverts on D200	Pet - Gyb Ltd	Repair of Road Drainage structures	Unpaved	-	129,086,499
Emergency Repairs: Construction of Lunsemfwa Causeway and Additional Relief Culverts	Chrizo General Dealers	Repair of Road Drainage structures	Unpaved	-	173,063,580
			Total	1,948.35	254,852,034,194

20 ANNEX 4B: EU CONTRACTS

Table 23: Projects under EU Budget Support

Province	Project Name		Contract Amount (ZMK)	Expenditure At End of 2007 (ZMK)	Contracted Road Length (Km)	Distance Rehabilitated by End of 2007 (Km)
Central	Rehabilitation of Lusaka - Kabwe Road: Mukoboto Junction to Kabwe Warriors Complex including Mukobeko Road	Works	41,522,638,690.00	41,522,638,690.00	50.43	50.43
		Supervision	1,209,252,950.00	1,936,382,290.00		
Central	Rehabilitation of Lusaka - Kabwe Road: Chisamba to Mukoboto Junction	Works	28,763,696,520.00	16,280,212,637.52	41.88	28.5
		Supervision	687,940,000.00			
Northern	Performance based maintenance of Mporokoso - Bulaya - Kaputa - Nkoshya, M1 Junction - Bulaya and Mporokoso - Kawambwa Road for 4 Years: Package 1	Works	35,938,304,463.00	14,141,636,312.00	531.84	531.84
		Supervision	1,152,838,000.00	360,809,911.00		
Western	Performance based maintenance of Katunda - Sitaka - Lukulu Road and Watopa - Lukulu Road for 4 Years: Package 2	Works	26,992,328,056.00	20,799,123,755.60	258.68	258.68
		Supervision	867,761,500.00	306,747,570.15		
Luapula	Performance based maintenance of Mbaso - Mwewa Road D88, Kawambwa - Mulwe Road and Mukunsa - Mununga Road D36 for 4 Years: Package 3	Works	14,988,096,060.00	5,671,973,321.74	153.64	153.64
		Supervision	862,527,080.00	329,836,219.89		
Northern	Performance based maintenance of Nakonde - Mbala Road, Nakonde - Chitipa - Muyombe - Chire River Road and Mbala - Kawimbe Mission - Tanzania Border Road for 4 Years: Package 4	Works	45,790,326,695.00	35,936,230,949.90	450.80	450.80
		Supervision	862,527,080.00	212,306,320.00		
Eastern	Performance based maintenance of Lundazi - Chama Road D103 and Chipata - Luambe - Lundazi Road D104 for 4 Years: Package 5	Works	33,106,441,852.00	17,803,632,604.80	463.74	362.74
		Supervision	1,166,533,500.00	579,816,759.55		
Lusaka	Performance based maintenance of Leopards Hill Road to Chiawa for 4 Years: Package 6	Works	11,034,002,150.00	5,950,318,072.96	134.14	134.14
		Supervision	660,885,800.00	279,785,073.50		
Copper Belt	Performance based maintenance of Old Congo Road, Lufwanyama - River Ingwe Road, T3 - Mpongwe Road, Lima - Lamba Road and for 4 Years: Package 8	Works	34,641,975,185.00	7,520,032,471.45	495.10	278.00
		Supervision	962,157,680.00	415,984,540.00		
Western	Performance based maintenance of Mulobezi Road D787 for 4 Years: Package 9	Works	8,991,055,392.00	5,570,342,257.99	95.64	95.64
		Supervision	153,334,368.00	255,425,280.00		
Southern	Performance based maintenance of Chisekesi - Gwembe - Chipepo Road, Itezhi Tezhi - Namwala Road and Muzoka - Chisekesi Road D363 for 4 Years: Package 10	Works	23,591,336,980.00	16,173,318,965.00	148.09	148.09
		Supervision	1,154,730,000.00	104,740,000.00		
North Western	Performance based maintenance of Solwezi - Kansanshi Mine - Congo Border Road, Manyinga - Mwinilunga Road and Mutanda Mission - Kabompo - Zambezi Road M8 for 4 Years: Package: Package 11	Works	43,888,428,046.00	25,108,686,052.50	661.31	661.31
		Supervision	1,115,634,300	246,502,350.00		
Central	Periodic maintenance of Landless Corner - Mumbwa Road M20	Central	2,276,007,588.00	2,156,015,018.46	110.00	110.00
Lusaka	Periodic maintenance of Luangwa Bridge - Luangwa Boma Road D45	Lusaka	4,322,925,406.93	3,857,649,745.08	91.60	91.60
		Total	366,703,685,341.93	163,780,913,551.57	3686.89	3355.41

21 ANNEX 5: ROAD PROJECT INSPECTIONS DURING 2007

Table 24: Road Project Inspections during 2007

Road Project	Contractor	Province	District	Contract Amount in Zmk	Km	Current Status	Aim of Inspection
Lusaka - Kabwe Road: Mukoboto Junction - Kabwe Warriors Complex	Raubex Zambia Ltd	Central	Kabwe	41,522,638,690	50.9	On going	Progress and quality assessment
Buteko and Butondo Roads in Mufulira Town	Raubex Zambia Ltd	Copper Belt	Mufulira	4,349,738,140	8.7	On going	Progress and quality assessment
Wusakile - Ndeke Via Amis Tafuna	Turner Construction	Copper Belt	Kitwe	2,220,335,084	5.5	On going	Progress and quality assessment
Rehabilitation of Kafulafuta - Luanshya Road M6	China Henan International Cooperation Group Ltd	Copper Belt	Luanshya	32,454,275,376	41	On going	Progress and quality assessment
Rehabilitation of Chingola - Kasumbalesa Road	China Henan International Cooperation Group Ltd	Copper Belt	Chingola / Chililabombwe	53,943,430,802	39	On going	Progress and quality assessment
Rehabilitation of Mufulira Township Roads: Butondo and Buteko Roads	Raubex Zambia Ltd	Copper Belt	Mufulira	4,349,738,140	8.7	On going	Progress and quality assessment
Nyimba - Katete (Great East Rd)	Sable Transport and Construction	Eastern	Katete	28,712,950,148	76.0	Completed	Quality assessment
Accelerated Urban Roads Rehabilitation: Ndola City Roads	Turner Construction	Copper Belt	Ndola	7,723,776,354	9.55	On going	Progress and quality assessment
Accelerated Urban Road Rehabilitation: Chingola Township Roads	Turner Construction	Copper Belt	Chingola	7,019,768,872	5.00	On going	Progress and quality assessment
Periodic Maintenance of Katete - Chanida Road T6	Sable Transport and Construction	Eastern	Katete	2,499,000,599	55.00	Completed	Progress and quality assessment
Construction of Chembe Bridge	China Henan Corporation	Luapula	Mansa	46,356,400,000	n/a	On going	Progress and quality assessment
Periodic maintenance of Congo Pedicle Road	AMC Contractors	Congo D.R.	Congo D.R.	3,712,767,938	70.00	On going	Progress and quality assessment
Construction of foot bridge across Great East Road at UNZA	Zuthona Engineering Technologies Ltd	Lusaka	Lusaka	780,569,438	n/a	Completed	Progress and quality assessment
Lusaka City Roads Routine Maintenance	Various	Lusaka	Lusaka	3,518,864,443	209.2	On going	Progress and quality assessment
Accelerated Urban Roads Rehabilitation: Mansa Town	Roads & Paving (Z) Ltd / BCHOD JVC	Mansa	Luapula	6,400,797,988	7.45	On going	Progress and quality assessment
Periodic maintenance of Mungwi - Kasupe Road	Raubex Zambia Ltd	Lusaka	Lusaka	4,532,767,942	15.80	Completed	Progress and quality assessment
Periodic Maintenance of various roads in Lusaka Province: Ngwerere - Chisamba, Kapopo and Chazanga - Kabanana Roads	Shachitari Contractors	Lusaka	Lusaka	1,939,714,088	47.00	Completed	Progress and quality assessment
Maintenance of selected roads in Lusaka: Twin Palm, Ibex Hill - Kabulonga and Avondale - Ibex Hill Roads	Bric-Tech Construction Ltd	Lusaka	Lusaka	1,185,953,353	18.70	On going	Progress and quality assessment
Periodic Maintenance: Chongwe - Mulalika (RD149/RD151/RD152)	Nakangea Enterprises Ltd	Lusaka	Lusaka	908,379,281	25.00	On going	Progress and quality assessment
Upgrading of Mutanda - Chavuma Road M8	Belga Construction	North Western	Mufumbwe	137,360,800,000	225.50	On going	Progress and quality assessment
Periodic maintenance of Road T5: Solwezi - Mutanda - Mwinilunga	Raubex Zambia Ltd	North Western	Solwezi	47,000,000,000	245.00	On going	Progress and quality assessment
Routine Maintenance: M10, Livingstone Sesheke (Lot 8)	Valiant General Dealers	Southern	Kazungula	215,067,065	68.00	On going	Progress and quality assessment
Routine Maintenance: M10, Livingstone - Sesheke (Lot 9)	Javan General Dealers	Southern	Kazungula	186,770,795	68.00	On going	Progress and quality assessment
Routine Maintenance: M10, Livingstone - Sesheke (Lot 10)	Iluhar Contractors and General Dealers	Southern	Sesheke	201,843,850	72.00	On going	Progress and quality assessment
Accelerated Urban Road Rehabilitation: Mongu Town	Roads & Paving Zambia Ltd / BCHOD Consulting Engineers JV	Western	Mongu	5,552,334,102	8.07	On going	Progress and quality assessment
Performance based maintenance of Solwezi - Kansanshi Mine - Congo Border Road, Manyinga - Mwinilunga Road and Mutanda Mission - Kabompo - Zambezi Road M8 for 4 Years: Package: Package 11	China Geo Engineering Corporation	North Western	Mufumbwe, Kabompo, Zambezi, Mwinilunga and Solwezi	43,888,428,046	661.31	On going	Progress and quality assessment
Performance based maintenance of Katunda - Sitaka - Lukulu Road and Watopa - Lukulu Road for 4 Years: Package 2	China Geo Engineering Corporation	Western	Kaoma and Lukulu	26,992,328,056	258.68	On going	Progress and quality assessment
Performance based maintenance of Mulobezi Road D787 for 4 Years: Package 8	Roads Contractor Company with Phoenix Materials Zambia JV	Western	Sesheke	8,991,055,392	95.64	On going	Progress and quality assessment
			Total	524,520,493,982	2025.35		

22 FINANCIAL STATEMENT - ROAD FUND

ERNST & YOUNG NATIONAL ROAD FUND AGENCY – ROAD FUND
FINANCIAL STATEMENTS
for the year ended 31 December 2007

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Directors' responsibilities

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


Directors' statement on the financial statements

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

- the accompanying financial statements, give a true and fair view of the state of the financial affairs at 31 December 2007 of the Road Fund and its surplus for the year then ended in accordance with the National Road Fund Act No. 13 of 2002 and the accounting records, other records and registers required by the Act have been properly kept, and

- there are reasonable grounds to believe that the Road Fund will be able to pay its debts as and when they fall due.

Consequently the financial statements set out on pages 4 to 9 were approved by the Board of Directors on 21st March 2008 and signed on its behalf by:



Board Member



Director/Chief Executive Officer

NATIONAL ROAD FUND AGENCY
ROAD FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2007

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL ROAD AGENCY

Respective responsibilities of directors and auditors

Report on the financial statements

We have audited the financial statements of National Road Fund Agency - Road Fund for the year ended 31 December 2007. These financial statements comprise the statement of project funds at 31 December 2007 and the receipts and payments statement for the year then ended and a summary of significant accounting policies together with explanatory notes to the financial statements as set out on pages 4 to 9.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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A Member Practice of Ernst & Young Global.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Road Fund Agency - Road Fund at 31 December 2007 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the accompanying financial statements give a true and fair view of the state of the financial affairs at 31 December 2007 of the Road Fund and its surplus for the year then ended in accordance with the National Road Fund Act No. 13 of 2002 and the accounting records and registers required by the Act have been properly kept.

Ernst & Young
Ernst & Young
Chartered Accountants

Henry C Nondo
Henry C Nondo
Partner

6 March 2008
Lusaka

3

NATIONAL ROAD FUND AGENCY - ROAD FUND STATEMENT OF PROJECT FUNDS as at 31 December 2007

Accumulated project funds	Note	2007 K'000	2006 K'000
At beginning of year		276,205,259	78,014,978
Surplus for the year		<u>5,734,124</u>	<u>198,190,281</u>
At end of year		<u>281,939,383</u>	<u>276,205,259</u>
Represented by :			
Current assets	9	7,123,673	-
MOFNP - Debtor	11	<u>274,815,710</u>	<u>276,205,259</u>
Cash and bank		<u>281,939,383</u>	<u>276,205,259</u>

These financial statements were approved by the Board of Directors on 27th March 2008 and were signed on its behalf by:


Board Member


Director/Chief Executive Officer

NATIONAL ROAD FUND AGENCY - ROAD FUND RECEIPTS AND PAYMENTS STATEMENT for the year ended 31 December 2007

Receipts	Note	2007 K'000	2006 K'000
Fuel Levy		224,950,000	200,529,688
Interest		11,615,088	17,518,050
Other receipts	4	<u>2,310,658</u>	<u>1,500</u>
Grant - from EU		-	221,308,623
Weighbridge fines	5	6,960,575	-
GRZ - direct	6	<u>135,060,800</u>	<u>71,223,476</u>
Exchange gains		-	155,594
		<u>380,897,121</u>	<u>510,736,931</u>
Payments			
Road maintenance	3	186,334,628	195,563,294
Councils		55,806,185	32,019,329
Bank charges		195,882	175,792
Consultancy - PRE		4,955,679	4,777,981
Secretariat	7	235,330	1,293,406
Bailey bridges		1,466,635	4,195,153
Payments for counterpart funding - Roadside		-	390,478
Workshop expenses		93,438	-
Net exchange losses		21,554	14,732
RDA - project accounts		1,375,447	-
GRZ projects - maintenance		<u>114,454,388</u>	<u>66,472,364</u>
MOFNP		-	3,000,000
RTSA activities		4,368,253	-
Axle load control		<u>5,855,578</u>	<u>4,644,121</u>
		<u>375,162,997</u>	<u>312,546,650</u>
Surplus for the year		<u>5,734,124</u>	<u>198,190,281</u>

The notes on pages 6 to 9 form part of these financial statements.

The notes on pages 6 to 9 form part of these financial statements.

Payments

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

Translation of foreign currencies

Transactions during the year in foreign currencies are converted into Zambian Kwacha at the monthly average rates of exchange. Balances expressed in foreign currencies at the year end are translated into Zambian Kwacha at rates ruling then. The resulting differences from conversion and translation are charged to the receipts and payments statement in the year in which they arise.

3. Road Maintenance – Provincial Road Engineers

	2007 K'000	2006 K'000
Northern	13,636,987	17,418,449
Eastern	10,760,979	32,924,868
Western	3,922,204	14,807,486
Luapula	24,487,299	4,889,804
North Western	15,527,656	19,612,613
Central	10,372,263	10,757,447
Southern	4,002,790	10,938,441
Lusaka	11,327,373	1,417,120
Copperbelt	5,639,176	4,069,102
EU Funded Road Maintenance	75,872,854	78,727,964
Road Fund counterpart - EU road projects	10,785,047	-
	<u>186,334,628</u>	<u>195,563,294</u>

1. Principal activity

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

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

2. Significant accounting policies

Basis of preparation of the financial statements

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

Receipts

Receipts represent the amounts received in the accounting year.

Ernst & Young NATIONAL ROAD FUND AGENCY – ROAD FUND

FINANCIAL STATEMENTS
for the year ended 31 December 2007

2007 2006
K'000 K'000

9. Ministry of Finance

These are funds which were recalled by Ministry of Finance by error and transferred to Bank of Zambia but expected to be refunded immediately. The funds were refunded in January 2008.

10. Funds brought forward

Cash and bank	276,205,259	77,325,050
Net payments on behalf of EDRP	-	299,449
Net payments on behalf of Roadship	-	390,479
	<u>276,205,259</u>	<u>78,014,978</u>

11. Cash and bank

Zanaco Kwacha current account	1,496,993	(604,879)
Zanaco fixed deposit account	-	41,263,704
Zanaco US dollar Current account	440,075	120,223
Standard Chartered Kwacha current account	4,871,618	18,450,986
Standard Chartered deposit account	-	66,526,794
Barclays Bank deposit account	-	11,461,197
Investrust Merchant Bank deposit accounts	-	24,387,193
Indo-Zambia Bank deposit accounts	-	11,527,085
Intermarket Banking Corporation deposit accounts	-	47,136,366
Stanbic Bank deposit accounts	-	55,936,590
Bank of Zambia	<u>268,007,024</u>	-
	<u>274,815,710</u>	<u>276,205,259</u>

12. Currency

The financial statements are presented in Zambian Kwacha (K).

Ernst & Young NATIONAL ROAD FUND AGENCY – ROAD FUND

FINANCIAL STATEMENTS
for the year ended 31 December 2007

4. Other receipts

These are funds contributed by Ministry of Agricultural & Co-operatives towards the construction of bridges.

5. Weigh bridge fines

These are fines which are receivable from the Road Development Agency.

6. GRZ direct

The amounts represent funding received and disbursements made in respect of GRZ directly funded projects.

7. Management and administration

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

	2007	2006
	K'000	K'000
Secretariat	-	800,000
Advertising	87,828	328,401
Publicity	-	64,907
Auditors remuneration	<u>147,502</u>	<u>100,098</u>
	<u>235,330</u>	<u>1,293,406</u>

Auditor's remuneration includes fees for the technical and financial audits of the GRZ projects.

8. National Road Fund Agency - Secretariat

The Secretariat is entitled to receive funding from the Agency in accordance with the National Road Fund Act No 13 of 2002, section 18 sub-section 3 which states that:

There shall be paid from funds of the Agency:

- a) salaries, allowances, loans, gratuities and pensions for staff of the Agency and other payments for the recruitment and retention of staff;
- a) such reasonable travelling and subsistence allowances for members and members of any committee of the Agency when engaged in business of the Agency and at such rates as the Agency may, with the approval of the Minister, determine; and
- a) any other expenses incurred by the Agency in the performance of its functions

23 FINANCIAL STATEMENT - RRMP IDA 3866

Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 38660-ZA and 38661ZA

M.T.Neube and Associates
Chartered Accountants
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REPORT OF THE AUDITORS TO THE AUDITOR GENERAL

We have examined the Financial Statements of the Road Rehabilitation and Maintenance Project financed under the International Development Association Credit 38660-ZA and 38661-ZA for the year ended 31 December 2007 set out on pages 3 to 13 which have been prepared on the basis of the accounting policies set out on page 5.

Respective Responsibilities of Project Management and the Auditors

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

Basis of Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the Project's financial position for the year ended 31 December 2007 and of the resources and expenditures for the year then ended.

- (i) The financial statements present fairly the activities of the Project for the year ended 31 December 2007.
- (ii) All IDA funds have been used in accordance with the Development Credit Agreement (DCA) No. 38660 ZA and DCA No.38661 ZA with due attention to economy and efficiency and only for the purposes for
- (iii) All NDF funds have been used in accordance with the NDF credit agreement number 428 with due attention to economy and efficiency and only for the purposes for which they were provided.
- (iv) Goods and services financed have been procured in accordance with the relevant financing agreements.
- (v) All necessary supporting documents, records and accounts have been kept in respect of all project activities, including expenditures reported using the Statement Of Expenditure (SOEs) or Special Accounts, and all information and explanations necessary for the purpose of the audit have been obtained.

Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 38660-ZA and 38661-ZA

FINANCIAL STATEMENTS For the Year ended 31 December 2007

M T Neube and Associates
Chartered Accountants
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Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 38660-ZA and 38661ZA

FINANCIAL STATEMENT
For the Year ended 31 December 2007

STATEMENT OF RECEIPTS AND PAYMENTS

	Notes	31 Dec 2007 US\$	Year Ended 31 Dec 2006 US\$	31 Dec 2005 US\$	Cumulative to 31 December 2007 US\$
RECEIPTS					
International Development Association	5	12,089,941	15,402,710	3,527,782	34,020,431
Nordic Development Fund	6	544,463	349,654		894,117
GRZ	7	35,981		150,000	150,000
Exchange Gains		8,740	4,338	0	35,981
Bank Interest Earned		12,679,125	15,756,722	3,677,782	35,113,627
PAYMENTS					
Civil Works	8	12,180,602	12,437,362	4,250,908	28,868,872
Goods	9	630,348	331,298	377,493	1,366,153
Consultancy	10	1,487,448	2,626,313	641,326	4,782,034
		14,298,398	15,394,973	5,269,727	35,017,059
(Deficit)/Surplus of Income over expenditure		(1,619,273)	361,749	(1,591,945)	96,568
MOVEMENT IN CASH BALANCES					
Opening Cash Balances		1,715,841	1,354,092	2,946,037	-
Closing Cash Balances	11	96,568	1,715,841	1,354,092	96,568

The Statement of Receipts and Payments was approved by the National Road Fund Agency on 3rd March 2008 and was signed on its behalf by:


Mr. E. Ngulube
Permanent Secretary (BEA)
Ministry of Finance and National Planning


Mr. R. Malunga
Director
National Road Fund Agency

The Notes on Pages 4 to 13 form part of these financial statements.

Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 38660-ZA and 38661ZA

- (vi) The project Financial Statements have been prepared on a cash basis, which is not in accordance with International Accounting Standards. The Project operates on a reimbursement basis, which implies that funding is provided when expense claims are submitted. Under these circumstances the cash basis of accounting is considered appropriate.
- (vii) Special Accounts have been maintained in accordance with the relevant financing agreements.
- (viii) The SOIs submitted during the period can be relied upon to support the related withdrawal applications.


M. T. Ndenbe and Associates
Chartered Accountants

Lusaka
17 March 2008

Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 38660-ZA and 38661-ZA

Notes to the FINANCIAL STATEMENTS
For the Year ended 31 December 2007

2 PRINCIPAL ACCOUNTING POLICIES

Basis of Accounts Preparation

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

Foreign Currencies

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

3 STATEMENT OF PROJECT MANAGEMENT'S RESPONSIBILITIES

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

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

4 STATEMENT OF THE AUDITORS' RESPONSIBILITIES

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

5 IDA FINANCING

IDA funding represents funding from the World Bank in the form of direct payments to suppliers and reimbursements to the Special Account on the basis of Statement of Expenditure (SOE) applications. The total funding to the project for the year ended 31 December 2007 is itemised below:

Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 38660-ZA and 38661-ZA

Notes to the FINANCIAL STATEMENTS
For the Year ended 31 December 2007

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

The Road Rehabilitation and Maintenance Project is financed principally by the World Bank (The lead Agency). The total IDA credit available under DCA 38660-ZA is US\$ 50,000,000.

This amount is split as follows: -

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

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

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

The Nordic Development Fund has made available credit of Euro 8,000,000 to the Road Rehabilitation and Maintenance Project through a Development Financing Agreement signed with the Government of the Republic of Zambia.

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

On 12th April 2007 the Government of the Republic of Zambia signed an agreement with the World Bank for US\$25million. This amount is additional financing to the Road Rehabilitation and Maintenance Project.

Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 38660-ZA and 38661ZA

Notes to the FINANCIAL STATEMENTS
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	31 Dec 2007	31 Dec 2006	31 Dec 2005	Cumulative to 31 December 2007
	US\$	US\$	US\$	US\$
42 (20.08.07)	1,248,086	-	-	1,248,086
43 (07.09.07)	209,446	-	-	209,446
44 (05.10.07)	1,998,696	-	-	1,998,696
	7,571,303	9,282,756	3,527,782	20,381,839
IDA 38661 Funding				
Application No 1 (09.10.07)	74,775	-	-	74,775
TOTAL IDA FINANCING	12,089,941	15,402,710	3,527,782	34,020,431

6 NDF FINANCING

	31 Dec 2007	31 Dec 2006	31 Dec 2005	Cumulative to 31 December 2007
	US\$	US\$	US\$	US\$
Direct payments				
Tranche 1	-	137,404	-	137,404
Tranche 2	-	212,250	-	212,250
Tranche 3	155,940	-	-	155,940
Tranche 4	159,165	-	-	159,165
Tranche 5	80,795	-	-	80,795
Tranche 6	148,563	-	-	148,563
	544,463	349,654	-	894,117

7 GRZ COUNTERPARTY FUNDING

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

8 CIVIL WORKS

Road Construction	12,180,002	12,437,362	4,250,908	28,868,872
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The expenditure relates to payments to China Henman for construction of the Chingola-Kasumbalese Road, Lumalya-Kalafuta Road and rehabilitation of the Chirundu Road.

9 GOODS

Fixed assets	630,348	325,220	356,603	1,339,195
HMV/ADS Materials	-	-	17,167	17,167
Road Safety Materials	-	6,078	3,713	9,791
	630,348	331,298	377,483	1,366,153

Road Rehabilitation and Maintenance Project International Development Association Development Credit Agreement 38660-ZA and 38661ZA

Notes to the FINANCIAL STATEMENTS
For the Year ended 31 December 2007

	31 Dec 2007	31 Dec 2006	31 Dec 2005	Cumulative to 31 December 2007
	US\$	US\$	US\$	US\$
Special Account IDA 38660 Funding				
a) Initial Deposit				
Application No. 1 (12.07.04)	-	-	-	3,000,000
b) Direct payments				
Application No 11 (01.03.06)	-	1,831,554	-	1,831,554
18 (18.05.06)	-	805,204	-	805,204
19 (07.06.06)	-	128,869	-	128,869
21 (21.06.06)	-	1,061,311	-	1,061,311
22 (21.06.06)	-	171,856	-	171,856
24 (10.09.06)	-	132,875	-	132,875
25 (10.09.06)	-	1,045,033	-	1,045,033
27 (10.09.06)	-	818,071	-	818,071
28 (10.09.06)	-	125,181	-	125,181
37 (18.04.07)	167,096	-	-	167,096
38 (16.04.07)	1,297,575	-	-	1,297,575
41 (10.07.07)	1,076,174	-	-	1,076,174
45 (01.10.07)	1,830,564	-	-	1,830,564
47 (28.12.07)	72,455	-	-	72,455
	4,443,864	6,119,954	-	10,563,818

c) Replenishments

Application No 2 (03.05.05)	1,455,916	-	-	1,455,916
3 (16.05.05)	201,514	-	-	201,514
4 (14.06.05)	908,868	-	-	908,868
5 (25.07.05)	123,976	-	-	123,976
6 (19.08.05)	38,675	-	-	38,675
7 (26.08.05)	24,688	-	-	24,688
8 (10.07.05)	299,962	-	-	299,962
9 (27.12.05)	474,181	-	-	474,181
10 (18.01.06)	88,683	-	-	88,683
12 (27.01.06)	479,100	-	-	479,100
13 (14.02.06)	1,208,826	-	-	1,208,826
14 (10.04.06)	1,141,022	-	-	1,141,022
15 (27.04.06)	147,067	-	-	147,067
16 (12.05.06)	1,221,853	-	-	1,221,853
17 (22.05.06)	985,226	-	-	985,226
20 (22.05.06)	851,586	-	-	851,586
23 (16.08.06)	499,761	-	-	499,761
26 (19.09.06)	31,025	-	-	31,025
29 (18.09.06)	543,560	-	-	543,560
30 (23.10.06)	146,091	-	-	146,091
31 (30.10.06)	430,031	-	-	430,031
32 (22.11.06)	1,508,925	-	-	1,508,925
33 (11.01.07)	202,114	-	-	202,114
34 (08.02.07)	1,188,296	-	-	1,188,296
35 (08.03.07)	1,268,425	-	-	1,268,425
36 (10.04.07)	413,658	-	-	413,658
39 (03.05.07)	876,708	-	-	876,708
40 (12.06.07)	165,874	-	-	165,874

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Notes to the FINANCIAL STATEMENTS
For the Year ended 31 December 2007

10 CONSULTANT'S SERVICES

	31 Dec 2007	Year Ended 31 Dec 2006	31 Dec 2005	Cumulative to 31 December 2007
	US \$	US \$	US \$	US \$
IDA 38660 ZA				
HIV/AIDS Activities	-	84,649	75,946	174,773
Audit Fees	62,531	10,524	5,117	78,172
Environmental Management Unit	800	30,092	29,334	62,627
National Council for Construction	60,363	110,896	57,611	228,869
Launch of ROADSP II	-	88,718	1,044	95,727
Institutional Study	14,425	275,350	52,068	341,843
Training	120,781	61,980	88,289	265,848
Preparation of Project Implementation Manual	-	9,200	9,200	9,200
Bank Charges	15,808	10,631	4,432	31,207
Road Safety Workshop Campaigns	-	79,084	-	88,954
Rural Accessibility and mobility programme (RAMP)	41,757	46,789	-	88,546
Engineering study/design	273,970	131,606	-	405,576
Monitoring and Evaluation	296	132,593	-	132,889
Poverty impact baseline study	-	228,323	-	228,323
Supervision of Road Construction	306,865	985,424	317,685	1,609,974
	897,595	2,276,659	641,326	3,842,527
Total IDA 38661 ZA				
Engineering study/design	74,775	-	-	74,775
Counterparty				
Bank Charges	2,434	-	-	2,434
NDF				
Bank Charges	1,039	-	-	1,039
Technical studies	511,604	349,654	-	861,258
Total NDI	512,643	349,654	-	862,296
TOTAL	1,487,448	2,626,313	641,326	4,782,034
II BANK BALANCES				
Kwadaia Counterparty fund	20,515	150,000	150,000	20,515
NDF Account	35,644	-	-	35,644
US Dollar Special Account	40,409	1,565,841	1,204,092	40,409
	96,568	1,715,841	1,354,092	96,568

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Notes to the FINANCIAL STATEMENTS
For the Year ended 31 December 2007

12 ASSETS PURCHASED BY THE PROJECT

Equipment worth US\$ 254,129 and furniture and fittings costing US\$ 38,366 and motor vehicles costing \$337,852 were acquired during the year. The listings of fixed assets are shown below:

MOTOR VEHICLES

No.	Registration No.	Description	US\$	Location
1	ABE 5779	Nissan Almera Saloon	13,909	RTSA
2	ABE 5488	Nissan Almera Saloon	13,909	RTSA
3	ABE 5807	Nissan Almera Saloon	13,909	RTSA
4	ABE 5817	Nissan Almera Saloon	13,909	RTSA
5	ABE 6306	Nissan Almera Saloon	13,909	RTSA
6	ABE 5811	Nissan Almera Saloon	13,909	RTSA
7	ABE 5771	Nissan Almera Saloon	13,909	RTSA
8	ABD 9393	Nissan Patrol	48,832	RTSA
9	ABD 8001	Nissan Hard Body	26,277	Environmental Management Unit
10	ABD 3086	Mitsubishi L200	23,800	HIV/AIDS Project Office at MCT
11	ABE 3938	XJ 900	10,482	RTSA
12	ABE 3933	XJ 900P Motor Cycle	10,482	RTSA
13	ABE 3936	XJ 900P Motor Cycle	10,482	RTSA
14	ABE 3935	XJ 900P Motor Cycle	10,482	RTSA
15	ABE 3934	XJ 900P Motor Cycle	10,482	RTSA
16	ABE 3937	Nissan Saloon	10,482	RTSA
17	ABF 2579	Isuzu Van	17,300	RMI Reform Coordinator (MCT)
18	ABG 9274	Toyota Hilux Pick	25,729	MLGH
19	ABK 3920	Toyota Hilux Pick	22,656	RDA-RE Lusaka
20	ABK 3921	Toyota Hilux Pick	22,656	RDA HQ
21	ABK 3922	Toyota Hilux Pick	22,656	RDA HQ
22	ABK 3923	Toyota Hilux Pick	22,656	RDA-RE Mongu
23	ABK 3924	Toyota Hilux Pick	22,656	BCHOD- Lusaka
24	ABK 3925	Toyota Hilux Pick	22,656	RDA HQ
25	ABK 7467	Toyota Hilux Pick	22,656	RDA-RE Muiasa
26	ABK 4751	Toyota Hilux Pick	22,656	RDA HQ
27	ABJ 6384	Toyota Landcruiser	33,744	NRFA
28	ABJ 6384	Toyota Landcruiser	33,744	NRFA
29	ABJ 5927	Toyota Hilux Pick	21,047	NRFA
30	ABJ 8986	Toyota Hilux Pick	21,047	NRFA
31	ABJ 8987	Toyota Hilux Pick	21,047	NRFA
32	ABJ 8988	Toyota Hilux Pick	21,047	NRFA
33	ABJ 8989	Toyota Hilux Pick	21,047	NRFA
34	ABJ 9467	Toyota Hilux Pick	21,047	NRFA
35	ABK 4395	Nissan Pickups	21,753	RTSA
36	ABK 4075	Nissan Pickups	21,753	RTSA
37	ABK 4076	Nissan Pickups	21,753	RTSA
38	ABK 4077	Nissan Pickups	21,753	RTSA
39	ABK 4078	Nissan Pickups	21,753	RTSA
40	ABK 4079	Nissan Pickups	21,753	RTSA
41	ABK 4080	Nissan Pickups	21,753	RTSA
Total			842,178	

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OFFICE EQUIPMENT & FURNITURE

No.	Serial No.	Description	US\$	Location
1	SGH504084B (CPU)	Desktop Computers	1,831	RTSA
2	SGH504081Z (CPU)	Desktop Computers	1,831	RTSA
3	SGH504082M (CPU)	Desktop HP Computers	1,831	RTSA
4	SGH504087X (CPU)	Desktop Computers	1,831	RTSA
5	SGH504083D	Desktop Computers	1,831	RTSA
6	SGH504087	Desktop Computers	1,831	RTSA
7	SGH50403L	Desktop Computers	1,831	RTSA
8	SGH5040840 (CPU)	Desktop Computers	1,831	RTSA
9	SGH504086Y (CPU)	Desktop Computers	1,831	RTSA
10	4890150G	Toshiba Laptop	2,802	Permanent Secretaries (MCT)
11	4890144G	Toshiba Laptop	2,802	Permanent Secretaries (MLGH)
12	441172044	Toshiba Laptop & Software	3,196	HIV/AIDS Project Office at MCT
13	CN0809682	LaserJet Printer	1,209	RTSA
14	CN0809684	LaserJet Printer	1,209	RTSA
15	CN0809682	LaserJet Printer	1,209	RTSA
16	-	Executive Chair	1,474	HIV/AIDS Project Office at MCT
17	-	Executive Chair	507	HIV/AIDS Project Office at MCT
18	-	Visitors Chairs (3)	239	HIV/AIDS Project Office at MCT
19	-	Desk set	331	HIV/AIDS Project Office at MCT
20	-	Bookshelf	896	HIV/AIDS Project Office at MCT
21	-	Furniture	585	HIV/AIDS Project Office at MCT
22	CNCB819563	HP LaserJet 1300	1,637	RMI Reform Coordinator MCT
23	CN0D212548	Dell D600 Laptop	561	RMI Reform Coordinator MCT
24	-	MS Office XPro and vln	2,486	RMI Reform Coordinator MCT
25	-	MS Office 2003 Pro	401	RMI Reform Coordinator MCT
26	-	HP Compaq DX2000	2,960	NRFA
27	ZAB39007R	HP Compaq DX2000	1,567	NRFA
28	ZAB390013V	HP Compaq DX2000	1,567	NRFA
29	ZAB39000XB	HP Compaq DX2000	1,567	NRFA
30	ZAB39000Y	HP Compaq DX2000	1,567	NRFA
31	ZAB39003K	HP Compaq DX2000	1,567	NRFA
32	ZAB390010B	HP Compaq DX2000	1,567	NRFA
33	ZAB39003V	HP Compaq DX2000	1,567	NRFA
34	ZAB39005C	HP Compaq DX2000	1,567	NRFA
35	ZAB39001VY	HP Compaq DX2000	1,567	NRFA
36	-	40 Container	6,046	HIV/AIDS Project Office at MCT
37	-	40 Container	6,157	HIV/AIDS Project Office at MCT
38	-	10 Speed Taps	93,945	RTSA
39	-	Rexel Combo Binder	995	RMI Reform Coordinator
40	-	Rexel Thermal Binder	1,218	RMI Reform Coordinator
41	-	Adobe Acrobat Software	3,459	NRFA
42	4ZMYR2J	Dell Desktop Computer	1,078	MLGH
43	CN1W64LGL6	HP LaserJet Printer	325	MLGH
44	CN1W65M009	HP LaserJet Colour Printer	436	MLGH
45	JPPN106130	HP Colour LaserJet copier	4,698	MLGH
46	KRP00334	Canon IR2020 Digital Cop	3,649	RMI Reform Coordinator
47	-	Motorola CP 140 Handhel	10,980	RTSA
48	Z5681720G	Toshiba Tecra A5 Laptop	1,381	MLGH
49	-	Computer Table	87	RMI Reform Coordinator
50	-	Stand for Binder	75	RMI Reform Coordinator
51	-	Book Cabinet	647	RMI Reform Coordinator

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OFFICE EQUIPMENT & FURNITURE

No.	Serial No.	Description	US\$	Location
52	-	Steel file-cabinets	173	RMI Reform Coordinator
53	-	Desk set	12,752	RDA
54	-	Workstation	2,896	RDA
55	-	Office leather chair	1,092	RAMP Coordinator (MLGH)
56	ZAB20026K	Desktop computer	389	RAMP (MLGH)
57	-	Visitors chairs	835	RAMP (MLGH)
58	-	Eric LB Chair	423	RAMP (MLGH)
59	-	High Back chair	1,236	RAMP (MLGH)
60	-	Connection desk	1,256	RAMP (MLGH)
61	-	Curtain connection	673	RAMP (MLGH)
62	-	credenza Return	1,945	RAMP (MLGH)
63	-	La Mira Presidential	9,948	RDA
64	-	Office desks	7,899	RDA
65	-	High Back Swivel Chair	8,287	RDA
66	-	Computer Tables	2,241	RDA
67	-	Visitors	3,214	RDA
68	-	Filing Cabinets	1,264	RDA
69	-	Nashuatec Mono Printers	1,264	RDA
70	-	Nashuatec Mono Printers	1,264	RDA
71	-	Nashuatec Mono Printers	1,264	RDA
72	-	Nashuatec Mono Printers	1,264	RDA
73	-	Nashuatec Mono Printers	1,264	RDA
74	-	Nashuatec Mono Printers	1,264	RDA
75	-	Nashuatec Mono Printers	1,264	RDA
76	-	Nashuatec Mono Printers	1,264	RDA
77	-	Nashuatec Mono Printers	1,264	RDA
78	-	Nashuatec Mono Printers	1,264	RDA
79	-	Nashuatec Mono Printers	1,264	RDA
80	-	Nashuatec Mono Printers	1,264	RDA
81	-	Nashuatec Mono Printers	1,264	RDA
82	-	Nashuatec Mono Printers	1,264	RDA
83	-	Nashuatec Mono Printers	1,264	RDA
84	-	Nashuatec Mono Printers	1,264	RDA
85	-	Nashuatec Mono Printers	1,264	RDA
86	-	Nashuatec Mono Printers	1,264	RDA
87	-	Nashuatec Mono Printers	1,264	RDA
88	-	Nashuatec Mono Printers	1,264	RDA
89	-	Nashuatec Mono Printers	1,264	RDA
90	-	Nashuatec Mono Printers	1,264	RDA
91	-	Nashuatec Mono Printers	1,264	RDA
92	-	Nashuatec Mono Printers	1,264	RDA
93	-	Nashuatec Mono Printers	1,264	RDA
94	-	Nashuatec Mono Printers	1,264	RDA
95	-	Nashuatec Mono Printers	1,264	RDA
96	-	Nashuatec Mono Printers	1,264	RDA
97	-	Nashuatec Mono Printers	1,264	RDA
98	-	Nashuatec Mono Printers	1,264	RDA
99	-	Nashuatec Mono Printers	1,264	RDA
100	-	Nashuatec Mono Printers	1,264	RDA
101	-	Nashuatec Mono Printers	1,264	RDA
102	-	Nashuatec Mono Printers	1,264	RDA
103	-	Nashuatec Mono Printers	1,264	RDA

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Notes to the FINANCIAL STATEMENTS
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OFFICE EQUIPMENT & FURNITURE

No.	Serial No.	Description	Cost US\$	Location
151		Industrial Photocopiers	15,292	RTSA
152	CNT 70212 BC ZAB 70702 DJ 633802849	Desktop Computers	929	RTSA
153	CNT 70212M ZAB 70702 FN 633802845	Desktop Computers	929	RTSA
154	CNT 70212 PL ZAB 70701 TN	Desktop Computers	929	RTSA
155	CNT 70212 PL ZAB 64600 9L	Desktop Computers	929	RTSA
156	CNT 270212 BC ZAB 70702 DJ	Desktop Computers	929	RTSA
157	CNT 270212 BC ZAB 70702 DJ	Desktop Computers	929	RTSA
158	CNT 64109 LK ZAB 70701 W1 633802631	Desktop Computers	929	RTSA
159	CNT 64109 LK ZAB 64600 RS	Desktop Computers	929	RTSA
160	CNT 70212 PY ZAB 70701 TS	Desktop Computers	929	RTSA
161	CNT 70212 PY ZAB 70701 TS	Desktop Computers	929	RTSA
162	CNT 63110 QR ZAB 70701 X5	Desktop Computers	929	RTSA
163	CNT 70212 PT ZAB 70701 V6 633802849	Desktop Computers	929	RTSA
164	CNT 70212 BC ZAB 70702 DJ 633802645	Desktop Computers	929	RTSA
165	CNT 64107 T6 ZAB 70701 VX 633802729	Desktop Computers	929	RTSA
166	CNT 64109 LS ZAB 70701 VO 633802831	Desktop Computers	929	RTSA
167	CNT 70212 BC ZAB 70702 DJ 633802849	Desktop Computers	929	RTSA
168	CNT 70212 PD ZAB 70702 FT 633802932	Desktop Computers	929	RTSA
169	CNT 65114 NG ZAB 70701 XB	Desktop Computers	929	RTSA
170	CNT 70212 2Y ZAB 64600 MC	Desktop Computers	929	RTSA
171	CNT 64109 LS ZAB 70701 X9	Desktop Computers	929	RTSA
172	CNT 65110 IL ZAB 70702 DM	Desktop Computers	929	RTSA
173	CNT 70212 NZ ZAB 70702 IZ	Desktop Computers	1,682	RTSA
174	CNHXJ 62682	Laserjet Printer	1,682	RTSA
175	CNHXJ 62679	Laserjet Printer	1,682	RTSA
176		Laserjet Printer	1,682	RTSA
177	CNHXB 90730	Laserjet Printer	1,682	RTSA
178	CNHXC 82154	Laserjet Printer	1,682	RTSA
179	CNHXB 90727	Laserjet Printer	1,682	RTSA
180	CNHXJ 82961	Laserjet Printer	1,682	RTSA
181	CNHXJ 58435	Laserjet Printer	1,682	RTSA
182	CNHXJ 62673	Laserjet Printer	1,682	RTSA
183	CNHXB 90732	Laserjet Printer	1,682	RTSA
184		Laserjet Printer	1,682	RTSA
185	CNHXB 90734	Laserjet Printer	1,682	RTSA
186	CNHXB 90720	Laserjet Printer	1,682	RTSA
187	CNHXJ 63186	Laserjet Printer	1,682	RTSA
188	CNHXJ 63386	Laserjet Printer	1,682	RTSA
189	CNHXB 90231	Laserjet Printer	1,682	RTSA
190		Laserjet Printer	1,682	RTSA
191	CNHXJ 63210	Laserjet Printer	1,682	RTSA
192	CNHXJ 63385	Laserjet Printer	1,682	RTSA
193		Laserjet Printer	1,682	RTSA
194		Laserjet Printer	1,682	RTSA
Total			495,443	

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OFFICE EQUIPMENT & FURNITURE

No.	Serial No.	Description	Cost US\$	Location
104	ZA172202LW/CND7061S8R	CPU/Monitors	854	RDA
105	ZA172202Q/CND7061S7V	CPU/Monitors	854	RDA
106	ZA172202S/CND717127P	CPU/Monitors	854	RDA
107	ZA172202V/CND7061CDK	CPU/Monitors	854	RDA
108	ZA172202W/CND7061C6Z	Server	19,659	RDA
109	CZ171920BC	HP ProLiant ML350T GS	7,965	NRFA
110	CZ172206B/CNC705NW2J	Implementation services-	519	NRFA
111		Computers HP Compact I	1,169	RDA
112	CNK725125M/USH736010D	Computers HP Compact I	1,169	RDA
113	CNK7200LQ/USH73600SI	Computers HP Compact I	1,169	RDA
114	CNK725112L/USH73601JM	Computers HP Compact I	1,169	RDA
115	CNK725124H/USH73600ZW	Computers HP Compact I	1,169	RDA
116	CNK7251125/73700RY	Computers HP Compact I	1,169	RDA
117	CNK725112M/73600RY	Computers HP Compact I	1,169	RDA
118	CNK72512H/USH73500ID	Computers HP Compact I	1,169	RDA
119	CNK725125Z/7360053	Computers HP Compact I	1,169	RDA
120	CNK72511V/USH73601O3	Computers HP Compact I	1,169	RDA
121	CNK72512CT/USH73700PB	Computers HP Compact I	1,169	RDA
122	CNK7200K2S/USH73500HH	Computers HP Compact I	1,169	RDA
123	CNK7251262/USH73700TH	Computers HP Compact I	1,169	RDA
124	CNK725112D/USH73700RZ	Computers HP Compact I	1,169	RDA
125	CNK725112D/USH73700RZ	Computers HP Compact I	1,169	RDA
126	CNK7251261/USH735010V	Computers HP Compact I	1,169	RDA
127	CNBW75F45X	HP Laserjet 2015 Printer	488	RDA
128	CNBW75F45C	HP Laserjet 2015 Printer	488	RDA
129	CNBW75F511	HP Laserjet 2015 Printer	488	RDA
130	CNBW75F4820	HP Laserjet 2015 Printer	488	RDA
131	CNBW75F421	HP Laserjet 2015 Printer	488	RDA
132	CNBW75F482H	HP Laserjet 2015 Printer	488	RDA
133	CNBW75F482H	HP Laserjet 2015 Printer	488	RDA
134	CNBW75F47QD	HP Laserjet 2015 Printer	488	RDA
135	AN3H210DE	UPS unit	250	RDA
136	AN3H210DP	UPS unit	250	RDA
137	AN3H2107P	UPS unit	250	RDA
138	AN3H210DH	UPS unit	250	RDA
139	AN3H210DH	UPS unit	250	RDA
140		HP ProLiant ML570 Surv	24,392	NCC
141		software for server	3,310	NRFA
142	0703150170382	UPS	127	RDA
143	0703150170350	UPS	127	RDA
144	0703150170360	UPS	127	RDA
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146	0703150170163	UPS	127	RDA
147	0703150170345	UPS	127	RDA
148	0703150170166	UPS	127	RDA
149	0703150170328	UPS	127	RDA
150	0703150170323	UPS	127	RDA

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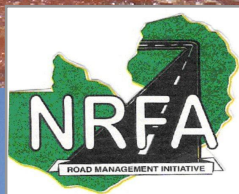
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26 ABBREVIATIONS AND ACRONYMS

APL		Adaptable Programme Lending
ARMFA	-	African Road Maintenance Funds Association
AWP		Annual Work Programme
BEA	-	Budget and Economic Affairs
CILT	-	Chartered Institute of Logistics & Transport
CTI	-	Community Transport Initiative
DANIDA	-	Danish International Development Agency
DKK		Danish Kroner
EBRP	-	Essential Bridge Rehabilitation Project
EDRP	-	Emergency Drought Recovery Project
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
K'm	-	Kwacha million
LCC	-	Lusaka City Council
MACO	-	Ministry of Agriculture & Cooperatives
MCT	-	Ministry of Communications and Transport
MEWD	-	Ministry of Energy and Water Development
MLGH	-	Ministry of Local Government and Housing
MOFNP	-	Ministry of Finance and National Planning
MOJ	-	Ministry of Justice
MTENR	-	Ministry of Tourism, Environment & Natural Resources
MWS	-	Ministry of Works and Supply
NCC		National Council for Construction
NDF		Nordic Development Fund
NORAD	-	Norwegian Development Agency
NRFA	-	National Road Fund Agency
PRE	-	Provincial Road Engineer
PS	-	Permanent Secretary
PSU		Procurement & 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
RSPS	-	Road Sector Programme Support
RTC	-	Road Traffic Commission
RTSA	-	Road Transport and Safety Agency
RUC		Road User Charges
SI		Statutory Instrument
SSATP	-	Sub-Saharan Africa Transport Policy Programme
TOR	-	Terms of Reference
ZIPs	-	Zambia Institute of Purchasing and Supply
ZMK	-	Zambian Kwacha
ZNBC		Zambia National Broadcasting Corporation
ZNFU	-	Zambia National Farmers Union
ZNTB	-	Zambia National Tender Board



A GOOD ROAD NETWORK IS THE CATALYST FOR ECONOMIC EMPOWERMENT