



**REPUBLIC OF ZAMBIA**

**REPORT**

**OF THE**

**COMMITTEE ON TRANSPORT, WORKS AND SUPPLY**

**FOR THE**

**FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

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# **REPORT OF THE COMMITTEE ON TRANSPORT, WORKS AND SUPPLY FOR THE FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

## **1.0 MEMBERSHIP OF THE COMMITTEE**

The Committee consisted of Mr D M Syakalima, MP (Chairperson); Ms C C Kasanda, MP (Vice Chairperson); Mr P M W Daka, MP; Mr G Zimba, MP; Mr R Lihefu, MP; Mr G Sialubalo, MP; Ms G Katuta, MP; Mr Y Siwanzi, MP; Mr A C Mumba, MP; and Mr J Kabamba, MP.

The membership of the Committee changed when Mr C Miyutu, MP, replaced Mr A C Mumba, MP, who was appointed to serve on another Committee.

The Honourable Mr Speaker  
National Assembly  
Parliament Buildings  
**LUSAKA**

Sir

The Committee has the honour to present its Report for the Fifth Session of the Twelfth National Assembly.

## **2.0 FUNCTIONS OF THE COMMITTEE**

The functions of the Committee are set out in Standing Order Number 157 (2), of the National Assembly Standing Orders, 2016.

## **3.0 MEETINGS OF THE COMMITTEE**

The Committee held fourteen meetings to execute its programme of work during the period under review.

## **4.0 COMMITTEE'S PROGRAMME OF WORK**

At the commencement of the Fifth Session of the Twelfth National Assembly, the Committee considered and adopted the following programme of work:

- (i) consideration of the Action-Taken Report on the Report of the Committee for the Fourth Session of the Twelfth National Assembly;
- (ii) consideration of the topical issue: Participation of Local Contractors in the Zambian Construction Industry – Opportunities and Challenges;
- (iii) local tour to Lusaka, Eastern and Copperbelt provinces; and
- (iv) Consideration and adoption of the Committee's Report.

## **5.0 ARRANGEMENT OF THE REPORT**

The Committee's Report is in two parts. Part I highlights the findings of the Committee on the topical issue: Participation of Local Contractors in the Zambian Construction Industry - Opportunities and Challenges. Part I also covers the Committee's Observations and Recommendations while Part II reviews the Action-Taken Report on the Report of the Committee for the Fourth Session of the Twelfth National Assembly.

## **6.0 PROCEDURE ADOPTED BY THE COMMITTEE**

The Committee sought both written and oral submissions from the relevant Government ministries and institutions, non-governmental organisations, civil society organisations and interested individuals.

## **PART I**

### **7.0 CONSIDERATION OF THE TOPICAL ISSUE: PARTICIPATION OF LOCAL CONTRACTORS IN THE ZAMBIAN CONSTRUCTION INDUSTRY – OPPORTUNITIES AND CHALLENGES**

#### **7.1 Background**

The development of a vibrant local construction industry is one of the Government's socio-economic development goals. The industry has contributed significantly to the economy's Gross Domestic Product (GDP) with the percentage share of construction value added to GDP averaging 10 per cent from 2011 to 2019 and its percentage growth rate averaging 4.1 per cent over the same period. While construction is not among the priority sectors identified in the Seventh National Development Plan (7NDP) to drive economic diversification and job creation, the intention has been well articulated in various Government socio-economic policies and legal frameworks such as the *National Council for Construction Act No. 13 of 2003* and the *Citizens' Economic Empowerment Commission Act No.9 of 2006*.

A sustainable construction industry implies having a cadre of contractors with the ability to participate competitively and undertake works effectively to meet current and future needs of the industry. While economic liberalisation in Zambia has managed to attract both local and international investment in the construction industry, most of the projects have been undertaken by foreign construction companies mainly because of deficiencies in capacity of indigenous companies. Compared to foreign contractors, most of the local contractors have limited funds leading to lack of access to plant and equipment which makes it difficult for them to grow and to compete favourably with foreign contractors. One of the biggest consequences of this is that it prevents them from satisfying the financial requirements needed to win major contracts which are often awarded to their foreign counterparts. The low participation of the local contractors in the industry makes the benefit of the boom in construction unconvincing and, thereby, raising concern of many stakeholders.

Despite the Government's efforts to empower them, most local contractors continue to grapple with the lack of adequate capital and equitable opportunities which are some of the major barriers affecting their effective participation in the Construction Industry. It is against this background that the Committee resolved to undertake a study on the Participation of Local Contractors in the Zambian Construction Industry.

### **Objectives of the Study**

The objectives of the Committee's study were to:

- i. assess the adequacy of the policy and legal framework governing the participation of local contractors;
- ii. appreciate the level of participation of local contractors in the industry;
- iii. appreciate the availability and adequacy of training programmes for contractors;
- iv. learn the measures the Government has put in place to empower local contractors;
- v. assess the efficacy of the strategies meant to support the local contractors;
- vi. understand the challenges faced by the local contractors; and
- vii. make recommendations to the Executive on the way forward.

## **8.0 SUMMARY OF SUBMISSIONS FROM STAKEHOLDERS**

In order to appreciate the subject under consideration, the Committee engaged various stakeholders, listed at Appendix II, who provided both oral and written submissions on the topical issue.

### **8.1 Policy and Legal Framework in the Construction Sector**

#### **Road Development Agency's 20 percent sub-contracting policy**

The Committee was informed that the main policy framework governing the participation of local contractors in the construction industry was the requirement for 20 per cent subcontracting of local contractors. In a bid to develop a cadre of citizen road contractors in Zambia, the Government introduced the 20 per cent Subcontracting Policy in 2012, which provided that a minimum of 20 per cent of the works on all road contracts awarded should be implemented by Zambian citizen-owned companies. The directive was meant to enhance capacities and participation of local contractors in public works undertaken by foreign contractors.

The Committee was further informed that the relevant legal framework to support local contractors had been put in place. The relevant laws that guided the operations of local contractors and the construction industry in general included the ones listed below.

**i. The National Council for Construction (NCC) Act No. 13 of 2003**

The *National Council for Construction Act, No. 13 of 2003* defined the functions of the NCC and regulated the registration of contractors. The Act further provided for the promotion and development of the Zambian construction industry; and for affiliation to the Council of professional bodies whose members were engaged in activities related to the construction industry. Examples of such professional bodies included the Engineering Institution of Zambia, Zambia Institute of Architects, and Surveyors Institute of Zambia. The aim of the *National Council for Construction Act, No. 13 of 2003* was to regulate the entire construction industry in the nation. The Act also provided for the establishment of the Construction School to train persons engaged in construction, or any other activities related to construction.

**ii. Citizens' Economic Empowerment (CEE) Act No. 9 of 2006**

The *Citizens' Economic Empowerment Act No. 9 of 2006* established the Citizens Economic Empowerment Commission and the Citizens Economic Empowerment Fund that was used to empower citizens economically. The Act sought to empower citizens and three types of companies namely: citizen-empowered companies, citizen-influenced companies and citizen-owned companies. Its purpose was to promote equal opportunities for the targeted citizens and the three types of companies mentioned above in accessing and being awarded procurement contracts. Section 19 of the Act provided for preferential procurement in favour of the targeted citizens and companies in the supply of goods and services to public entities. Section 3 stipulated that:

- (a) *'citizen empowered company' means a company where twenty five to fifty percent of its equity is owned by citizens;*
- (b) *'citizen influenced company' means a company where five to twenty five percent of its equity is owned by citizens in which citizens have significant control of the management of the company;*
- (c) *'citizen owned company' means a company where at least fifty point one percent of its equity is owned by citizens and in which citizens have significant control of the management of the company.*

**iii. Citizens Economic Empowerment (Preferential Procurement) Regulations, Statutory Instrument No. 36 of 2011**

To operationalise section 19 of the Citizen's Economic Empowerment Act alluded to above, Government, in 2011 issued Statutory Instrument (SI) No. 36 to guide the implementation of preferential procurement. In line with provisions of section 19 of the *CEE Act No. 9 of 2006*, the SI was enacted to ensure that targeted companies were accorded preferential treatment in accessing and being awarded tenders for the supply of goods and services to state institutions at national, provincial or district level. In particular, section 5 (b) of SI 36 of 2011 reserved thresholds for public procurement for local contractors in the construction sector. Further, in 2013, a



circular was issued to give further direction on empowerment of citizens. Thresholds for reservation schemes included the following listed hereunder.

- i. Public procurement of goods not exceeding K3 million; and
- ii. with respect to works:
  - (a) building construction works not exceeding K20 million.
  - (b) civil and road works not exceeding K30 million.
  - (c) However, the values exceeding the thresholds prescribed in (a) and (b) above were not subject to reservation schemes.

**iv. Public Procurement Act No. 12 of 2008**

The *Public Procurement (PPA) Act No. 12 of 2008*, section 26 (1) to (6) gave guidance on the use of open national bidding for all procurement and further limited participation in open national bidding to citizens and local bidders. In addition, the Act guided on how foreign bidders could participate in partnership with a citizen or local supplier or bidder. In order to increase meaningful participation of citizens, section 63 (1) of the Act also provided for setting aside of certain procurement requirements for a target group by restricting bidding to the target group.

**v. Zambia Development Agency Act No. 11 of 2006**

The Zambia Development Agency (ZDA) was established under the *ZDA Act No. 11 of 2006*, which came into effect on July 7, 2006. The Act gave powers to the ZDA in key areas of trade development, investment promotion, enterprise restructuring, development of green field projects, small and medium size enterprise development, trade and industry fund management, and contributing to skills training development. Through this, local contractors were able to access the services of the agency for their own development.

**vi. Occupational Health and Safety Act No. 36 of 2010**

The Act was a new in the area of occupational health and safety in Zambia that established the Occupational Health and Safety Institute; and provided for the establishment of health and safety committees at workplaces. The overall function of the Institute and its committees was to protect the health, safety and welfare of all persons at work. Through the Act, it was a requirement for construction companies to adhere to all health and safety requirements.

**vii. National Local Content Strategy (2018)**

The National Local Content Strategy (2018) was a framework aimed at fostering business linkages in growth sectors, as well as promote linkages between Micro, Small, Medium Enterprises (MSMEs) and Large Enterprises, both local and foreign. Among the main features of this Strategy was that it ensured that at least 35 per cent of inputs in growth sectors should be locally procured.

## 8.2 The Levels of Participation of Local Contractors in the Construction Industry

The Committee was informed that between 2011 and 2019, construction grew at an average of 4.7 per cent. However, the level of participation of local contractors in the construction industry remained very low, and it was mostly confined to low value and small contracts.

Despite low level of participation, the Committee learnt that 91.4 per cent of firms in the industry were Zambian owned while 4.2 per cent and 4.4 per cent were foreign and jointly owned firms respectively. Despite being the majority, Zambian owned firms were found mostly in the lower grades (4-6) where they were limited on the value of contracts tendered. Only 3.5 per cent of all Zambian enterprises in the sector were in Grades 1 and 2 which projected a low level of participation by Zambian enterprises in the top two grades of contractors, with the vast majority of enterprises in these two grades originating from China. As a result, foreign owned firms dominated the industry regarding access to public tenders.

In terms of the value of pledged investment in the sector, a total of US\$ 6.4 billion had been recorded since 2007, of which US\$ 77.2 million had been pledged by Zambian firms. This represented only 1.2 per cent of capital belonging to Zambian firms in the sector. Further, since 2007, a total pledged employment of 44,355 was recorded in the sector, of which 3,337 was attributed to Zambian enterprises representing 7.5 per cent of jobs in the sector. The Committee was also informed that the main Foreign Direct Investment (FDI) in the sector was Chinese (US\$ 1.2 billion), Tanzania (US\$ 101 million) and Mauritius (US\$ 69 million). Chinese investors also had the highest recorded pledged employment in the sector with about 6,400 jobs since 2007.

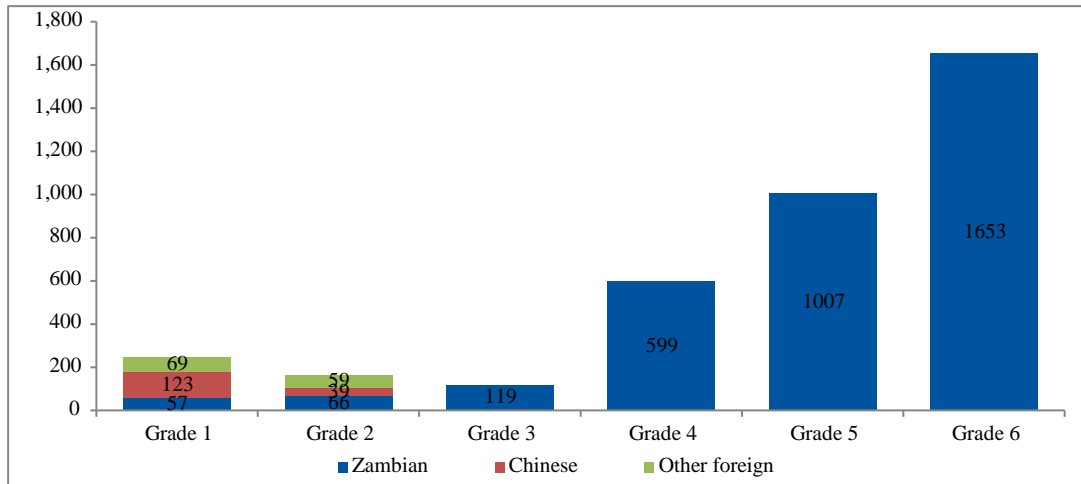
Furthermore, the Committee heard that for the period 2012 to 2014, most of the firms bidding and winning tenders were reported to have been foreign owned. The proportion of foreign owned firms winning tenders increased from 50.0 per cent in 2012 to 62.5 per cent in 2013 and finally 90.0 per cent in 2014. On the contrary, the proportion of Zambian owned firms winning tenders increased from a lower proportion of 4.1 per cent in 2012 to 17.3 per cent in 2013 and finally dropped to 3.8 per cent in 2014.

According to the 2018 National Road Fund Agency Annual Report, local contractors in the road sub-sector had 82 per cent of projects and foreign contractors had 18 per cent, 15 per cent of which were Chinese contractors. Despite the large share of project count, the local contractors only got 34 per cent in monetary terms compared with 66 per cent for foreign contractors, 50 per cent of which were Chinese.

The low participation was also exemplified by the comparison of award values on the Link 8000 road development project by nationality which showed that 77.3 per cent of the award value went to Chinese, 15.1 per cent to South African, 5.1 per cent to Indian and only 2.6 per cent to Zambian contractors. The participation levels in the four lower grades of contractors comprised exclusively of Zambian enterprises.

Table 1

### Grading of Construction Firms, by number & ownership



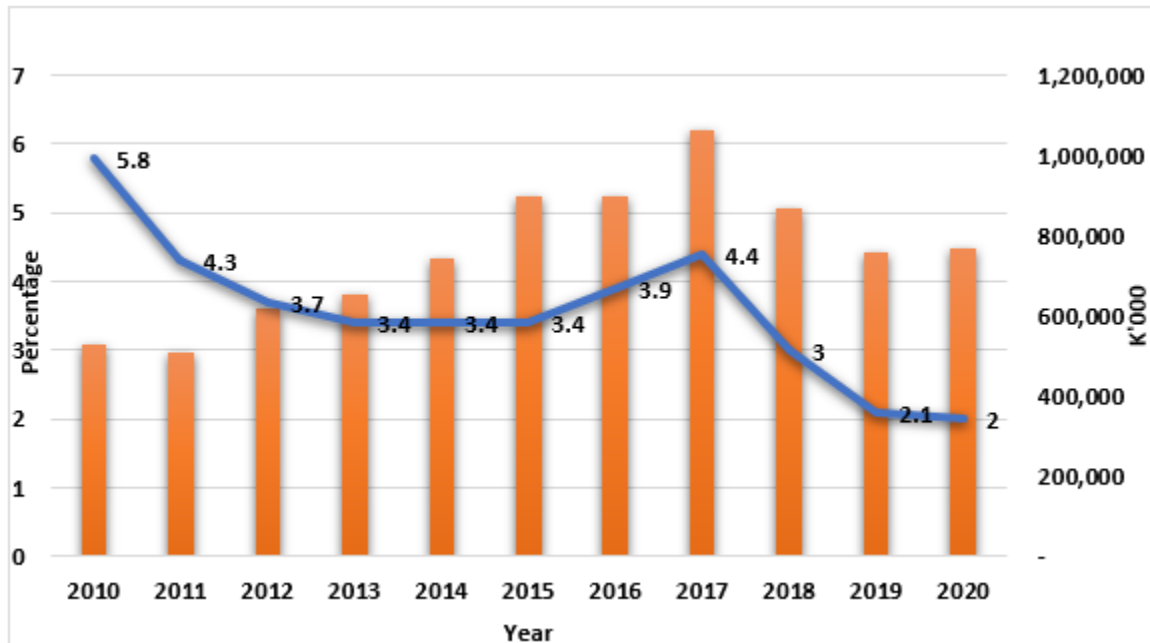
ZIPAR and NCC (2018)

### 8.3 Financing Programmes Available to the Local Contractors

The Committee was informed that most local contractors in the construction industry relied on borrowing funds from commercial banks which were at high interest rates. The major focus of commercial banks was the provision of support to local contractors to meet needs for working capital facilities and various tender requirements. The products and services included term loans, overdrafts, Vehicle Asset Finance lending for purchase of machinery, letters of credit and guarantees. All clients were assessed for credit facilities applied for and granted based on their ability to service those facilities. Financial institutions viewed infrastructure development as a high risk area, therefore, local contractors were viewed as high risk borrowers. The enactment of the *Moveable Property (Security Interest) Act No. 3 of 2016* expanded the range of security that businesses could put forward to access credit from banks and had helped to break down collateral barriers.

Table 2

...Loans and advances to the construction sector from December 2010 to June 2020



#### 8.4 The Availability and Adequacy of Training Programmes for Local Contractors.

The Committee was informed that training and experience played a very cardinal role in capacity building programmes for Local Contractors. The main players in the provision of training programmes were identified as Nation Council for Construction (NCC) and Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) affiliated institutions. TEVETA was the Institution established under the *Technical Education, Vocational and Entrepreneurship Training Act No.13 of 1998*. The Institution regulated, monitored and co-ordinated Technical Education, Vocational and Entrepreneurship Training in consultation with the industry, employers, employees and other stakeholders.

According to the TEVETA 2019 Annual Report, a total of 293 training institutions were on the Authority's register of training institutions and were graded from Grade 1 to Grade 3 according to their capacity to offer quality training services with most of the institutions falling in Grade 3, and barely meeting the established minimum training standards for registration. Only 5 per cent of the registered institutions offered technical and engineering related training leading to diploma level qualification. Most of the institutions were reported to have had inadequate workshop space and training equipment and tools which affected the training of skilled labour in technical fields such as bricklaying, electronics, carpentry and plumbing.

Table 3

NAME OF PROVINCE	GRADE			TOTAL	% OF TOTAL
	1	2	3		
Central	1	7	10	18	6%
Copperbelt	12	30	38	80	27%
Eastern	0	3	8	11	4%
Luapula	0	5	7	12	4%
Lusaka	13	45	59	114	39%
Muchinga	0	2	2	4	1%
Northern	0	3	6	9	3%
North Western	2	5	5	12	4%
Southern	2	10	13	25	9%
Western	0	5	3	8	3%
Total	30	122	151	293	100%
% of Total	% 10	38%	52%	100%	

*Distribution of TEVETA Registered Institutions – 2019*

The Committee was informed that the NCC housed the National Council for Construction School. The School offered a variety of training programmes for contractors meant to bridge the skills gap in the construction sector. However, despite the existence of the School, the industry was plagued with a great need for training in technical, financial management and general managerial skills, especially for firms in grades 4-6. Additionally, the school faced challenges in terms of low enrolment numbers despite the courses being subsidised.

The number of trades and technical colleges offering construction courses at various levels had also declined over the years mainly due to most of them opting to offer business courses which were easier to set up and thus more profitable than the technical training they were originally established to provide. Therefore, there were generally few courses being offered at technician level. Further, the Committee learnt that training facilities were mostly found in urban centres with the majority of those located in rural areas belonging to Faith Based Organisations and Non-Governmental Organizations. Due to the aforementioned, accessibility to training facilities was largely inadequate.

### **8.5 Measures the Government has put in place to Empower Local Contractors**

The Committee was informed that the Government had put in place a number of measures that support local contractors' participation in the industry. These measures emanated from the policy and legal frameworks that governed the construction industry, as well as the setting up of strategic institutions that indirectly or directly gave support in various ways to local contractors. These included the following listed hereunder.

**i. Preferential Procurement**

In a quest to increase local content by putting in place initiatives to increase the participation of locals in the provision of goods and services, the Zambian Government enacted the *Citizens Economic Empowerment Act No. 9 of 2006* and issued Statutory Instrument No. 36 of 2011 (Preferential Procurement Regulations) which provided for procurement requirements restricting certain bidding to citizen-influenced, citizen-empowered and citizen-owned companies. For example, under the Road Development Agency (RDA), all routine maintenance contracts for trunk, main and district roads were given to NCC grade 5 and 6 local contractors. Further, the Acrow Bridge Construction Projects were reserved for grade 3 and 4 local contractors.

**ii. Twenty (20) Percent Mandatory Sub-Contracting Policy**

The 20 per cent Mandatory Sub-Contracting Policy facilitated for the awarding 20 per cent of the large contracts obtained by foreign contractors exceeding ZMW 30 million to local contractors. The policy was aimed at increasing the participation, technical and financial capacity of local contractors in the construction industry. Contracts below the ZMW30 million threshold were treated in line with the Citizen Economic Empowerment Commission (Preferential Procurement) Regulations of 2011.

**iii. NCC Construction School**

Further, to address some of the critical sector skills gaps, the *National Council for Construction Act, No. 13 of 2003* in section 17 established the Construction School for the purposes of providing training and skills development for personnel in the construction industry. To this effect, NCC has been training local small to medium scale contractors to enhance their skills and knowledge in construction.

**iv. Affirmative Action for Youth Empowerment**

To ensure participation of local contractors, particularly with a view to empowering youth cooperatives as contractors, the Government had put in place the *Affirmative Action for Youth Empowerment*. This sought to ensure that youths were accorded the opportunities for the following listed hereunder.

- a) Skills and knowledge from the main contractors during their time of engagement;
- b) accessing and owning construction equipment through backed loans from commercial banks and possible equipment suppliers; and
- c) developing into independent and viable contractors capable of bidding for big jobs, among others.

**v. Restriction of Registration for Foreign Contractors**

The National Council for Construction restricted registration of foreign contractors to only grades 1 and 2. This meant that foreign companies did not take part in tenders for works in grades 3 to 6. This was to enable local contractors to compete favourably amongst themselves for contracts that fell in the lower grades. However, the Committee was informed that some tenders were open to both local and foreign contractors which disadvantaged the locals.

**vi. Establishment of a Construction School**

To address this skills challenge, the National Council for Construction established a Construction School. The goal of the school was to upgrade and develop the technical capacity of contractors and persons engaged in the construction sector with the aim of growing the Zambian construction sector to levels where it could compete favourably internationally.

**vii. Implementation of Electronic Government Procurement System (E-GP)**

The Government through Zambia Public Procurement Authority (ZPPA) had established the e-Procurement System also called the Electronic – Government Procurement (E-GP) System which involved the use of Information and Communications Technology by Government Institutions in conducting their procurement relationships with Suppliers and Contractors for the acquisition of goods, works and consultancy services required by the public sector. The system was designed to reduce any malpractice which was likely to occur during the tendering process, which could end up disadvantaging local contractors who had little financial influence.

**viii. Construction Finance Initiative (CFI)**

The Construction Finance Initiative (CFI) was a deliberate policy by National Road Fund Agency (NRFA), Road Development Agency and Ministry of Local Government (MoLG) to accelerate the provision of adequate and cheap financial services, as well as provision of materials, plant and machinery to local contractors in a bid to empower them so that they could compete with foreign contractors. The CFI Programme had been in place since 2013, although access to facilities was grossly limited.

**8.6 The Effectiveness of the Strategies Meant to Support Local Contractors**

The Committee was informed that with regard to the effectiveness of the strategies meant to support local contractors, the desired results had not been achieved. Firstly, the 20% sub-contracting policy introduced in 2012 was one of the most prominent interventions implemented to mitigate the challenges faced by local contractors and to enhance their participation in the Zambian construction industry. However, since its introduction, very

little progress had been noted as the participation of local contractors in construction had to-date remained low owing to several challenges, including inadequate equipment and lack of skilled personnel. As a result, the policy had failed to close the disparity between local and foreign owned firms in relation to access to contracts. This was partly attributed to the contractors' perception that the policy was not a mandatory requirement as it did not carry the force of law.

Secondly, some stakeholders argued that whereas the intent of the *Citizens Economic Empowerment Act* was to encourage joint ownership of companies by targeted citizens and foreign entities, with anticipated benefits of technology transfer and profit sharing, the provisions had limited impact in achieving these objectives. Lack of clarity in the definition of targeted citizens and the structure of ownership had also posed challenges in the implementation of measures meant to benefit groups such as local contractors.

However, the Committee was informed that the Ministry of Local Government had scored success in empowering local contractors by deliberately putting in place a system that only allowed for local contractors to participate in the rehabilitation and maintenance of feeder roads. The routine maintenance of township or urban roads was also reserved for local contractors. For large projects, especially in the rehabilitation and new construction of township or urban roads, foreign bidders were instructed to partner with local contractors. With regard to design and supervision works, the consultants eligible for participation were local or Zambia empowered companies.

## **8.7 Challenges faced by Local Contractors**

The Committee was informed that the following listed hereunder were some of the challenges that hindered local contractors from actively participating in the construction industry:

### **i. Lack of Access to Financing**

Most local contractors had challenges accessing financing as financial lending institutions regarded them as high risk borrowers due to their low financial capacity. Generally, collateral requirements by financial institutions were out of reach for most local contractors to secure credit facilities. Low access to finances among local contractors was mainly due to the unfavourable business environment in Zambia, characterised by high cost of borrowing, long registration processes and inadequate credit guarantees among others. Further, local contractors had limited knowledge on how to structure bankable credit proposals.

### **ii. Skills Transfer**

There was little or no skills transfer on projects where locals were sub-contracted as foreign contractors kept critical components of the projects to themselves. Moreover, local sub-contractors were given low or uneconomic rates for works resulting in insignificant financial benefits.



**iii. Limited Technical and Managerial Skills**

Most local contractors had limited technical and managerial skills. Local contractors required an array of skills such as project and contract management, as well as capacity to effectively engage at strategic, technical and operational levels. According to NCC regulations, firms were partly registered and graded based on their capacity and experience to undertake contracts.

**iv. Lack of Access to Plant and Equipment**

Most local contractors consisted of small businesses and executed small and simple projects due to limited access to plant and equipment. Therefore, local contractors ended up being sub-contracted on medium to larger projects, particularly road projects, because the grading process and procurement of services mainly favoured foreign owned firms that often employed superior techniques and machinery.

**v. Poor Professional Ethics and Unfair Competition**

Poor professional ethics was another challenge facing local contractors in Zambia. It mainly manifested itself through corruption which was a major problem in the Zambian construction industry. Corruption in public infrastructure procurement, as in so many other areas of public service, was linked to weak governance in legal, regulation, policy and institutional capacity. The nature of the construction industry and the manner in which infrastructure services were being operated created structural vulnerabilities that encouraged corruption. The common practices in the construction industry that affected competition were bid rigging, market allocation and price fixing. Bid rigging was an illegal practice in Zambia and was prohibited under section 9(1) (c) of the *Competition and Consumer Protection Act*.

**vi. Delayed Payments to Contractors**

In occasions where local contractors are awarded high value contracts by the Government, they often experienced delayed payments for site mobilisation and for completed works. Sometimes, payment delays could be up to a year from due date, thereby affecting the contractor's ability to pay workers, obtain construction inputs and in the mean time suffered , high-interest costs incurred on borrowed capital to sustain the construction project. Further, some contractors rarely pursued legal action against the Government for delayed payments as they feared being blacklisted from future public procurement. The decision by the Government to discontinue payments for projects that were below 80 per cent had a serious financial setback on affected contractors.

**vii. Fixed Cost Pricing**

The introduction of Fixed Price Contracts had caused a lot of financial problems for Contractors. Normally, fixed price contracts applied to projects with a completion

period of not more than 12 months. In Zambia, fixed price contracts run for more than 3 years and with price escalations for inputs, it became difficult for Contractors to perform.

### **viii. Forms of Contract**

The current Forms of Contract, such as the International Federation of Consulting Engineers (FIDIC) Forms of Contract, had been doctored to favour the client at the expense of the contractor. For instance, a contractor was made to render so many guarantees or bonds to safeguard the interests of the client, while the client gave no guarantee or bankable documents to the contractor in return. Because of this, the banks viewed contractors as highly risk clients which translated into high interest rates when contractors borrow.

## **8.8 Stakeholders' Recommendations on the Way Forward**

In order to help improve participation of local contractors, stakeholders who interacted with the Committee made recommendations set out below.

### **i. Strengthening and Harmonising Legislation**

There was need to expedite the enactment of the National Council for Construction Bill, 2020. This review of the law sought to make the 20 percent sub-contracting requirement mandatory, strengthen inspection capacity of the NCC, enhance the regulation of construction materials, among other reforms. The Bill also sought to clarify the roles and mandates of the NCC and ZPPA, as well as the laws regulating professional bodies in the construction industry.

### **ii. Enhanced Coordination of Stakeholders**

There was need for improved coordination of stakeholders in the construction industry in order to effectively implement various initiatives aimed at increasing participation of local contractors.

### **iii. Construction Procurement Planning**

Construction procurement planning was essential to promoting participation of local contractors in the construction industry. Thus, construction procurement planning needed improvement to avoid unnecessary payment delays and projects stalling.

### **iv. Enforcement of Policy and Legislation**

Enforcement of the 20 per cent subcontracting policy was fundamental to the participation of local contractors. The policy could be achieved by unbundling major construction projects into smaller lots and awarding them to local contractors. This would help increase the participation of local contractors instead of awarding a single big contract to a foreign company. Additionally, ring-fencing works to be sub-

contracted at tender stage would enable local contractors compete among themselves and avoid the risk of foreign contractors taking advantage of their technical and financial capacities by prices and scope.

**v. Training Programmes**

Efforts were being made to provide training to the local contractors so as to build their technical and managerial skills in the construction industry. However, there was need to increase the accessibility and affordability of training in terms of the number of colleges offering construction training programmes. In addition, sensitisation on the need to undergo formal training should be improved.

**vi. Incentives to Private Investors in Trades Training**

Incentives should be given to private investors in the trades training and technical colleges to attract investments in this sub sector, and to relieve the pressure on the Government as the prime driver of skills development in Zambia

**vii. Collaboration of Contractors to Collectively Form Consortiums**

The National Construction Council (NCC) should develop a Contracting Unit that would mentor and facilitate the collaboration of contractors to collectively form consortiums that could take on large contracts that individual small contractors could not take on their own.

**viii. Set up a Plant and Machinery Hire or Lease facility**

The Citizens Economic Empowerment Commission (CEEC) in partnership with the Development Bank of Zambia (DBZ) should set up a plant and machinery hire or lease facility for local contractors to access the specialised equipment needed in construction to enable them deliver quality services without needing to invest huge finances into plant and machinery. Further, the Government should continue to encourage cooperative schemes and representative organisations among local contractors so as to ease their access to equipment and other requirements.

**ix. Set up Construction Funds**

The Citizens Economic Empowerment Commission (CEEC) and the Development Bank of Zambia (DBZ) should set up construction funds to be accessed by local contractors for the purpose of obtaining bid binds, performance bonds, advance payment guarantees, overdraft facilities, and leasing facilities which would facilitate local contractors to take up more than the 20 per cent allocation in construction projects.

## **9.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS**

From the foregoing, it is clear that significant interventions are required to improve the participation of local contractors in the Zambian construction industry. After a detailed analysis of the written memoranda and consideration of oral submissions from stakeholders, the Committee makes the observations and recommendations set out hereunder.

### **i. Donor funded projects**

The Committee observes that donor funded public projects often come with conditions that allow the donor to use their own contractors and preferred material supplies. Because these projects are donor funded and donor driven, the Committee is concerned whether the materials used meet the local standard, considering that relevant local institutions such as EIZ are not involved to provide checks and balances.

The Committee therefore, recommends that relevant Zambian institutions such as National Construction Council (NCC), Engineering Institute of Zambia (EIZ), Zambia Institute of Quantity Surveyors and Zambia Institute of Architects should be involved in the construction process to ensure compliance with local quality standards. The involvement of local institutions would also provide an oversight function to ensure that the costing of the projects is appropriate in case the funds used have been obtained through a loan.

### **ii. Ministry of Local Government initiative on empowerment**

The Committee observes that the Ministry of Local Government has put in place administrative arrangements which have been widely accepted by the key stakeholders to favour local contractors in the Construction Industry by reserving feeder and township roads for local contractors. However, the Committee notes with concern that this was only being done administratively without any legal backing.

The Committee therefore, recommends that the measure taken by the Ministry while being commendable, the Government should ensure that it is backed by a legal framework.

### **iii. Broad-Based Economic Empowerment**

The Committee is concerned that some foreign firms have been using locals as fronts, just to benefit from the available incentives. The Committee is also concerned that the three 'citizen' companies in *The Public Procurement Act and Citizens Economic Empowerment Act* allow a foreign company to simply provide a citizen with a minimal shareholding in order to qualify to become a 'citizen' company. Thus, the reserved projects continue to end up being awarded to foreign companies.

The Committee, therefore, urges the Government to amend the *Citizen Economic Empowerment Commission Act* in respect of eligibility for empowerment by redefining a Citizen Company whose definition should clearly and simply be a ***company with at least 51 per cent Zambian ownership in shares***. This will ensure that only Citizen Companies enjoyed the benefits of the empowerment initiatives.

**iv. Availability and Adequacy of Training Programmes**

The Committee notes that training programmes exist but mainly for the smaller categories of contractors and offer limited skills training for artisans who are the key cornerstone of the construction industry in Zambia. The Committee also notes with disappointment that only 5 per cent of the TEVETA registered institutions offered technical and engineering-related training leading to Diploma level qualification. Further, there was also a lack of structures for practical and on-site training to complement classroom training.

In view of this, the Committee urges the Government to scale up the courses offered to cover more complex and elaborate works as one way in which the major skills and expertise can be passed on to local contractors for them to graduate to more lucrative contracts. The Government should also provide for closer engagement and linkages between industry and academic institutions, so that collaborative programmes relevant to industry and modern technologies can be developed.

**v. Level of Participation**

The Committee notes that opportunities for local contractors are available in the Zambian construction industry through reservation and restriction of some tenders for local contractor participation. However, the Committee is concerned that the majority of these contractors, NCC Grade 4 to 6, operate at low capacity due to difficulty in securing continuous contracts, a vital factor for sustainability, caused by too many local contractors chasing the few available tenders for SMEs.

The Committee therefore urges the Government to extend the policy on subcontracting to other construction subsectors so as to reduce competition for road projects and increase chances for local contractor participation in the industry.

**vi. Effectiveness of Strategies**

While appreciating the empowerment initiatives by the Government, the Committee notes that little success has been scored in empowering and having locals play a major role in the industry as major construction projects still principally remain a preserve of large foreign contractors.

In order to cure the gaps in the initiatives, the Committee urges the Government to establish an effective monitoring and evaluation framework, preferably in the

Ministry of Housing and Infrastructure Development to help monitor the performance of these initiatives and increase their effectiveness.

**vii. Adequacy of Legal and Policy framework**

The Committee notes that the Legal and Policy framework for supporting local contractor participation in the *Zambian construction industry* is largely adequate. However there is poor implementation, enforcement and monitoring of the laws and policies for empowerment initiatives.

The Committee, therefore, recommends that the Government should put in place measures to enhance enforcement, implementation and performance monitoring of the various policies and legislation that support local empowerment initiatives such as the *Citizen Economic Empowerment Commission Act* and the *National Council for Construction Act*. This should be coupled with a robust monitoring and review process to enable the continuous evaluation of measures put in place.

**viii. Inadequate Finances**

The Committee observes that local contractors face innumerable challenges, the most significant of which is access to affordable financing and equipment. Additionally, access to some bidding and contractual pre-requisites such as bank guarantees and bonds is a serious obstacle due to the difficult conditions of collateral demanded by financial institutions.

The Committee, therefore, implores the Government to create an enabling environment for local contractors to access affordable financing and equipment, as well as increase access to bank guarantees and bonds so that they can compete favourably against their foreign counterparts who enjoy cheaper loans from banks in their own countries. The mere award of a contract should be sufficient security for a bank to render a credit facility with the Government as guarantor. In the long run, the Committee urges the Government to establish a National Infrastructure Development Bank where local contractors can get loans at subsidised rates to meet their working capital requirements, This will enable them acquire the necessary equipment and technology, to complete their projects on time and to compete favorably with their foreign counterparts.

**ix. 20 Per Cent Subcontracting**

The Committee expresses concern that the policy on subcontracting which provides for mandatory subcontracting of 20 per cent of all major contracts to local contractors is not effectively backed by legal provisions. Notably are the following hinderances to the policy listed hereunder:

- a) Subcontractors do not participate early in the procurement process and are introduced after a contract is awarded;
- b) there are no clear guidelines on the implementation of the policy;

- c) subcontractors do not take part in determining works; and
- d) it is difficult to grow the capacity of local contractors using the 20 per cent subcontracting policy because the main contractors do not show interest in developing and building local contractors' capacity due to lack of incentives.

The Committee therefore, recommends as follows:

- a) the Government should involve subcontractors and the scope of works and rates should be identified at tender stage and form part of the evaluation criteria;
- b) the Sub-contracting Policy to be strengthened by enacting it into law to ensure strict adherence by main contractors;
- c) the contract sum offered to sub-contractors should include Preliminary and General items to enable them mobilise to site without difficulties; and
- d) to cure the reluctance by foreign contractors in subcontracting locals, the Government should ensure contracts with foreign firms should be on condition of the contractors demonstrating a willingness and ability to build the capacity of local contractors through skills, technology, and operating-capital transfer partnerships.

**x. Unbundling of large contracts**

The Committee notes that there are many local contractors chasing limited tenders, and that most of high value contracts are given to foreign contractors which results in unfair competition for local contractors.

In order to help mitigate these challenges and increase local content in the industry, the Committee recommends that the Government should facilitate the formation of construction cooperatives and mergers of smaller construction firms to pool resources and create single firms which are able to compete for bigger projects. The Government should further seriously consider deliberately unbundling big projects into smaller units for which local contractors will be able to bid for with a view to graduating to higher NCC grades.

**xi. Shoddy Works**

The Committee observes with great concern that the number of substandard works has increasingly been exhibited by both local and foreign construction companies, resulting in financial loss to the clients and a danger to consumers in some instances.

The Committee urges the Government through NCC to ensure that due process is followed in the awarding of contracts to ensure that contractors are adequately and properly screened to ascertain their capacity to execute the given projects.

**xii. Poor Professional Ethics**

The Committee notes that poor professional ethics mainly manifests through corruption as a major problem in the Zambian construction industry, and that corruption results from lack of transparency in awarding of contracts and non-disclosure of beneficial owners of bidding firms.

To avoid further denying deserving and hard working Zambian contractors an opportunity to benefit from well-meaning policies like the 20 per cent sub-contracting policy, the Committee urges the Government through NCC to consider introducing a mechanism where registered firms will nominate a number of eligible firms to float for contracting so as to reduce corruption in the implementation of the policy.

**xiii. Contractors Threshold**

The Committee observes that the contractor thresholds provided by the *Citizens Economic Empowerment Act* which limits the value of work each Grade of a construction company can undertake was established in 2003 when the exchange rate between Zambian Kwacha and United States Dollar was very low. Currently the exchange rate has increased a number of folds.

If the threshold is not increased, local contractors risk being put out of business because most of the works are now beyond the initial provisions and, therefore, disadvantages the locals. The Committee, therefore, recommends that the National Council for Construction should revise and upgrade the current contractors' thresholds on the value of works each contractor qualifies for in order to allow local contractors to participate in works of higher value.

**xiv. Local Content Strategy**

The Committee notes that the non operationalisation of the Local Content Strategy that requires that 35 per cent of inputs should be locally sourced has contributed to the low participation of Zambian enterprises.

The Committee, therefore, urges the Government to expedite the operationalisation of the Local Content Strategy to ensure 35 per cent of inputs in growth sectors, including construction, are locally procured so as to help empower local firms.



## **PART II**

### **10.0 CONSIDERATION OF THE ACTION TAKEN REPORT ON THE REPORT OF THE COMMITTEE ON TRANSPORT, WORKS AND SUPPLY FOR THE FOURTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

#### **THE WATER TRANSPORT SYSTEM IN ZAMBIA**

##### **10.1 Institutional Framework**

The Committee, in the previous Session, had observed that the institutional framework had a regulatory weakness in that the Department of Maritime and Inland Waterways (DMIW) was the regulator, implementer and enforcer, which could result in compromised quality.

In order to address the situation, and eventually strengthen the institutional framework for administration of water transport, the Committee had urged the Government to actualise the setting-up of a well-resourced maritime and inland waterways authority in the long run and devolve the administration of the subsector to local authorities.

##### **Executive's Response**

The Executive's response through the Action Taken Report, was that the Government was still undertaking a study to ascertain the possibility of expanding the mandate on transport including the water transport sub-sector and that the findings of the study would determine whether or not a stand-alone authority will be established.

Further, the Executive informed the Committee that the Government had commenced the process of decentralising maritime services to local authorities with pilot programmes and training of local government staff having been undertaken in Southern, Northern and Luapula provinces.

##### **Committee's Observation and Recommendation**

The Committee takes note of the response and requests an update on the Executive's study to ascertain whether a stand-alone water transport authority will be established.

##### **10.2 Policies Governing Water Transport**

In the previous Session, the Committee had expressed concern that despite the intentions of the Government, as espoused in the transport policies, appearing satisfactory and adequate to transform water transport into a viable subsector, very little had been achieved in the sub-sector regarding the implementation of the Seventh National Development Plan (7NDP) which comes to an end in 2021.

The Committee, therefore, had urged the Government to expedite the implementation of all the key policy reforms in order to unlock the potential of water transport in Zambia.

## **Executive's Response**

In response, through the Action Taken Report, the Committee was informed that the Government would endeavor to expedite the implementation of the policy reforms in the water transport sub-sector as espoused in the 7NDP. Further, the Committee was informed that some measures had been undertaken to achieve Government's goals. To this effect, the Government undertook a feasibility study and developed detailed engineering designs for the expansion and modernisation of Mpulungu Harbour and was still in the process of mobilising resources for the project.

Similarly, a preliminary feasibility study was undertaken to determine navigability of the Kafue River from the source up to the confluence with the Zambezi River. However, the Executive was concerned that the full implementation of programmes under the subsector may be derailed due to the constrained fiscal space which was exacerbated by COVID-19.

## **Committee's Observation and Recommendation**

The Committee, requests an update on the implementation of the key policy reforms meant to unlock the potential of water transport in Zambia.

### **10.3 Infrastructure**

The Committee in the previous Session had observed that apart from Mulambwa Harbour in Mongu and Mpulungu Harbour, most of the Harbours in Zambia were in a deplorable state and required urgent repairs or development from their natural form due to many years of neglect. This was despite efforts by the Government to improve the sub-sector.

In view of this, the Committee had strongly recommended that the Government comes up with a robust strategy to rehabilitate all harbours in the country and encourage private owners to revive harbours abandoned after privatization. The Committee had also recommended that priority be given to the rehabilitation and maintenance of underdeveloped Harbours and that the Government could consider concessioning some harbours and waterway infrastructure to private operators using the Build, Operate and Transfer (BOT) model in order to bring more investment to the subsector.

## **Executive's Response**

Through the Action Taken Report, the Executive informed the Committee that the National Transport Policy had robust strategies on how to develop water transport infrastructure including the development of harbours throughout the country. Further, the Committee was informed that once resources were made available, the Government would aspire to achieve the set objectives in the Policy document.

As regards the concessioning of some Harbours and waterway infrastructure to private operators, the Committee was informed that the Government would ensure that the terms and conditions of the concession agreements did not disadvantage the Government and communities around such water resources. Additionally, the Government and communities would get a fair share of income generated from such concession agreements and that the time frames should not be in perpetuity.

## **Committee's Observation and Recommendation**

The Committee notes that the Executive did not categorically state whether or not it will concession some of the harbours and waterways to private operators. The Committee, therefore, seeks further clarification on the matter and the model to be employed.

### **10.4 Pontoon Services**

In the previous Session, the Committee had expressed concern that despite their importance, pontoon services have proved to be unreliable and costly due to frequent breakdowns and the associated poor safety records. Pontoon users also tended to face longer crossing waiting times which had prompted the Government to consider replacing some of the pontoon crossings with permanent bridges.

While welcoming the construction of bridges, the Committee had recommended that pontoons should not be completely done away with as they remained a viable option to cross heavy cargo carriers in circumstances of collapsed bridges and where the other vessels were too small to carry heavy loads.

Further, the Committee had recommended that the Government modernises pontoons, improve access roads, landing bays and construction of offices and storage facilities.

### **Executive's Response**

The Executive's response in the Action -Taken Report was that it would look into the Committee's recommendation of not completely doing away with Pontoons where bridges were constructed.

## **Committee's Observation and Recommendation**

The Committee takes note of the response and requests an update on the modernisation of pontoons, improved access roads, landing bays and construction of offices and storage facilities.

### **10.5 Gazetting of Harbours and Ports of Registry**

The Committee had noted in the previous Session that of the twenty-one ports of registry and several harbours in Zambia, only three harbours were gazetted. The Committee was concerned that water transport operations on ungazetted harbours may be difficult to regulate and, as a result, the Government may neither deploy staff to regulate the operations nor invest in them to improve the services at such harbours.

For that reason, the Committee had recommended that the Government should ensure that all ports of registry were gazetted so as to facilitate even distribution of development of these facilities without leaving anyone of them behind.

## **Executive's Response**

In response, the Committee was informed, through the Action -Taken Report, that Government had taken note of the recommendations by the Committee. In addition, the Government undertook to gazette all ungazetted ports of registry in the country to facilitate their development and Parliament would, accordingly, be updated as and when Statutory Instruments on the matter were published.

## **Committee's Observation and Recommendation**

The Committee takes note of the Executive's response and awaits an update on the gazetting of all ungazetted ports of registry in the country.

### **10.6 Under Utilisation of Equipment**

In the previous Session, the Committee had expressed concern that the equipment procured by the Government for inland water ways had not been adequately utilised because the subsector was the least funded of the four modes of transport and had inadequate staff to undertake the construction, maintenance and rehabilitation activities. The Committee, therefore, had recommended that the Government should prioritise the water transport subsector in terms of allocation of budgetary resources for operations and recruitment of necessary skilled staff.

## **Executive's Response**

Through the Action -Taken Report, the Executive took note of the Committee's recommendations and further, informed the Committee that the Government had made some progress towards procuring of water transport equipment. The following had been procured and delivered.

- i. two water buses (120 passenger seater vessels) deployed on Lakes Mweru and Bangweulu;
- ii. one 24 seater vessel deployed in Siavonga on Lake Kariba;
- iii. two 32 seater vessels on Lake Bangweulu; and
- iv. one 32 seater vessel on Lake Mweru

The Committee was further informed that the Post Boat on Lake Bangweulu was undergoing rehabilitation and would be fully rehabilitated before the end of 2020.

## **Committee's Observation and Recommendation**

The Committee takes note of the response. However, the response emphasises much on the procurement of vessels and not the prioritisation of the water transport subsector in terms of allocation of budgetary resources for operations and recruitment of necessary skilled staff. The Committee, therefore, still requests for a progress report on the matter.

## **10.7 Meteorological Services**

The Committee, in the previous Session, had observed with concern that despite strategic and operational decisions in the water transportation being weather and climate sensitive, there had been very limited investment by the Government towards the provision of accurate weather services to support water transport.

Therefore, the Committee had strongly urged the Government to actualise the planned development of ten more marine meteorological stations on major water bodies so as to provide operators with accurate information which would, among others, significantly improve decision making and subsequently reduce loss of life and property.

### **Executive's Response**

The Executive's response in the Action -Taken Report was that the Government was in the process of procuring one hundred and forty Automated Weather Stations of which three would be installed around water bodies of Lake Mweru, Lake Bangweulu and Lake Tanganyika. The remaining stations would, in some cases, support the provision of marine weather services. The Committee was also informed that two Automated Weather Stations were procured through the United Nations Development Plan for Lake Kariba. These would be installed in Siavonga and Gwembe to provide weather data for vessels on Lake Kariba. Once more resources were available, the Government would endeavor to procure and install the other seven meteorological stations on other water bodies.

### **Committee's Observation and Recommendation**

The Committee takes note of the response and resolves to request an update on the procurement of 140 automated weather and marine meteorological stations.

## **10.8 Water Transport Parastatal Companies**

While the Committee, in the previous Session, had appreciated the Government's continued provision of water transport services to people in areas without alternative transport modes where consumers were also unable to pay economic fares, it was concerned that this approach was not sustainable.

The Committee had, therefore, recommended that the Government should concentrate on provision of requisite infrastructure and encourage the Public Private Partnerships (PPPs) in providing the service. According to the Committee, the Government would be saving resources for the provision of social services and improvement of people's livelihoods. With improved livelihoods, many people would consequently, afford economic rates on the formal vessels and avoid using the cheaper but risky unconventional boats. The PPPs could also help bring about the much needed expertise and efficiency in the management and administration of the subsector.

## **Executive's Response**

In its response, the Executive explained that the Government was in the process of revising the Inland Waterways Bills which would separate the two functions in order to encourage participation of the private sector in service provision. The Government will also endeavor to create a conducive environment in order to encourage and promote the participation of the private sector in service provision.

## **Committee's Observation and Recommendation**

The Committee takes note of the response. However, it finds the response unsatisfactory as it is not categorical on whether and how the Government will encourage Public Private Partnerships (PPPs) while it concentrates on the provision of social services and improvement of people's livelihoods. Further, the Committee seeks clarity on the two functions that will be separated by the revision of the Inland Waterways Bills.

### **10.9 Insurance of Water Vessels**

The Committee, in the last Session had expressed concern that most of the water vessels operating in the country were not insured because the insurance of such vessels remained discretionary. The Committee found it unacceptable as it exposed the assets to risk. Moreover, 80 per cent of the three thousand vessels operating in the country remained unregistered and therefore, were not tax compliant.

The Committee had strongly recommended that the Government, through the Ministry of Transport and Communications, should ensure that the insurance of boats was made compulsory in the revised legislation. Additionally, the Committee had urged the Government to ensure that all boats were certified sea worthy and tax compliant before they could be allowed to operate, similar to the requirement by the Road Transport and Safety Agency (RTSA) in the road transport subsector.

## **Executive's Response**

The Executive, in the Action -Taken Report, took note of the Committee's recommendations and undertook to propose, in the revised *Inland Waters Shipping Act Chapter 466 of the Laws of Zambia*, the introduction of compulsory insurance of all water vessels before operating on any water body in the country.

## **Committee's Observation and Recommendation**

The Committee takes note of the Executive's response and requests for an update on the revision of the *Inland Waters Shipping Act Chapter 466 of the Laws of Zambia*.

## **10.10 Underdevelopment of Mpulungu Harbour**

The Committee in the previous Session had observed that despite the immense potential for increased traffic and revenue generation, Mpulungu Harbour faced many challenges such as vessel turnaround time, navigation aids, dry port and lack of critical linkage to railway due to insufficient investment in the harbour and intermodal linkage.

The Committee had, therefore, recommended that Mpulungu Harbour and other underdeveloped harbours should be given priority in infrastructure development and provision of equipment as they were already generating resources for the Government. The Committee had further urged the Government to accelerate the connection of Mpulungu Harbour to the railway line at Nseluka in Kasama.

### **Executive's Response**

In its response, through the Action -Taken Report, it was stated that the Government had conducted a feasibility study and developed detailed engineering designs to modernise Mpulungu Harbor. Equally, the feasibility study and detailed engineering designs for the provisions of infrastructure for railway connectivity from Nseluka to Mpulungu were completed. Further, the Committee was informed that the Government was still mobilising resources for both projects.

### **Committee's Observation and Recommendation**

The Committee notes the response and awaits an update on the progress on the two projects.

## **10.11 Local Maritime Training Facilities**

The Committee, in the last Session, was concerned that despite marine transport being a specialised area, the country did not have a marine skills training school, resulting in a critical shortage of skilled human resource in this area. The Committee had, therefore, recommended that the Government facilitates the local training of vessel inspectors and other marine professionals. To encourage enrollment and rapid increase of graduates, the Government was urged to offer bursaries to some students who enrolled for these courses.

### **Executive's Response**

In response, through the Action -Taken Report, the Committee was informed by the Executive that the Zambian Government had engaged the Dutch Government to help set up a marine training school on the shores of Lake Tanganyika. This was anticipated to improve professionalism and skills in the industry. The Committee was also informed that there was a private sector run maritime training school in Livingstone.

### **Committee's Observation and Recommendation**

The Committee notes the response and resolves to wait for an update on the establishment of a marine training school on the shores of Lake Tanganyika.

#### **10.12 Lack of Navigation Aids**

In the last Session, the Committee had expressed concern that navigation aids such as beacon lights were totally absent on water bodies, thereby leaving operators at the mercy of navigational hazards. With practical scenarios where Zambian vessels easily strayed into the Zimbabwean waters on Lake Kariba and the Democratic Republic of Congo waters on Lake Mweru, the Committee had found it unacceptable because it put the operators at risk of being harassed or prosecuted for illegal entry into those neighbouring countries. In light of this, the Committee had urged the Government to urgently address the need for navigation marks by ensuring that all water bodies had the necessary aids to improve safety and, consequently, avoid distress to the water transport community.

#### **Executive's Response**

The Executive, through the Action Taken Report, responded that the Government would endeavor to provide necessary navigation marks and aids on all water bodies once resources were made available.

### **Committee's Observation and Recommendation**

The Committee takes note of the response and requests for a progress report on the matter.

#### **10.13 Research Programmes**

The Committee in the previous Session had expressed concern about the general lack of information on the socio economic benefits that could be derived from the water transport subsector, which made it difficult for operators to make informed projections. The Committee had, therefore, urged the Government to expedite the development of research programmes to help generate information for use in investment and decision making. Areas requiring research should include knowledge, attitudes, practices and estimations of travel demand of the people serviced by water transport.

#### **Executive's Response**

The Executive, through the Action - Taken Report, informed the Committee that the Government would endeavor to set up research and development programmes in the water transport subsector and undertake detailed research to guide investment decisions in the sub-sector.

### **Committee's Observation and Recommendation**

The Committee takes note of the response and resolves to await an update on the setting up of research and development programmes in the water transport subsector.



## **11.0 CONCLUSION**

The Committee is of the considered view that promotion of local contractors in the construction industry should be a high priority on the Zambian agenda. It is optimistic that working towards strengthening policies aimed at SME growth, as well as regular tailor- made trainings for businesses in the construction industry will drive the growth of local contractors to levels capable of handling huge contracts and thus effectively participating in the infrastructure development projects in Zambia.

Finally, the committee wishes to thank the Office of the Speaker and the Clerk of National Assembly for the guidance rendered to it throughout the Session. The Committee is also indebted to the stakeholders who tendered both oral and written submissions on the topical issue.

D M Syakalima, MP  
**CHAIRPERSON**

March, 2021  
**LUSAKA**

## **APPENDIX I - NATIONAL ASSEMBLY OFFICIALS**

Ms C Musonda, Principal Clerk of Committees  
Mr F Nabulyato, Deputy Principal Clerk of Committees (SC)  
Mrs C K Mumba, Senior Committee Clerk (FC)  
Mr C Bulaya, Committee Clerk  
Mrs R M Kanyumbu, Typist  
Mr M Chikome, Committee Assistant  
Mr D Lupiya, Committee Assistant  
Mr M Kantumoya, Parliamentary Messenger

## **APPENDIX II – THE WITNESSES**

### **Ministry of Housing and Infrastructure Development**

Mr Danny Mfunne, Permanent Secretary  
Mr C Khan, Acting Director - Public Infrastructure  
Mr C Chipalo, Director - Finance  
Mr M Chilembo, Director - Housing

### **Ministry of General Education**

Mr J Mulwanda, Permanent Secretary  
Mr L Swedi, Director - Finance  
Mr I Kaputo, Head - Procurement  
Mr J Phiri, Deputy Director - Projects

### **Ministry of Local Government**

Ms N Munthali, Director - Planning and Information  
Mr N Siame, Director - Department of Housing and Infrastructure Development

### **Ministry of National Development Planning**

Mr D K Chisenda, Permanent Secretary  
Mr A M Mushe, Senior Planner

### **Private Sector Development Association (PSDA)**

Mr Y Dodia, Chairperson  
Ms E Banda, Member

### **Centre for Trade, Policy and Development (CTPD)**

Mr I Mwaipopo, Executive Director  
Mr W Mataa, Researcher  
Mr M Mutale, Communications Officer

### **Zambia Institute of Policy Analysis and Research (ZIPAR)**

Mr J Mututwa, Acting Research fellow II  
Ms M Msoni, Researcher Fellow  
Mr Z Chikuba, Researcher Fellow

### **Association of building and Civil Engineering Contractors of Zambia (ABSEC)**

Mr H Ngulube, President

Mr M Mushili, Member

**Zambia Association of Citizen Contractors (ZACCO)**

Mr E Mpepo, President  
Mr D Simumba, General Secretary  
Mr I Kanyika, Deputy Secretary

**Zambia Association of Women in Construction (ZAWIC)**

Ms D Mulwila, President  
Ms C Kasote, Member  
Ms J Lungu, Member

**Road Development Agency (RDA)**

Eng W Mulusa, Acting Director and Chief Executive Officer  
Eng D Ndhlovu, Director - Road Maintenance  
Eng C Kapasa, Senior Manager - Research and Development  
Eng S Twasa, Senior Manager - Local Contractors Development  
Mr T Chansa, Director - Procurement

**Zambia Development Agency (ZDA)**

Mr M Makasa, Acting Director General  
Mr I Melu, Acting Director - Policy and Planning  
Ms T Chuula, Acting Director - Investments  
Ms P Goma, Board Secretary and Legal Counsel

**Citizens Economic Empowerment Commission (CEEC)**

Mr L Mukumbuta, Director General  
Ms M B Munansangu, Acting Director - Business Development  
Mr M Mumba, Projects Manager

**Zambia Association of Chambers of Commerce and Industry (ZACCI)**

Mr A Lawrence, Board Member  
Mr K Shula, Business Development

**Engineering Institute of Zambia (EIZ)**

Eng C K Chola, Vice President- Policy  
Eng F Mwape, Committee Member  
Mr S Malubila, Committee Member

Mr R H Kalungu, Technical and Quantity Manager  
Mrs C Nyirengwe, Communications Officer  
Mr B Chintu, Communications Officer

**Zambia Institute of Architects (ZIA)**

Mr Z Malambo, Honorary Secretary  
Mr K Kalumba, Member  
Mr S Ngoma, Member

**Patents and Companies Registration Agency (PACRA)**

Mr P C Chilufya, Acting Assistant Registrar  
Mr E M Ngandu, Senior Inspector  
Mr D Kamfwa, Legal Officer

**Zambia Public Procurement Authority (ZPPA)**

Ms I Chella, Director General  
Mr J Matimuna, Manager - Capacity Building  
Mr M Sakala, Principal Officer - Legal  
Mr C Lubonya, Manager - Compliance Monitoring

**National Council for Construction (NCC)**

Mr M Ngulube, Executive Director  
Ms M Kapasa, Legal Counsel  
Mr E Nshindano, Director - Registration

**Competition and Consumer Protection Commission (CCPC)**

Mr P Muteto, Chief Analyst  
Mr C Sampa, Executive Director

**Copperbelt University (CBU)**

Mr E Munshimfwa, Acting Deputy Vice Chancellor  
Mr L Chewe, Resident Engineer  
Mr B C Mabo, Director - Planning, Property and Services  
Mr L Sitenge, Acting Procurement Manager  
Mr S Zulu, Business Development Officer

**University of Zambia (UNZA),**

Dr B Mwiya, Head of Department and Lecturer - School of Engineering  
Mr M Mwanaumo, Lecturer and Researcher

Mr G Limunga, Lecturer

**Technical Education, Vocational and Entrepreneurship Training Authority  
(TEVETA)**

Mr C Takaiza, Director General

Ms R M Banda, Director - Training Standards

Mr O Matimba, Director - Assessments

**Zambia Institute of Quantity Surveyors (ZIQS)**

Mr F Bwalya, Vice President

Mr B Tumba, Registrar

Mr L Tembo, Committee Member

**Bankers Association of Zambia (BAZ)**

Mr L Mwanza, Chief Executive Officer

Ms P K Kalusha, Research and Communications Officer