



REPUBLIC OF ZAMBIA

REPORT

OF THE

**COMMITTEE ON LOCAL GOVERNANCE, HOUSING AND CHIEFS' AFFAIRS
ON THE REPORT OF THE AUDITOR GENERAL ON THE UTILISATION OF THE
ROAD FUND FOR ROAD MAINTENANCE IN ZAMBIA, 2020 TO 2022**

FOR THE

FOURTH SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

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FOREWORD

Honourable Madam Speaker, the Committee on Local Governance, Housing and Chiefs' Affairs has the honour to present its Report on the consideration of the Report of the Auditor General on the Utilisation of the Road Fund for Road Maintenance in Zambia, 2020 to 2022. The functions of the Committee are set out under Standing Orders 206 (i), and is further mandated to consider any report of the Auditor General that may be referred to it by the House, as provided for under Standing Orders 207 (g) of the National Assembly of Zambia Standing Orders, 2024.

The Committee sought both written and oral submissions from various stakeholders, who are listed at Appendix II. The Committee held nine meetings to consider submissions from various stakeholders. The Report is organised in two parts. Part I highlights the background, motivation, objectives and scope of the audit while Part II is a summary of the concerns raised by the stakeholders, responses by the National Road Fund Agency and the observations and recommendations made by the Committee.

Madam Speaker, the Committee is grateful to the stakeholders who tendered both written and oral submissions. The Committee also wishes to thank you, for affording it an opportunity to scrutinise the Report of the Auditor General on the Utilisation of the Road Fund between 2020 to 2022. Further, appreciation is extended to the Clerk of the National Assembly and staff, for the support and guidance rendered throughout the Committee's deliberations.



Mr Twaambo Mutinta, MP
CHAIRPERSON

July, 2025
LUSAKA

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ACRONYMS

CEO	Chief Executive Officer
CRN	Core Road Network
HMS	Highway Management System
LRA	Local Road Authority
MoFNP	Ministry of Finance and National Planning
MTL	Ministry of Transport and Logistics
MLGRD	Ministry of Local Government and Rural Development
NAPSA	National Pension Scheme Authority
NATSAVE	National Savings and Credit Bank
NCC	National Council for Construction
NRFA	National Road Fund Agency
OAG	Office of the Auditor General
OPRC	Output and Performance Based Road Contracts
PPP	Public Private Partnership
PFR	Primary Feeder Road
RDA	Road Development Agency
RoadSIP	Road Sector Investment Plan
RSA	Road Sector Agencies
RSASP	Road Sector Annual Work Plan
RTSA	Road Transport and Safety Agency
RUC	Road User Charges
ZNS	Zambia National Service

1.0 MEMBERSHIP OF THE COMMITTEE

The Committee consisted of Mr Twaambo Mutinta, MP; (Chairperson); Mr Anthony Kasandwe, MP (Vice Chairperson); Mr Newton Samakayi, MP; Ms Emeldah Munashabantu, MP; Mr Kenny Siachisumo, MP; Mr Christopher Chishimba Kang'ombe, MP; Mr Paul Chala, MP; Mr Kabaso Kampampi, MP; Mr George Kasabila Kandafula, MP; and Mr Henry Sikazwe, MP.

PART I

2.0 BACKGROUND TO THE AUDIT

The Auditor General informed the Committee that the Performance Audit Report on the Utilisation of the Road Fund for Road Maintenance for the period 2020 to 2022 was conducted in accordance with the provisions of Article 250 of the *Constitution of Zambia, Chapter 1 of the Laws of Zambia, the Public Audit Act, Chapter 378 of the Laws of Zambia* and the *Public Finance Management Act, No 1 of 2018*. With this mandate, the office of the Auditor General conducted a Performance Audit for the purpose of assessing the extent to which the National Road Fund Agency (NRFA) had effectively utilised and prioritised road maintenance on the Core Road Network (CRN) in conjunction with key stakeholders in the road sector.

2.1 MOTIVATION OF THE AUDIT

The Auditor General reported that the audit was motivated by the need of citizens to have well maintained road networks, especially given that there was a Road Fund in place that was intended for road maintenance.

The Auditor General reported that the audit was further motivated by the Presidential address to Parliament during the official opening of the Second Session of the Thirteenth National Assembly in 2022. In his address, the President reiterated that in its quest to improve access to rural communities, the Government, as at 30th June, 2022, had rehabilitated and maintained over 1,000 kilometres of rural roads in Central, Northern, Luapula and Eastern provinces. Further, it was highlighted that construction of roads would commence in Muchinga, Southern, Western, North-Western and Copperbelt provinces, while rehabilitation and maintenance of 4,464 kilometres of roads would be actualised by 2025. Furthermore, in his 2023 Budget address, the Minister of Finance and National Planning noted the lack of maintenance of roads in the country and expressed the intention of the Government to rehabilitate roads such as the Lusaka - Ndola dual carriageway, Chingola - Solwezi Road, Lumwana - Kambimba Road, among others. The Minister also appealed to Members of Parliament to invest in road maintenance equipment for rural roads. He also highlighted Government's proposal to spend K5.2 billion on construction, maintenance and rehabilitation of various roads in the country.

In the same vein, the audit was motivated by the NRFA report that it had in the first quarter of 2021 exceeded the target of K430 million by K110 million. The Agency further encouraged toll collectors to be law-abiding and transparent to ensure that the Agency met its targets. In addition, the Agency indicated its commitment to ensure that the revenue collected was put to good use through development, rehabilitation, maintenance and construction of roads.

In this regard, the Auditor General undertook the audit to provide an independent and objective assessment of the utilisation of the Road Fund. It was anticipated that the findings

and recommendations of the audit could contribute to the improvement of the management and utilisation of the fund, ultimately leading to the enhancement of road infrastructure in Zambia

2.2 AUDIT OBJECTIVE

The objective of the audit was to assess the extent to which NRFA has effectively utilised the Road Fund and prioritised road maintenance on the CRN in conjunction with key stakeholders in the road sector.

2.3 SCOPE OF THE AUDIT

The audited entity was NRFA as it was responsible for mobilisation, administration and management of all financial resources in the road sector. The audit focused on determining whether the Agency effectively utilised the Road Fund for maintenance of the CRN and also assessed the general management of the Road Fund. While the focus was on road maintenance, construction and rehabilitation of roads was also assessed in comparison to maintenance. The RDA and the MLGRD were part of the audit as they were Implementing Agencies. RTSA was also engaged during the audit as the entity responsible for the collection of toll fees at ports of entry.

The period covered by the audit was three years, from January 2020 to December 2022. This period provided an adequate timeframe within which to evaluate the extent to which the Road Fund was effectively utilised.

2.4 AUDIT QUESTIONS

The Audit was designed to answer the questions set out below.

- i. To what extent has the Road Fund been managed in a sustainable manner to facilitate the effective utilisation of the Road Fund?
- ii. To what extent are roads maintained to ensure that their structural design life is achieved or exceeded?

2.5 GENERAL AUDIT RECOMMENDATIONS

The Performance Audit Report highlighted the recommendations listed below, which, if implemented accordingly, would improve utilisation of the Road Fund for road maintenance in Zambia.

- i. NRFA through the Ministry of Finance and National Planning (MoFNP) should consider revising the *Tolls Act No. 14 of 2011* to ensure that toll fees are exclusively ring fenced for maintenance of tolled and other roads.
- ii. Road Sector Agencies (RSA), Ministry of Local Government and Rural Development (MLGRD) and National Council for Construction (NCC) should promote the engagement of local contractors within the road sector.
- iii. RSA should devise practical ways of reducing the debt burden to sustainable levels.
- iv. RSA should categorise the CRN further to prioritise higher traffic roads.
- v. RDA, in conjunction with relevant stakeholders, should conduct annual road condition surveys and update the Road Maintenance Needs Assessment 2012.
- vi. Ministry of Transport and Logistics (MTL), RSA and MLGRD should coordinate to prioritise the use of rail transport for bulk cargo to preserve roads.
- vii. RSA and MLGRD should prioritise road maintenance in the Road Sector Annual Work Plan (RSAWP) to ensure sufficient resources are allocated for this purpose.

- viii. Collaboration between RDA and LRAs should be improved by ensuring that they have clearly defined and streamlined roles and responsibilities in their legal framework to avoid duplication of roles.

PART II

3.0 CONSIDERATION OF SUBMISSIONS ON THE AUDIT FINDINGS BY THE STAKEHOLDERS AND THE COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

The Committee considered submissions from various stakeholders including the Ministry of Infrastructure, Housing and Urban Development. The Committee's observations and recommendations are as set out hereunder.

3.1 SPECIFIC AUDIT CONCERNS

3.1 Sustainability of the Road Fund

3.1.1 Tracking of Toll Fees and Road Maintenance Funds

The audit found that toll fees and Road User Charges (RUCs) were commingled under the Treasury Single Account (TSA), with no distinct financial tracking to demonstrate how these revenues were applied specifically to road maintenance activities.

The Committee was informed that the Road Fund was an umbrella fund where all road and fuel levies, licensing fees, loans, grants and donations for the roads and all monies appropriated by Parliament for roads in Zambia were held.

In this vein, stakeholders submitted that the lack of dedicated financial traceability undermined transparency and breached fundamental principles of accountability and value for money, which were core to safeguarding public infrastructure investments.

Stakeholders, therefore, submitted that Zambia could take a leaf from best practices in countries such as Kenya and Tanzania, where road funds were maintained in separate, protected accounts and used solely for the maintenance and preservation of road assets. This ensured that user-derived revenues directly benefitted the road network.

Executive's Response

The Executive submitted that it recognised that the comingling of RUCs under the Treasury Single Account made it difficult to isolate toll revenues and their application in road sector financing. The Executive explained that tolls formed part of Government revenues and in line with the *Constitution Chapter 1 of the Laws of Zambia* had to be accounted for as part of the Consolidated Fund. Therefore, toll revenues were remitted to Control 99, the consolidated Fund for onward appropriation through Parliament.

The Executive submitted that once accounted for as Government revenue and appropriated by Parliament, the tolls revenue, together with other revenues were released as part of the Road Fund to support the RSAWP which included construction, rehabilitation and Maintenance of roads. The Government through the RDA was prioritising maintenance of roads in order to safeguard the investments and extend the life span.

In the same vein, the Government had commenced the reconciliation of RUC collections, tracing them from their source to the RUC sub-revenue account maintained by the MoFNP. These collections were then reconciled against disbursements to the Road Fund to determine the composition of RUC funds channeled to the Fund.

Committee's Observations and Recommendations

The Committee observes with concern that while section 11 of the *Tolls Act No. 14 of 2011* provides that the toll fees are to be used exclusively for the construction, maintenance and rehabilitation of roads, the RUC collection is comingled with other revenue and not used for the intended purpose.

In this regard, the Committee recommends that RUCs should be recorded under distinct codes within the TSA for clear auditable tracking.

The Committee further urges the Government to comply with provisions of the *Tolls Act No. 14 of 2011* and utilise toll revenues and RUCs exclusively for construction, road maintenance, and rehabilitation.

3.1.2 Foreign versus Local Contractors

The audit established that while the *National Council for Construction Act No. 10 of 2020* and the *Public Procurement Act No. 8 of 2020* provided for the promotion of local contractors, thresholds were not prescribed which limited the ability of the audit to ascertain the extent to which local contractors were contracted.

Stakeholders submitted that section 5 (c) and 42 to 44 of the *National Council for Construction Act No. 10 of 2020* promoted the prioritisation of Zambian contractors and mandated subcontracting arrangements to empower local small and medium enterprises (SMEs). Similarly, section 39 (2) (e) of the *Public Procurement Act No. 8 of 2020* empowered procuring entities to promote citizen participation, however, it did not define measurable indicators or reserved margins to ensure consistent application across projects.

Stakeholders further submitted that while the subcontracting legislation aimed to promote the participation of local contractors in the road sector, local contractors did not get value for money on projects as large-scale main contractors predominantly foreign owned, dictated low prices and undercut subcontracted works for Zambian SMEs.

Furthermore, stakeholders submitted that the mandatory subcontracting legislation requiring *a minimum threshold of 20 per cent of the total value of the procurement for procurements exceeding the simplified bidding and simplified selection thresholds* to be executed by Zambian citizen-owned companies fell short of the required instruments to ensure that local firms participated meaningfully.

In the same vein, stakeholders submitted that the subcontracting legislation should not only apply to a registered foreign contractor but also to a local large-scale contractor who was awarded a contract for construction works of a prescribed value to subcontract a percentage of the contract value to a small or medium contractor as prescribed.

Stakeholders further submitted that in some jurisdictions, large scale contracts were awarded to local companies, which subcontracted or partnered with foreign investors. This was to

ensure that a substantial portion of the funds remained in the host country and were not externalised.

Executive's Response

In response, the Executive submitted that it was Government policy to empower and grow the local contractors through active participation in public works procured by public procurement entities. The Committee was informed that *Statutory Instrument No. 30-Public Procurement Regulations 2022* in regulation 20 provided that, "A Procurement Entity shall require foreign bidders or suppliers to subcontract to citizen bidders and suppliers, a minimum threshold of 20 per cent of the total value of the procurement for procurements exceeding the simplified bidding and simplified selection thresholds set out in the Second Schedule."

The Regulations also directed the procurement entities to state the method of subcontracting that a foreign bidder or supplier could apply in line with the Act.

Further, the Executive submitted that the *Public Private Partnerships Act No. 18 of 2023* in section 60 also prescribed sub-contracting for all concessional works at 10 per cent.

In this regard, the Government was working with the NCC, RDA and the MLGRD to promote engagement of local contractors on public works. Government had further taken measures by ensuring that routine road maintenance works were reserved for local contractors.

Committee's Observations and Recommendations

The Committee bemoans the low subcontracting thresholds for works on road contracts for citizen owned companies under both the *Public Procurement Act No. 8 of 2020* and its regulations and the *Public Private Partnerships Act No. 18 of 2023*.

The Committee recommends the promulgation of legislation to review the subcontracting thresholds to not less than 50 per cent of the total value of works. In addition, the Committee recommends the harmonisation of quotas in all legislation to prevent multiplicity of quotas to ensure consistency and fairness across projects, especially for construction works.

The Committee further recommends that where projects are subcontracted, solicitation documents should clearly identify and state the works intended for subcontracting and allow subcontractors to price them directly.

The Committee further recommends that in line with best practices, the Government should formulate deliberate programmes to build capacity for local contractors and legislation to compel foreign firms to make bids under joint venture agreements with a local partner on all projects, with all firms compliant to all registration requirements and with a proper audit trail to prevent cosmetic partnerships.

The Committee recommends that all construction, maintenance, rehabilitation and periodic and routine works should be carried out by citizen owned companies as lead partners who may be in joint venture with foreign firms for Government financed projects in order to empower local or citizen owned companies.

3.1.3 Debt Sustainability

The audit established that the NRFA had contracted local debt in excess of K5.9 billion between 2017 and 2021 from the National Pension Scheme Authority (NAPSA), the National Savings and Credit Bank (NATSAVE), and Indo Zambia Bank (IZB). In this vein, the audit revealed that 39 per cent of RUCs were redirected to servicing domestic debt obligations without a clear statutory framework, significantly reducing the funds available for road maintenance activities.

Further, the Government, through the Ministry of Finance and National Planning, had contracted external debt amounting to USD 6.7 billion mainly for road construction from various bilateral and multilateral institutions.

Lastly, the audit revealed that the value of ongoing signed contracts was more than the total funds available during the period under review.

Stakeholders submitted that the high debt levels accrued by the NRFA during the period under review undermined the long-term sustainability of the road network and was at odds with the prudent infrastructure resource management that the country was trying to attain. In this regard, using toll proceeds for debt servicing, although tied to eligible road projects, created a strain on resources available for road maintenance as the substantial debt burden reduced the funds available for routine maintenance and other pressing needs within the road network.

Some stakeholders submitted the need for the MoFNP to explore options for possible debt transfer, as recommended in the Road Sector Investment Programme (RoadSIP) so as to start on a clean slate for the road sector players.

Executive's Response

The Executive submitted that the RRSAs in line with Government policy of fiscal consolidation and debt sustainability had been guided to devise and implement practical ways of reducing the road sector debt. In resolving the above highlighted disparity, the RSAs had since 2022, been implementing an activity-based budget in line with *Statutory Instrument No. 30- The Public Procurement Regulations, 2022*, which required that all activities in the Road Sector Annual Work Plan be adequately budgeted for.

The Executive submitted that the Government had undertaken to dismantle the local debt owed to local banks. In order to reduce debt in the sector, priority had been given to maintenance which required less resources against construction and rehabilitation which required much more resource outlays. Further, Government was leveraging private sector participation in road construction and maintenance through Public Private Partnerships as a measure to reduce Government commitments and indebtedness in the road sector. Government was no longer procuring works under Contractor Facilitated Initiatives as a way of reducing accumulation of debt.

Committee's Observations and Recommendations

The Committee observes with concern the high levels of debt acquired by the NRFA and the disparity in contract commitments against available funds on ongoing contracts during the period under review.

In this vein, the Committee recommends that the NRFA should comply with provisions of the *Public Procurement Act No. 8 of 2020* and its regulations by ensuring that the Agency commits to contracts only where they are backed by secured and confirmed disbursements. This will prevent the build-up of arrears that divert critical funds away from carrying out of maintenance works.

The Committee further recommends that given the multi-year nature of road contracts, there is need to provide adequate multi-year cash flows. These should be committed to on an annual basis, with the aim of covering the entire contract sum over the agreed contract duration.

3.1.4 Legal Framework for Resource Mobilisation and Utilisation

The audit recommended that the NRFA through the MoFNP should consider revising the *Tolls Act No. 14 of 2011* to ensure that toll fees were exclusively ring fenced for maintenance of tolled and other roads.

Stakeholders submitted that the *Constitution Chapter 1 of the Laws of Zambia* in Article 147 and annex C to the provision provided for a devolved system of governance with tolls as an exclusive function of local authorities.

Furthermore, stakeholders submitted that section 11 of the *Tolls Act No. 14 of 2011* provided that the toll fee or other charge imposed for the use of a toll road and collected by the Agency shall form part of the Road Fund and shall be used exclusively for the construction, maintenance and rehabilitation of roads.

In this regard, stakeholders submitted that the law currently had a provision for the exclusive use of the toll fees for the construction, maintenance and rehabilitation of roads. However, stakeholders submitted that there was no legal provision in the *Tolls Act No. 14 of 2011* that explicitly ring-fenced RUCs for road maintenance. Without a mandate to reinvest these funds directly into the maintenance of the tolled road network, resources were diverted to other priority needs, thereby undermining the intended purpose of toll revenue collection.

Stakeholders expressed concern over the overlap in laws for the maintenance of roads such as the *Public Roads Act, No. 12 of 2002* and the *Local Government Act No. 2 of 2019*.

Executive's Response

The Executive submitted that the *Tolls Act No. 14 of 2011*, administered by the Ministry of Infrastructure, Housing and Urban Development, governed the operation of toll roads, toll collection, and private sector participation in road development through Public Private Partnerships. While the Act stipulated that the toll fees formed part of the Road Fund and were to be used for the construction, maintenance, and rehabilitation of roads, it lacked adequate provisions to ensure toll revenues were effectively applied to road works, particularly maintenance. The Executive submitted that it remained open to stakeholder consultations aimed at reviewing and strengthening the law to enhance its effectiveness in supporting road maintenance.

Committee's Observations and Recommendations

The Committee observes with concern the lack of compliance to provisions requiring that toll fees are exclusively used for construction, maintenance and rehabilitation of roads.

In this regard, the Committee recommends that the *Tolls Act No. 14 of 2011* be amended to include specific provisions that ring-fence a defined portion of toll revenues exclusively for the maintenance and rehabilitation of tolled roads. This will ensure a sustainable funding stream for road maintenance and align revenue use with the original intent of toll collection, ultimately improving road quality and safety.

The Committee further bemoans the lack of harmonisation of legislation dealing with the road sector, which was affecting coordination and collaboration.

In this vein, the Committee recommends that the Government should undertake road sector legal reforms to align all the various pieces of legislation to the *Constitution of Zambia, Chapter 1 of the Laws of Zambia*.

3.2 Maintenance of the Core Road Network

3.2.1 Maintenance Allocation versus Toll Fees Collection

The audit revealed that the maintenance allocation in the RSAWP did not increase at the same rate as the toll fees collection. In addition, tolled roads in high-revenue areas such as Lusaka, Central and Copperbelt Provinces were generally in poor condition.

Stakeholders expressed concern over the huge gap that existed between the maintenance needs of the road network and the amounts budgeted for in the RSAWPs. Notwithstanding this, stakeholders submitted that the sector maintenance budget consistently increased during the period under review as highlighted below.

No.	Year	Maintenance Budget K'million	% of overall RSWAP & Budget
1	2020	245.905	9.2%
2	2021	415.903	14.33%
3	2022	431.976	12.49%

Source: National Road Fund Agency

Executive's Response

The Executive, in acknowledging the gap that existed between maintenance needs of the road network and the resource allocation within the Road Fund submitted that the RDA had given priority in recent years towards maintenance. However, this remained subject to resource availability.

In addition, the Government, would leverage the Constituency Development Fund (CDF) on the issue. This was because most local authorities had procured road maintenance equipment for most constituencies to carry out routine road maintenance works.

Committee's Observations and Recommendations

The Committee observes with concern that maintenance activities are underfunded and not prioritised in favour of new road construction and upgrading.

The Committee recommends that a portion of the RUC should be ring-fenced for maintenance in accordance with the RSAWP which is more cost-effective in the long term.

3.2.2 Frequency of Road Maintenance

The audit established that periodic road maintenance activities were not prioritised, except for limited line markings, in that the allocation of funding to the activity was inadequate to meet the maintenance needs.

Stakeholders submitted that periodic maintenance activities on the CRN was often not prioritised. This was attributed to the competing demands between periodic maintenance projects and upgrading and rehabilitation projects against limited available resources. Stakeholders further submitted that this persistent underfunding towards road maintenance works directly compromised the sustainability of Zambia's road network and increased the cost of remedial measures in future by many folds.

Executive's Response

The Executive submitted that Zambia's road network was approximately 67,671 km. The RDA had classified a portion of the entire road network as the Core Road Network. This was defined as the strategic selection of roads that were critical for facilitating economic activity, trade and mobility within the country. These roads were prioritised for maintenance and upgrading due to their importance in the economic development of the country.

The Committee was informed that the CRN allocations of about 40,454 km required large allocation of resources to keep and maintain in a good state at all times. However, given the fiscal constraints, resources allocated to routine and periodic maintenance remained inadequate against the size of the road network. Within available resources, the RDA carried out routine inspections and assessments of road conditions to prioritise roads that needed maintenance.

Lastly, the Executive submitted that priority roads in need of periodic and routine maintenance were included in the Road Sector Annual Work Plan and works were procured subject to release of funds by the Treasury to the Road Fund.

Committee's Observations and Recommendations

The Committee bemoans the inadequate funding and lack of prioritisation of routine and periodic maintenance of the CRN.

The Committee recommends that a portion of the RUC should be ring-fenced for maintenance with clear, dedicated lines for both routine and periodic maintenance activities within the RSAWP. This approach aligns with international best practice and is supported by global evidence which shows that every Kwacha invested in timely maintenance can save multiple Kwacha in future reconstruction costs, thereby maximising the value derived from the Road Fund and protecting national infrastructure assets.

3.3 Coordination between Implementation Agencies

The audit identified significant overlaps in institutional mandates between the RDA and local authorities, resulting in inefficiencies, fragmented implementation of maintenance activities, and at times duplication of efforts.

Stakeholders submitted that the lack of clear coordination undermined the effective delivery of road infrastructure programmes and was inconsistent with section 5 (o) and 53 (2) (b) of the *National Council Construction Act No. 10 of 2020*. The aforesaid provisions required collaborative regulatory programming and inter-agency engagement to optimise resource use and avoid duplication.

Stakeholders submitted that establishing a structured coordination framework with clearly delineated responsibilities, joint planning mechanisms and information sharing protocols would enhance operational efficiency and accountability across all levels of road infrastructure management.

Executive's Response

The Executive submitted that the *Constitution of Zambia, Chapter 1 of the Laws of Zambia* and other relevant pieces of subsidiary legislation had prescribed the roles, responsibilities and functions of different players in the road sector.

Further, the Executive supported continued reforms to improve the operational efficiency of the road sector. The Executive further submitted that collaboration among different players in the road sector should be improved by ensuring that they had clearly defined and streamlined roles and responsibilities in their legal frameworks to avoid duplication of roles, and improve the operational efficiency of the road sector.

Committee's Observations and Recommendations

The Committee observes with concern the critical gap in collaboration between the implementing agencies in the road sector.

The Committee, therefore, recommends that the Government should implement the recommendations from the Institutional Mandate Review, which was an assignment funded by the World Bank as set out hereunder.

- i. Amend the RDA Act to clearly define its role in managing trunk, main and district roads, with a focus on low-volume roads where appropriate;
- ii. assign responsibility for Urban and Primary Feeder Roads (PFRs) to LRAs, in alignment with their proximity and understanding of local infrastructure needs; and
- iii. establish a functional coordination mechanism between RDA, LRAs, and other relevant actors to facilitate joint planning, technical support, and resource sharing.

These reforms will help streamline institutional responsibilities, reduce overlap, and strengthen the effectiveness and sustainability of Road Sector governance.

3.4 Implementation of Maintenance Strategies

3.4.1 Limited Use of Innovative Contracting Models

The audit revealed that Output and Performance-Based Road Contracts (OPRCs) and similar innovative procurement approaches had been minimally adopted, resulting in missed opportunities to achieve long-term cost efficiencies and sustained road quality through life-cycle management.

Stakeholders submitted that the OPRCs method of project implementation had been established to be a means to attain sustainable road maintenance for both paved and unpaved

roads in both the short to medium term. This type of contracting predominantly, had been applied on gravel roads in Zambia with great potential of being rolled out to cover paved roads as well. The Committee was informed that OPRC contracts shifted the focus from traditional input-based contracts, where Contractors were paid based on the amount of work done, to performance-based contracts, where payment was attached to the achievement of specific outputs and performance standards. In this case, the Contractor was thus responsible for maintaining the road to a pre-defined standard throughout the contract duration, including rehabilitation and emergency repairs.

Stakeholders submitted that in Zambia, OPRC contracts were implemented over a five-year period, with the first two years involving rehabilitation whilst the remaining three-years involved the maintenance intervention. By so doing, OPRCs incentivised contractors to deliver high-quality roads that met specified standards, guaranteed long-term maintenance and held contractors accountable for road conditions.

Executive's Response

The Executive submitted that OPRCs had been used in Zambia since 2006 and most recent under the ongoing Improved Rural Connectivity Project being funded by the World Bank. This was a project to maintain approximately 4,300km of rural roads countrywide. Despite the significant benefits offered by OPRC, experience in Zambia had also highlighted the need for thorough preparation and planning, as well as the need to set clear performance standards and monitoring mechanisms. This also involved developing a framework to systematically upgrade selected roads to bituminous standard once a certain traffic threshold was achieved whilst being maintained under the OPRC concept. The latter being critical in explaining why certain OPRC projects continued to be in bad condition due to exponential growth in traffic volumes than earlier anticipated.

Committee's Observations and Recommendations

The Committee observes that OPRCs have recorded success where they have been used in that the model helps reduce maintenance costs, incentivises quality outcomes, and extends the service life of road assets.

The Committee recommends that the Government should scale up the implementation of OPRCs and other performance-based maintenance contracts, ensuring that they are systematically included in road sector planning and budgeting frameworks.

The Government submitted that it was optimistic that the OPRC model would be adopted to maintain Zambian unpaved public roads with the possibility of rolling out the concept for paved roads. This was due to the benefits that accrued from its implementation.

3.5 Shift Heavy/Bulk Cargo from Road to Rail

The audit report recommended that the MTL, RSA and MLGRD should coordinate to prioritise the use of rail transport for bulk cargo to preserve roads.

Stakeholders submitted that to preserve Zambia's road infrastructure and ensure cost-effective transport, it was essential to shift the movement of heavy and bulk cargo from road to rail. This was in line with *Statutory Instrument No. 7-The Railways (Transportation of Heavy Goods) Regulations, 2018*, provided that 30 per cent of bulk cargo be transported by rail. However, stakeholders submitted that this could not be achieved due to bottlenecks that affected the

competitiveness of the railway subsector over the road sub sector. These included, inadequate and poor condition of existing rolling stock such as wagons and locomotives, the poor condition of the railway network systems and inadequate connectivity to both regional railway transport corridors, such as the Walvis Bay Corridor, Nacala Corridor, Lobito Corridor and the North South Corridor, and connectivity to key mining, agricultural zones and rural areas.

In this regard, stakeholders submitted that the rehabilitation and upgrading of Zambia's rail sector required significant investment, with the recapitalisation budget for TAZARA alone estimated at over USD 600 million. Stakeholders submitted that in order to revive the rail sector and increase its share of bulk cargo transport (and thus reduce reliance on road), the Government must engage the private sector to invest in the rail road, given Zambia's fiscal limitations.

Executive's Response

The Executive responded that the Ministry of Infrastructure, Housing and Urban Development, in collaboration with the Ministry of Transport and Logistics, was promoting the shift of bulk cargo to rail as a means to preserve road infrastructure in line with *Statutory Instrument No. 7-The Railways (Transportation of Heavy Goods) Regulations, 2018*. The Executive submitted that there was need to enforce the regulation to achieve the intended impact.

Committee's Observations and Recommendations

The Committee observes with concern that Zambia has not fully implemented *Statutory Instrument No. 7-The Railways (Transportation of Heavy Goods) Regulations, 2018*.

In this regard, the Committee recommends that the Government should promote private sector participation in the rail sector through Public Private Partnerships (PPPs), and finalise the TAZARA Concession Agreement.

Further, there is need for the railway sub sector to establish last mile connectivity in the logistics and supply chain system to increase competitiveness and attract business, while also adopting best practices in cargo and equipment insurance to enhance security, customer confidence, and sector resilience.

3.6 Lack of Updated Road Condition Data

The audit established that there had been no comprehensive, network-wide Road Condition Survey conducted since 2015, severely limiting evidence-based planning and prioritisation of maintenance interventions.

In addition, the audit recommended that the Road Sector Agencies in conjunction with relevant stakeholders should conduct annual road condition surveys and update the Road Maintenance Needs Assessment, 2012.

Stakeholders submitted that updating the road condition data would in turn provide accurate and valid data to input into the Highway Management System (HMS) which would help facilitate the prioritisation of roads in need of maintenance and other decisions. This would aid decision making in the selection of road projects in the RSAWP.

Executive's Response

The Committee was informed that the RDA was currently undertaking Road Condition Surveys using equipment bought on the World Bank sponsored Improved Rural Connectivity Programme. The Agency had since 2022 been undertaking annual road condition surveys for trunk and main roads. The Executive submitted that this information was being shared with different stakeholders on request.

With regard to the district and feeder roads, the Government through RDA had secured funding from the African Development Bank to undertake the survey for this category of roads. The data would be ready in the last quarter of 2025.

Committee's Observations and Recommendations

The Committee bemoans the lengthy period since the last Road Condition Survey and the Road Maintenance Needs Assessment were undertaken.

The Committee recommends that Government should allocate funding towards conducting annual Road Condition Surveys and the Road Maintenance Needs Assessment for each RDA provincial office and local authorities, as the case may be.

4.0 COMMITTEE'S GENERAL OBSERVATIONS AND RECOMMENDATIONS

4.1 Road Maintenance Fund Grant to Local Authorities

The Committee observes that central Government is providing funding for maintenance of roads to local authorities through the CDF; directly through the MLGRD; and the Road Fund Grant. However, the Committee bemoans that the disbursement of monthly grants to all the 116 local authorities for road maintenance is not achieving its intended goal. This has resulted in wastage of resources as most local authorities are only undertaking pothole patching and other smaller works from the grant.

In this regard, the Committee recommends that for the Road Fund Grant to have a greater impact, Government should review the funding mechanism by ensuring that the fund was utilised on annually selected planned for roads in selected districts in each province.

4.2 Lengthy Procurement and Contract Award Process for Road Works

The Committee observes that procurement services for road construction, maintenance and rehabilitation takes too long to be completed, which makes the scope of work different from the assessment period.

The Committee recommends that the Government should review the procurement process with regard to road construction, maintenance and rehabilitation to address the challenge.

5.0 Conclusion

The Committee commends the Office of the Auditor General for conducting the Performance Audit on the Utilisation of the Road Fund for Road Maintenance in Zambia. The Committee is hopeful that the Government will address the issues raised in the Report of the Committee, in order to address the challenges observed.



Twaambo Mutinta, MP
CHAIRPERSON

July, 2025
LUSAKA

APPENDIX I - List of National Assembly Staff

Mr Barnabas Bwalya, Director, Social Committees
Mrs Chitalu K Mumba, Deputy Director, Social Committees
Mr Darius Kunda, Senior Committee Clerk (SC 1)
Mr Timothy C Lumba, Committee Clerk
Ms Grace Mbewe, Administrative Assistant
Mr Daniel Lupiya, Senior Committee Assistant
Mr Muyembi Kantumoya, Committee Assistant
Ms Taonga Chabinga, Committee Assistant

APPENDIX II - List of Witnesses

Office of the Auditor General
Ministry of Infrastructure, Housing and Urban Development
Ministry of Local Government and Rural Development
Ministry of Finance and National Planning
Ministry of Transport and Logistics
Chipata City Council
Choma Municipal Council
Chongwe Municipal Council
Engineering Institution of Zambia
Kasama Municipal Council
Kabwe Municipal Council
Kitwe City Council
Lusaka City Council
Mongu Municipal Council
Road Development Agency
National Council for Construction
National Road Fund Agency
Zambia National Service
Zambia Institute for Policy Analysis and Research