



REPUBLIC OF ZAMBIA

REPORT

OF THE

**COMMITTEE ON TRANSPORT, WORKS AND SUPPLY ON
THE ROAD FREIGHT IN ZAMBIA**

FOR THE

THIRD SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

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FOREWORD

Honourable Madam Speaker, the Committee on Transport, Works and Supply has the honour to present its report for the Third Session of the Thirteenth National Assembly. The functions of the Committee are as set out under Standing Orders 209 and 210 of the National Assembly of Zambia Standing Orders, 2024.

In accordance with its Programme of Work for the Third Session of the Thirteenth National Assembly, the Committee undertook a study on a topical issue, namely: "*Road Freight in Zambia*". The Committee held thirteen meetings to consider the topical issue. In order to fully interrogate the topical issue, the Committee interacted with various stakeholders who made both written and oral submissions before it. The list of stakeholders who appeared before the Committee is at Appendix II of the Report

The Committee's Report is organised in two parts. Part I presents the Committee's findings from its deliberations as well as the tours. This Part, further presents the Committee's observations and recommendations on the topical issue. Part II contains the Committee's observations and recommendations on the Action-Taken Report on the Report of the Committee for the Second Session of the Thirteenth National Assembly.

In recognising the unwavering support in coming up with the Report, the Committee, wishes to pay tribute to all stakeholders who appeared before it and tendered both oral and written submissions. It further wishes to thank you, Madam Speaker, for according it an opportunity to undertake the study. The Committee also appreciates the services rendered by the Office of the Clerk of the National Assembly during its deliberations.



Mr Mubika Mubika, MP
CHAIRPERSON

June, 2024
LUSAKA

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LIST OF ABBREVIATIONS AND ACRONYMS

ASYCUDA - Automated System for Customs Data
CDF - Constituency Development Fund
CEEC - Citizen Economic Empowerment Commission
COMESA - Common Market for Eastern and Southern Africa
DEC - Drug Enforcement Commission
DRC - Democratic Republic of the Congo
ERB - Energy Regulation Board
EAC -East African Community
GCLA- Government Chemist Laboratory Agency
GDP - Gross Domestic Product
INCOTERMS- International Commercial Terms
LTRA - Land Transport Regulation Authority
NRFA - National Road Fund Agency
OSBP - Establishment of One-Stop-Border-Posts
PACRA - Patents and Companies Registration Agency
PPP - Private-Public Partnership
PSMFC - Public Service Micro Finance Company
RDA - Road Development Agency
RTSA – Road Transport and Safety Agency
SADC - Southern Africa Development Community
TANCIS - Tanzania Customs Integrated System
TATOA - Tanzania Truck Owners Association
TAZ– Truckers Associations of Zambia
ZAMCARGO- Zambia Cargo and Logistics Limited
ZDA - Zambia Development Agency
ZEMA - Zambia Environmental Management Agency
ZNS - Zambia National Service
ZRA - Zambia Revenue Authority

1.0 MEMBERSHIP OF THE COMMITTEE

The Committee consisted of Mr Mubika Mubika, MP (Chairperson); Mr Joel Chibuye, MP; (Vice Chairperson), Ms Tasila E Lungu, MP; Mr Emmanuel M Musonda, MP; Mr Sunday C Chanda, MP; Mr Charles A Mulenga, MP; Mr Mutotwe L Kafwaya, MP; Mr Francis Kapyanga, MP; Mr Bernard Kanengo, MP; and Mr Lloyd Lubozha, MP.

PART I

2.0 CONSIDERATION OF THE TOPICAL ISSUE

2.1 THE ROAD FREIGHT TRANSPORT IN ZAMBIA

2.1.1 Background

The role of transport in economic development was multifaceted and impacted various economic sectors. A well-designed, efficient and effective transportation system was crucial for trade promotion, fostering industrialisation, creation of employment and enhancing overall social and economic growth and prosperity. Thus, creating an efficient and effective road freight transport system involved a combination of technology, infrastructure, and operational strategies.

In Zambia, road transport was the primary mode of transportation, which accounted for nearly 90 per cent of passenger and cargo movement. The country had a total road network of 67,671 kilometres, with 40,454 kilometres classified as the core road network and 27,217 kilometres as the non-core road network. Road transport was preferred due to its accessibility and speed in transporting bulk and heavy cargo. In 2022, the volume of cargo transported by road in Zambia was estimated at 34,308,418.58 metric tonnes, compared to 894,117 metric tonnes by rail, 16,570.22 metric tonnes by air, and 185,801.92 by maritime transport.

The total value of imports via all modes of transport from January to July 2023, was K113.7 billion, with road transport being the highest at K65.7 billion, representing 57.8 per cent of the total import bill. Despite the high demand for road transport, the sector was largely dominated by foreign operators due to the significant capital outlay required to invest in this sub-sector. Road freight transport costs in Zambia were high, potentially adding up to 40 per cent of the final cost of products, negatively affecting price levels and the competitive position of Zambian products in international markets. Zambian transport and logistics enterprises had limited capacities to deliver high-quality and low-cost services, which were essential for transforming the country into a regional transportation hub.

In view of the foregoing, the Committee resolved to undertake a detailed study on the road freight transport sector in Zambia to improve its competitiveness in regional and international markets, and to explore ways to encourage the participation of local freight operators so as to increase their market share of international bound road freight transport, thereby increasing their additional turnover and contribution to the gross domestic product (GDP).

2.1.2 Objectives

The objectives of the study were to:

- (i) appreciate the adequacy of the policy and legal framework governing the freight transport sector in Zambia;

- (ii) appreciate the transport investments in place to enhance road freight operations by locals;
- (iii) ascertain the cause for low participation of local freight transporters in comparison to foreign transporters in relation to total exports by value from Zambia;
- (iv) opportunities for the local freight transporters in their operation; and
- (v) make recommendations on how to enhance participation of local freight operations in Zambia so as to be competitive in the region.

2.2 SUMMARY OF SUBMISSIONS BY STAKEHOLDERS

The submissions made by stakeholders are summarised below.

2.2.1 Adequacy of the Policy and Legal Framework Governing the Freight Transport Sector in Zambia

The Committee was informed that the absence of a National Freight Logistics Strategy, as envisioned in the 2018 Revised National Transport Policy, underscored the need for further development in the area. Additionally, progress on the market share for Zambian transporters through the Southern Africa Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) organs had been slower than anticipated.

The freight transport sector in Zambia was governed by policy and legal frameworks, including regulations, licensing, and compliance requirements listed hereunder.

- (i) ***Zambia Chartered Institute of Logistics and Transport Act, No.4 of 2014***, which regulated logistics and transport practices, promoted professional development, and provided a forum for information exchange among professionals.
- (ii) ***Public Roads Act, No. 12 of 2002***, established the Road Development Agency (RDA), which was responsible for the care, maintenance, and construction of public roads in Zambia.
- (iii) ***The Road Traffic Act, No. 11 of 2002***, implemented road transport policies, traffic management, and safety enforcement.
- (iv) ***The Road Traffic (Amendment) Act, No. 8 of 2022***, which was on Cabotage and Third Country Rule Regime (Section 41 of Section 223A and 232B in the Principal Act).
- (v) ***The Tolls Act, No. 14 of 2011***, mandated the operation of toll roads and the collection of tolls.
- (vii) ***The Business Regulatory Act, No. 3 of 2014***, regulated fees, levies and user charges with a requirement for an impact assessment from the intending implementing Agency.
- (viii) ***The National Road Fund Act, No. 13 of 2002***, established the National Road Fund Agency and defined its functions, while also providing for related matters.

- (ix) ***The Road Traffic (Public Service Vehicle) (Restriction on Night Driving) (Amendment) Regulations, 2017***, restricted the movement of public service vehicles at night.
- (x) ***Citizen Economic Empowerment (Amendment) Act, No. 5 of 2021***, aimed at empowering, and promoting citizens' owned and influenced companies.
- (xi) **S.I No. 1 of 2017**, referred to as the Citizen Empowerment, Reservation Scheme.
- (xii) **S.I No. 35 of 2021**, referred to as reservations for transportation of 50 per cent of heavy bulk commodities by local operators.
- (xiii) **The National Transport Policy (2019)**, sought to provide a modern, sustainable, and efficient transportation system that supported economic growth and social development.
- (xiv) **S.I No. 76 of 2015** read together with **S.I No 51 (Amendment) of 2021** on restriction of night driving.
- (xv) **S.I No. 34 of 2015** and the ***Public Road Act, No. 12 of 2002***, provided for maximum weight of vehicles amendment regulations.

While stakeholders acknowledged the existence and adequacy of the legal and regulatory frameworks for the freight transport sector in Zambia, it was evident that there was room for improvement. Despite the pieces of legislation being in place, they required further alignment with other relevant statutes to enhance their effectiveness.

Stakeholders were of the view that there was a pressing need for coordinated efforts to ensure consistent implementation and enforcement. Additionally, clarity on the enforcement mechanisms, along with designated authorities responsible for oversight was crucial. Therefore it was imperative, for instance, for procurement professionals within various entities to actively apply the provisions of the *Zambia Public Procurement Act, No. 8, 2022* and collaborate with relevant stakeholders responsible for the legal and regulatory framework. This would- strengthen the industry and eliminate the bureaucracies connected to procurement and ultimately enhance access to business for local road freight transporters.

2.2.2 Transport Investments in Place to Enhance Road Freight Operations by Locals

The Committee was informed that significant expenditures in road infrastructure had been made by the Zambian Government, mostly through the Improved Rural Connectivity Project and Private-Public Partnership (PPP) schemes. The purpose of those expenditures was to increase road freight operations' speed and efficiency for the benefit of international and local transporters. Some of the investments aimed at enhancing road freight operations were as listed below.

- (i) **Establishment of One-Stop-Border-Posts (OSBP)** – These were located at Chirundu, Kazungula, Mwami-Mchinji and Nakonde-Tunduma Borders. The establishment of OSBPs had improved border processes and procedures which reduced the clearance time at border crossing points for players that used the road to transport their goods from one place to another. In addition, through the PPP

arrangements, concession agreements had been signed for the construction of Sakania (Ndola), Chanida (Chadiza), and Kambimba (Mwinilunga) border posts.

- (ii) **Construction of Key Road Infrastructure**– The Government planned to renovate 500 kilometres of feeder roads nationwide as presented in the 2024 Budget Address. In September 2023, the Government of the Republic of Zambia and Sandstone Consortium signed a concession agreement to upgrade 85 kilometres of the Lumwana-Kambimba Road, which connected Lumwana with Kolwezi in the Democratic Republic of the Congo (DRC). Rehabilitation of the Chingola-Kasumbalesa Road and the construction of the Lusaka-Ndola Dual Highway were two other excellent initiatives to improve road infrastructure. This would facilitate seamless flow of commodities and services across borders as mentioned in the 2024 Budget Speech. However, stakeholders expressed concern on the charges by some concessionaires for roads built using PPP agreements. For instance, charges along Chingola-Kasumbalesa Road for abnormal load trucks were as high as K2,500, thereby, increasing operational costs and negatively affecting the local road freight transporters due to high charges required by concessionaires in their quest to recoup a return on investment. Further, through the Constituency Development Fund (CDF), constituencies were contributing to construction and rehabilitation of roads in their local areas to ensure decentralised infrastructural development and better connectivity in remote locations.
- (iii) **Procurement and Distribution of Seventy-two Fuel Tankers**- Youth cooperatives were empowered with fuel tankers to enhance participation of small and medium scale local transporters in the transportation of petroleum products. That was in an effort to promote and increase participation by the local transporters, ultimately creating jobs and wealth for the people of Zambia.
- (iv) **Construction of Bridges in Various Parts of the Country**- In an effort to connect the country through road networks, the Government had continued to construct roads and bridges to enable transporters carry out business in a conducive business environment including rural areas of Zambia.
- (v) **Increasing Budgetary Allocation to Road Development** – The Government had been increasing budgetary allocation for road construction and rehabilitations. For example, in the 2023 National Budget, K5,156,017,706 had been allocated for road construction and rehabilitations, while in 2024, the approved budget for similar works stood at **K 8,337,221,909**.
- (vi) **Driver Training and Licensing** - The Government through the Road Transport and Safety Agency (RTSA) had been training drivers in order to help improve the safety of road freight transport.
- (vii) **Public Service Micro Finance Company (PSMFC) Lending Programme** - In order to enhance access to finance for local transporters, the Government had created and launched the Public Service Micro Finance Company (PSMFC) lending programme. However, more research needed to be undertaken to see whether or not the loan might cover the minimal number of vehicles investors desired for profitable road freight business operations.

The Committee was informed that despite the efforts being made, the distribution of those investments across the country was not uniform, with some regions still lacking adequate road infrastructure. Additionally, uneven distribution disproportionately affected local transporters, who often operated in rural and remote areas where connectivity was limited. The lack of adequate road infrastructure in those areas increased transportation costs, reduced delivery speeds, and impeded the ability of local transporters to compete effectively on the market.

2.2.3 Low Participation of Local Freight Transporters in Comparison to Foreign Transporters in Relation to total Exports by Value from Zambia

The Committee was informed that the road freight transportation industry comprised two segments. The first segment was largely made of a number of small-scale operators providing basic transport services. The second segment consisted of a small number of major haulers providing more sophisticated logistics services.

Operators in the first segment competed mainly on price, and barriers to entry into the sector were low because, in general, little start-up capital was required. The segment was also competitive because of its small economies of scale with low entry and exit costs.

Operators in the second segment, however, competed both in price and in the range and quality of services. Here, economies of scale were important, and information and communications technologies were increasingly used, such as electronic data transfers and tracking systems, because they enabled haulers to provide better-quality services to a much wider range of destinations.

The Committee was informed that majority of Zambia's road freight transporters fell in the first segment and faced challenges in entering the second segment as they were unable to provide the key services that manufacturers of goods looked for such as affordable freight rates, arrival time reliability, avoidance of damage and deterioration, and frequency of services.

Statistics from RTSA indicated that there were 2,213 freight operators registered in Zambia with a total of 41,519 trucks. Of those, 320 were foreign operators with 15,532 trucks, while 1,955 were local operators with 27,802 trucks. However, despite the number of local operators being more than those of foreign operators registered in Zambia, local transport and logistics service providers accounted for less than 30 per cent of the total market share for the movement of imports and exports (especially heavy and bulk cargo), while 70 per cent of the market share was dominated by foreign transport and logistics service providers. South African transporters dominated the transportation of cargo through the North-South Corridor (to and from) Richards Bay and Durban in South Africa. On the Dar es Salaam Corridor, 91 per cent of cargo was transported by Tanzanian operators, while Zambian truckers accounted for 6 per cent and 3 per cent by Malawian and DRC. Zimbabwean transporters accounted for a larger percentage of cargo transported through the Zimbabwe-Mozambique Corridor (to and from) Beira.

Further, foreign companies were contracted by foreign owned logistics companies based in Zambia to execute contracts especially from the mines. Other factors included the lack or weakness in enforcement by reservation schemes. The available reservations schemes needed to be implemented by sector regulators such as RTSA, Energy Regulation Board (ERB),

Citizen Economic Empowerment Commission (CEEC), and the Ministry of Small and Medium Enterprise.

Stakeholders submitted that the Zambia Development Agency (ZDA) had issued huge amount of investment permits to foreigners, which had not benefited local people and those investors had not partnered with Zambians. The ZDA had continued to award investment licences through its Act in the transport sector, which was already saturated. For instance, foreign hauliers were allowed to freely register in Zambia and participate at the local level such as Dangote Cement, which had its own trucks to transport cement.

Stakeholders also noted that, there was inconsistent implementation of SI No. 35 of 2021, which enforced reservation of 50 per cent of heavy and bulk transportation of commodities to local transporters. That notwithstanding, the implementation of S.I No. 7 of 2018, also known as the Transportation of Heavy Goods by Rail, had not been implemented as expected due to poor or lack of investment in rolling stock. The poor profile on capacity meant that the piece of legislation had remained academic and its relevance questionable. The Government had on several occasions pronounced open access to rail by private investors that could be interested to run private trains on public rail and pay access fees to the Government. This had not been implemented fully, thereby negating participation of local freight transporters.

Further, investment benefits had not trickled down to individual operators in the sector as evidenced during the COVID 19 pandemic when foreign transporters were the main transporters of the medical supplies into Zambia.

Furthermore, the monitoring of investment pledges was not up to speed and taken advantage of by foreign prospective investors who ventured in other business lines not initially intended to operate in. Specific factors that were identified by stakeholders as being the causes for low participation in the road freight transporter industry were as set out hereunder.

- (i) **Limited Capacity** - Zambian road freight operators had limited access to capital to grow their business or fleet due to high interest rates and failure by most local transporters to meet the collateral requirements imposed by the lending institutions. That had led to local transporters failing to compete with foreign multinational companies, especially South African companies in the export and import of the freight market share in the country. The limited growth of the local transport and logistics industry could be attributed to diminished business opportunities in preference to foreign operators.
- (ii) **Inadequate Cargo Volumes for Export** - 70 percent of Zambia's exports were minerals, particularly copper coupled with limited capacity to transport at a large scale, made it difficult for local operators to compete favourably with large scale foreign operators.
- (iii) **Practice of Foreign Ports favouring their Local Operators** – Countries with sea ports disproportionately favoured their own transport operators over foreign transporters, which negatively affected transporters from Zambia with no sea port.
- (iv) **Inadequate Enforcement of Legislation Prohibiting Cabotage** - The number of foreign trucks operating in Zambia was high because Zambia was a net exporter in terms of freight volumes. Consequently, that made it economically viable for

foreign truck companies to undertake turnaround trips at much cheaper prices compared to local transporters.

- (v) **The High Cost of Doing Business in Zambia**– This was due to factors such as the requirement for operators to obtain various licences and permits from various Government institutions and the poor state of most roads in Zambia including the Lusaka-Ndola Road, Serenje-Nakonde Road, Livingstone-Sesheke-Katima Mulilo Road, which led to high maintenance cost of vehicles.
- (vi) **Uncertainties in Cost Structure**- Following the introduction of a monthly Review of Fuel Prices by ERB, planning had become difficult because of inconsistencies in the costing of the service provision.
- (vii) **Low Uptake of Information Communication Technologies**– There was low understanding of ICTs by local transporters to grow business opportunities across the country.
- (viii) **Limited Access to Market Information** - Local transporters often lacked access to crucial market information and insights, which hindered their ability to identify new clients, develop strategic partnerships, and expand their market reach. That lack of awareness limited their ability to navigate the complexities of the export market and compete effectively with foreign players who had superior market knowledge and established networks.
- (ix) **Inadequate Skills and Expertise** - Local freight transport industry faced a shortage of qualified personnel with the necessary skills and knowledge to adhere to international standards and operate effectively. The lack of expertise led to inefficiencies, delays, and reduced service quality, hindering the competitiveness of local transporters.
- (x) **Lack of Strategic Partnerships** - Local transporters often struggled to establish strategic partnerships with other businesses, such as logistics providers and freight forwarders, which could help them expand their market reach and tap into new opportunities.

2.2.4 Opportunities for the Local Freight Transporters in their Operation

Stakeholders submitted that despite the highlighted challenges, the sector had numerous possible opportunities, which local transporters could capitalise on to grow their share in the sector. Local transporters could benefit from the development of regional transport corridors, such as the Walvis Bay-Ndola Lubumbashi and Lobito Corridors. The corridors linked Zambia to Namibia and the DRC by enhancing trade and boosting routes for freight transportation. The African Continental Free Trade Agreement (AfCFTA) also facilitated the movement of goods and people across borders, enhancing regional integration. The Lobito Corridor provided a strategic alternative to export markets for copper concentrates from the DRC. The SADC Regional Infrastructure Development Plan, signed in 2012, aimed at creating an enabling environment for sustainable regional socio-economic development and integration. All these presented a great opportunity for Zambian firms to compete regionally in the freight business. Other specific opportunities were:

- (i) development of cargo hub locations where cargo could be converged would make it easier for local operators to find business;
- (ii) modernisation and development of various dry ports in neighbouring countries such as the Walvis Bay Dry Port in Namibia, Mtwara Dry Port in Tanzania and others in Angola and Mozambique would help to enhance business for locally registered transporters;
- (iii) the projected increase in the production of copper from the current 760,000 tonnes to 3 million tonnes by 2030, would present business opportunities for local transporters to be engaged by mining firms;
- (iv) the Government investment in the road transport sector would help to ease the movement of cargo; and
- (v) the National Digital Transformation Strategy 2023-2027 implementation would enhance digitalisation of the road freight transport sector, which would ultimately improve delivery of services.

2.2.5 Recommendations and Way Forward

To foster a thriving and competitive freight transport sector in Zambia, a strategic approach was required to empower local transporters and effectively integrate into regional export market. To address the underlying challenges and harness the untapped potential of local freight transporters, there was need:

- (i) to introduce targeted financial support programmes and incentives such as grants, low-interest loans, and subsidies to ease the financial burden, particularly for local freight transport start-ups;
- (ii) to ensure strict enforcement of regulations for all operators, regardless of their origin, and comprehensive review and revision of the 2019 National Transport Policy (NTP) and the *Road Traffic Act, No. 8 of 2022* so as to create a level playing field and ensure fair competition;
- (iii) to prioritise and invest in improved transportation infrastructure, including road maintenance and access to ports. In order to reduce the operational costs and enhance competitiveness, there was a need to expedite infrastructural development through various financing models including PPPs;
- (iv) to simplify and expedite road freight transport licensing procedures for new entrants and reduce bureaucratic hurdles and waiting times at borders to encourage more local businesses to enter the industry;
- (v) for the Government to collaborate with industry stakeholders to review and update regulatory frameworks to ensure that they were clear, fair, and conducive to fostering a competitive business environment;
- (vi) for the Government to facilitate and enhance partnership between learning institutions such as the Zambia Chartered Institute for Logistics and local

transporters in building capacity in order to ensure efficient provision of logistics and transport services;

- (vii) to encourage partnerships and joint ventures among local transport operators in order to enhance capacities to undertake large contracts and grow business;
- (viii) for the Government to strengthen coordination and implementation of Statutory Instrument 35 of 2021, among lead agencies in order to allow Zambian transporters to have the first right of refusal in handling lucrative contracts. That would entail that local transporters would be given preference;
- (ix) for the Government to prioritise the construction and rehabilitation of all key economic roads in order to improve turnaround time as well as help reduce the cost of maintaining vehicles, which affected business for local transporters;
- (x) for enhanced collaboration among the various transport associations in order to have stronger bargaining power in the advocacy for business with manufactures, suppliers and buyers of commodities;
- (xi) for the Government to implementing comprehensive training programmes to address the skills gap within the local freight transport industry. Those programmes should cover essential topics such as logistics management, customs procedures, safety regulations, and international best practices. By equipping local transporters with the necessary skills and knowledge, they would improve their service delivery, meet international standards, and enhance their competitiveness in the regional market;
- (xii) to enhance market information access through a centralised platform or database that would provide local transporters with real-time market information, including export opportunities, potential partnerships, and industrial trends. That was particularly essential to enhance their market awareness and connect them with relevant stakeholders. It would also enable local transporters to make informed decisions, expand their market reach, and effectively participate in the regional export market;
- (xiii) for the Government to streamline customs procedures by implementing digitised customs clearance systems and streamlining bureaucratic processes to reduce delays and costs associated with border crossings. Simplifying customs procedures would also expedite the movement of goods, enhance trade facilitation, and improve the competitiveness of local transporters in the regional export market;
- (xiv) to encourage regional collaborations by facilitating partnerships and knowledge-sharing between local transporters and their counterparts in neighbouring countries in order to foster regional integration, expand market access, and promote the adoption of best practices. Encouraging regional collaborations would also create opportunities for local transporters to expand their service offerings, enhance their skills, and compete effectively in the region;

- (xv) for the Government to promote intermodal interface between road, rail, and other modes of transport to enable a more flexible and comprehensive seamless approach to freight management. Road freight transporters would benefit from synchronised operations, where the strengths of each mode were strategically utilised. For instance, by integrating road and rail transport, road freight companies could leverage the efficiency and cost-effectiveness of rail for long-distance hauls and use road transport for last-mile delivery to ensure timely and precise distribution to improve supply chain efficiency and enhance the reliability of road freight transport services;
- (xvi) for freight transport system to be restructured to conform to international commercial terms (Incoterms – based on a set of eleven internationally recognised rules, which defined the responsibilities of sellers and buyers, while managing the shipment, insurance, documentation, customs clearance and other logistical activities);
- (xvii) for Zamcargo to be created as the hub for all freight movement requirements in and outside Zambia and all procurement of freight to be coordinated through the hub;
- (xviii) for the SMART Zambia National Electronic Government Plan 2023 -2026 of implementing and digitalising electronic Government services for citizens and businesses to be integrated in the Zamcargo hub once created for easy dissemination and collection of information by transporters and procurement entities to enhance implementation of the policies above;
- (xix) for foreign transporters not to be allowed to register in Zambia or subjected to restrictive regulations applicable to foreign entities. For instance, any prospective foreign haulier intending to operate in Zambia should get clearance from a local transport association;
- (xx) for Zamcargo to be used as a hub for back loads through a regulation of backload;
- (xxi) to ensure seamless movements of goods through road freight, there was need to reduce the number of road blocks that had been observed as a cause for traffic jams and warping of roads at an designated road points, which resulted in delays and cost of business for road freight operators;
- (xxii) for provisions of road freight transport to be benchmarked with International Commercial Terms (Incoterms).
- (xxiii) for the implementation of SI No. 35 to be used effectively if Zamcargo was to be transformed as a hub for all freight transport;
- (xxiv) for the review of the proposed increase in tolls for trucks with four axles and above as well as abnormal load trucks by 67per cent as announced by the Minister of Finance and National Planning as that would negatively impact the local transporters because 63 per cent of the tolls collected came from trucks. Further, pronouncements in the Budget Speech meant that freight transporters would be subsidising all other forms of transport on tolls. The toll fee increase would have a

domino effect. Stakeholders further observed that, while 67 per cent seemed like a modest increase, it did not account for the broader implications. The Government had signed concession agreements to construct roads through the PPP Model, and that would lead to an overall cost increase far greater than 67 per cent through the increased number of toll gates along the said stretches. It was expected that the increased number of toll plazas would incentivise a reduction in unit tolls for trucks, compensated through higher volume collection. Trucks already contributed significantly to toll revenue, exceeding 60 per cent of the entire vehicular population. The current flat rate charges on all toll stations were also at variance in logic to the extent that the cost of maintenance and profile of roads was not the same country wide. Therefore, there was need for differentiated charges on some stretches;

(xxv) for the policies to be consistently implemented through all sector players; and

(xxvi) for the Zambia Shippers Council to be properly registered. The council would promote self-regulation among its members who were importers and exporters in order to benefit from the logistics dividend.

The Committee was informed that implementation of the above recommendations would enable local freight transporters play a prominent role in the export sector. Further, their increased participation would generate employment opportunities, contribute to the national revenue base, and strengthen Zambia's position as a regional trade hub, fostering economic integration and prosperity across the SADC region.

2.3 TOURS

As part of its programme of work, the Committee undertook on-the-spot checks on the challenges and opportunities for local freight operators in order to enhance their participation in local and regional haulage of cargo.

2.3.1 Local Tour

In order to augment its study, the Committee undertook a local tour to engage stakeholders and key industry associations within the road freight sub-sector in Lusaka, Central, Copperbelt, and Muchinga provinces. Additionally, visits were made to Kasumbalesa and Nakonde Border posts.

During the stakeholder meetings, the Committee interacted with key players, including the Truckers Association of Zambia and the Petroleum Transporters Association of Zambia. Additionally, governmental bodies such as the Ministry of Small and Medium Enterprises, Zambia Revenue Authority, Department of Immigration, RTSA, Zambia Police, and Drug Enforcement Commission (DEC) were also present and represented.

Courtesy Calls

The Committee paid courtesy calls on the following:

- (i) Permanent Secretary, Central Province
- (ii) Provincial Minister, Copperbelt Province
- (iii) District Commissioner, Chililabombwe District

- (iv) District Commissioner, Serenje District
- (v) District Commissioner, Chinsali District
- (vi) District Commissioner, Mpika District
- (vii) District Commissioner, Nakonde

The Committee's key findings from submissions made by various stakeholders interacted with during the tour are summarised below.

(a) Road Freight Operations

The Committee was informed that road freight dominated the freight industry by 80 percent leaving the remainder of 20 percent to rail transport, while 85 percent of road freight trucks were owned by indigenous operators, the dominance of local operators did not correspond with the share of business opportunities available to local operators. This was because buyers of the copper mined in Zambia contracted multinational freight companies based in the port of departure such as Durban or Dar es Salaam, where Zambian local transporters had little commercial prospects.

(b) Fronting of Zambian Citizens in the Ownership of Freight Transport Companies

Stakeholders submitted that certain transport companies, predominantly operated by foreign nationals, presented Zambian citizens as shareholders and directors during company registration at Patents and Companies Registration Agency (PACRA), whilst they kept control of those companies. That strategy was aimed at qualifying those enterprises as local entities to allow them register their trucks with Zambian number plates, thereby circumventing formalising their investments through ZDA.

(c) Issuance of Investment Licences in the Transport Sector by Zambia Development Agency

The Committee learnt that ZDA had continued to issue investment licenses to foreign enterprises in the transport sector which was already saturated. This put competitive pressure on local transporters with low financial capacity to compete favourably with foreign transporters. Notably, those investments had not benefited Zambian operators because joint ventures and partnerships with local operators had not been actualised.

(d) Low Participation of Local Transporters in Copper Exports Transportation

Despite Zambia producing an average of 760,000 metric tonnes of copper annually, only about 10 percent of local transporters were engaged in transporting copper out of Zambia. This was because off-takers often engaged foreign transporters based in the port of departure for export goods in places such as Durban or Dar es Salaam to transport their copper from Zambia at relatively reduced rates as a backload after delivering equipment bought by mines in Zambia. In this regard, foreign transporters had already made profit on their delivery to Zambia and were willing to accept lower rates below commercial value as backloads to the ports of departure. Conversely, when Zambian drivers delivered cargo at those ports, they struggled to find a backload to Zambia. That placed local players at a competitive disadvantage. Stakeholders in that regard, proposed that the freight transport system must be restructured to conform to international commercial terms (Incoterms).

(e) Weak Monitoring Mechanisms

Due to weak monitoring mechanisms, investors were exploiting *Statutory Instrument No. 35 of 2021*, that provided that 50 per cent of goods transported from Zambia to another nation be transported by local transporters. Consequently, some manufacturing companies such as

cement companies were managing fleets and engaging in local transportation of goods, thereby, violating the Reservation Regulation.

Stakeholders further proposed that off-takers in the mining sector should be urged to engage local transporters in movement of copper extracted from Zambia. Further, it was reported that corporations based in Zambia usually ignored the regulation by preferring to engage foreign transporters over Zambians.

(f) Non Recognition of the Certificate for Handling Hazardous Materials Issued by the Zambia Environmental Management Agency

The Committee learnt that Tanzanian authorities, through the Government Chemist Laboratory Agency (GCLA), did not recognise a certificate issued by the Zambia Environmental Management Agency (ZEMA) to Zambian transporters for transportation of sulphuric acid and hazardous materials. Zambia transporters were not allowed to transport sulphuric acid through Tanzania due to a lack of GCLA certificate, an equivalent of the certificate issued by ZEMA under the *Environmental Management Act, No. 12 of 2011*. This disadvantaged the Zambian transporters who were not allowed to transport sulphuric acid, which was used by mines in Zambia despite the country being a net importer of sulphuric acid.

(g) Use of Foreign Transporters in the Delivery of Commodities Procured by the Government

The Committee learnt that procurement of certain commodities was done on a model of supply and deliver. This practice inherently favoured foreign operator and disadvantaged participation of local transporters in business that was locally generated. That was in direct contravention of *Paragraph 4 of the Citizens Economic Empowerment (Reservation Scheme) Regulations, Statutory Instrument No. 1 of 2017*, which provided for domestic haulage for all public procurement works which was reserved for targeted citizens and citizen-influenced, citizen-empowered and citizen- owned companies. Stakeholders proposed that the procurement legislation be amended with regard to transportation of bulk cargo procured by the Government and other entities.

Having visited Kasumbalesa and Nakonde Borders, the following were the key findings.

Kasumbalesa Border Post

- (i) The Committee learnt that Kasumbalesa border did not have a fire truck stationed at the border and depended on one owned by the DRC for backup in an event of a fire.
- (ii) It was noted that the Copperbelt and Muchinga provinces experienced increased accident risks due to heavy traffic from goods transportation. This heightened risk was exacerbated by the absence of tow trucks, which contributed to additional infrastructure damage. Delays in response from RTSA resulted in broken-down trucks remaining on the road prior to being towed, posing hazards to other motorists and potentially causing further accidents in certain situations.
- (iii) Transport operators expressed concern that the numerous checkpoints on the roads undertaken by RTSA, Zambia National Service (ZNS), local authorities, and Zambia Police, among others, were a serious non-tariff barrier. The checkpoints potentially increased the turnaround time for transporters leading to increased

operating costs for transporters. Further, it was also observed that where the checkpoints were located, the road experienced serious warping and deterioration, and needing rehabilitation.

Stakeholders were of the view that where the checkpoint was mounted, the road should be reinforced with concrete surface and all Government security wings, local authority and Zambia Revenue Authority (ZRA) should mount such checkpoints at one place where the road was highly reinforced with a concrete surface.

- (iv) The congestion at Kasumbalesa Border was as a result of slow exiting of trucks caused by delays in entrance formalities on the side of the DRC. The Zambian side endeavoured to finalise all customs procedure within the prescribed normal time. ZRA only used its discretion to waive the penalty outlined in *Statutory Instrument No. 7 of 2023*, the Public-Private Partnership (Kasumbalesa Border Post Regulation) (User fees). In accordance with the Regulation, trucks that were released by customs and did not cross the Kasumbalesa Border within 24 hours would be fined. Cause for delays on the DRC side was reported to be the intermittent network system. In view of that, stakeholders proposed that bilateral engagements between Zambia and the DRC should be heightened so that both sides of the border were using the same system used in Zambia for seamless trade facilitation.
- (v) ZRA was renting a truck park 10 kilometres away from the border. That posed security risk to goods being transported and the distance delayed customs formalities, thereby, impeding trade facilitation.
- v. With regard to the enforcement of *Statutory Instrument No. 35 of 2021*, the Ministry of Small Scale and Medium Enterprises Development recently trained and oriented about twenty-one officers who would be posted to selected districts and all nine border posts to enforce and ensure compliance with the law. The officers would be working in close contact with the Department of Immigration, ZRA and law enforcement authorities.

Nakonde Border Post

(i) Overview

The border post was one of the busiest entry and exit points. The main activities included processing of imports, exports, and transits. The bulk of the transits were to the DRC (mostly small motor vehicles and mining equipment). Business volumes averaged 8,400 imports (Finals, Removal in Transit and Removal in Bond) and 6,600 exports (Exports and Removal in Transit) per month. Revenue drivers included fuels, trailers and semi-trailers, worn clothing, new tyres, machinery, and mining equipment.

With regard to revenue performance, the station collected ZMW2,953.88 million against a target of ZMW3,033.91 million for the period January -April 2024, representing a deficit of ZMW80.03 million or negative 3 per cent.

(ii) Developments

The Committee was informed that works on the Border Infrastructure Upgrade Project was earmarked to commence pending resolution of disputes on the location of the land earmarked for border upgrade and the matter was being reviewed by the Attorney General's Office. It was hoped that the matter would be resolved soon so that the works could commence.

The location where the customs clearance scanner, which was donated by the Government of Tanzania would be placed had been identified, and was just awaiting the Tanzanian Government's completion of the procurement procedures before it could be delivered.

The Committee was also informed that:

- (i) the by-pass road to Tunduma was under construction; and
- (ii) staff houses namely, one by three bed roomed house and four (4) single bed roomed flats in Lot I and 6x4 single bed roomed flats in Lot II, were under construction.

(i) Challenges

The Committee was informed that there was inadequate infrastructure, misaligned infrastructure between Tanzania and Zambia, with no warehouse, inadequate inspection bay, and inadequate inspection yard. It was expected that the infrastructure challenge would be addressed by the border upgrade project. However, the project would only be completed by end of 2026.

- i. **Delays in the Construction of Staff Houses** -Staff houses were not yet ready for occupation.
- ii. **Porous Nature of the Border** - The border was very porous with many routes that bypassed the border. This contributed to the regional enforcement officers such as the immigration, ZRA and police officers being overwhelmed with border control work.
- iii. **Low Staff Numbers**- The approved New Operation Model (NOM) for ZRA provided for seventy officers. The number was about thirty officers, which was not sufficient for a busy border that was expected to be working 24/7.
- iv. **Insufficient Number of Computers** - Following the deployment of eight officers to Nakonde Border Post, there was an urgent need for additional computers for the officers to be fully effective in their work so as to reduce operational bottlenecks caused by limited number of computers.
- v. **Lack of ZRA – Customs Presence at Kanyala Border**- There had been an increase in traffic at Kanyala Border Post hence the need to have customs officers present there. The Immigration Department was present and had recently built new offices and staff houses. ZRA at Nakonde Border worked closely with the Malawi Revenue Authority, and Zambia Immigration, to process traffic crossing through Kanyala but there was need for physical presence.

- vi. **Inadequate Station Imprest-** There had not been any increment in the station's imprest allocation in the wake of load shedding. The fuel bill for running the two generators at Nakonde Border was taking up most of the funds thereby affecting the station's other operational areas financially.

2.3.2 Foreign Tour to Tanzania

In order to learn best practices in the legal framework, investments, challenges and opportunities in the road freight transport, the Committee undertook a benchmarking tour to Tanzania from 21st to 27th April, 2024. While in Tanzania, the Committee interacted with stakeholders in Dar es Salaam and Dodoma. In Dar es Salaam, the Committee interacted with the Tanzania Truck Owners Association, Minister of Works and Transport, and the Land Transport Regulation Authority (LATRA). In Dodoma, the Committee interacted with the Director of Committee System in the Parliament of the Republic of Tanzania, Standing Committee on Infrastructure Development and paid a courtesy call on the Speaker of the National Assembly, Honourable Dr Tulia Ackson, MP. The findings of the Committee are summarised below.

(i) Regulatory Framework

The Committee was informed that the Land Transport Regulatory Authority Act of 2019 established the Land Transport Regulatory Authority of Tanzania (LATRA), a government agency responsible for regulating and monitoring land transportation in Tanzania. Its duties were similar to those of RATSA in Zambia responsible for granting licenses and permits to transport operators, establishing and enforcing standards for vehicle maintenance and operation, enforcing regulatory compliance, and safety initiatives, and certifying road worthiness for vehicles.

To encourage participation of road freight operators, duty on the importation of trucks was highly reduced to make it affordable for truck owners to establish their businesses. Regarding the issue of the axle length that was seen to be prohibitive for Zambian truck owners to drive their trucks in Tanzania for being longer than what was allowed in Tanzania, the Committee was informed that the Government of Tanzania had started the process to review legislation and were of the considered view that it would be harmonised and resolved before the end of the 2024 financial year.

(ii) Road Freight Transport in Tanzania

The Tanzania Truck Owners Association (TATOA), a voluntary organisation that represented truck owners in the field of road freight transport, collaborated closely with LATRA to represent the road freight sector. Its focus was to represent the truck owners just like the Truckers Association of Zambia (TAZ) did. It was also responsible for transit transportation trade facilitation in the SADC and Great Lakes Region for its members. TATOA also collaborated with other government institutions to improve the road freight business environment and had over 1000 member companies owning approximately 25,000 trucks, that provided 80,000 direct employment and 200,000 indirect employment. With the transport sector being the second highest contributor to the gross domestic product (GDP) after the agriculture sector in Tanzania. The road freight sector remained a very important sector of the total transport portfolio of the Tanzanian economy due to its derived

benefits in other sectors that benefited from trade and commerce facilitation contribution in the transportation of goods and services.

(iii) Trade and Transportation Challenges between Tanzania and Zambia

The challenges that were identified in the cross border freight transport between the two countries were as set hereunder.

(iv) Road Infrastructure

The Committee learnt that the Government of Tanzania was working on government sponsored road infrastructure developments across the country including the Dar es Salaam to Tunduma corridor to improve cargo movement within the country and to neighbouring countries such as Zambia. However, the Nakonde-Mpika Road in Zambia was in a deplorable state, which had led to numerous accidents affecting freight transporters. That road was part of the Zambian Great North Road (T2), a crucial section of international routes like the Trans-Africa Highway and the North-South Corridor. Therefore, prioritising improvements and maintenance on this road was crucial for regional and international transport would reduce accidents, enhance connectivity, facilitate smooth trade flows, and contribute to Zambia's transportation network development. The sustainable solution on the T2 road to avoid accidents and additional operational costs for freight owners was the construction of a new road along the dilapidated areas.

(v) Inadequate Protection of Cargo and Drivers on the Copperbelt up to Kapiri-Mposhi

The Tanzanian stakeholders expressed concern on the prevalence of truck hijackings and copper theft in Zambia, sometimes resulting in fatalities for drivers. To alleviate occurrences of hijackings, the Tanzanian stakeholders recommended enhanced security measures along major transportation routes, particularly in high-risk areas, by increasing police patrols and implementing surveillance systems. They also emphasised the need for cross-border collaboration with neighbouring countries to address cross-border criminal activities, including sharing intelligence, conducting joint operations, and harmonising efforts to track and apprehend criminal networks operating across borders especially those involved in the theft of copper.

(vi) Concern in the Increase of Toll Payment Stations

The Committee was informed that apart from payment of road tolls in Zambia, the transporters were also required to pay council levies in most of the transit towns. The Tanzania Truck Owners Authority recommended a pressing need to conduct a review of tolling policies in order to effectively reduce tariff barriers along the Dar es Salaam corridor.

(vii) Road Tolls

The Committee was informed that the agreed road toll gate charge in the SADC Region on non-tariff barriers was US\$ 10 per 100kilometres. Tanzania being a member of SADC, adopted that rate of US\$ 10 per 100kilometre from US\$16\$ per 100kilometre. However, Zambia still charged US\$16 per 100kilometre despite adopting US\$10 per 100kilometre as a member country. That meant that truck owners, were over charged in each round trip.

The Tanzanian stakeholders therefore, proposed that the Zambian Government should intervene for Zambia to adopt SADC and East African Community (EAC) rates.

(viii) Truck Holding Area

The Committee was informed that the absence of a holding area for vehicles during the clearance process at Nakonde Border had resulted in unnecessary traffic congestion at the border. Compounding the issue was the fact that the designated parking area for trucks was located 10 kilometres away from the border. Furthermore, a significant number of truck arrivals at the border was common prior to being cleared, indicating that pre-arrival clearance was not widely adopted among clearing agents. The Committee was in that regard, informed that to address that challenge and improve the efficiency of border operations, it was crucial to establish a dedicated holding area for vehicles undergoing clearance procedures at Nakonde Border. This would help alleviate traffic congestion and ensure a smoother flow of vehicles. In addition, there was need to raise awareness on the need for pre-arrival clearance among clearing agents.

(ix) System Integration and Issuing of Export Permits

The integration of ZRA's Automated System for Customs Data (ASYCUDA) World with Tanzania Customs Integrated System (TANCIS) was aimed at streamlining border processes. However, during the integration, certain vital documents from TANCIS were not being read by the ASYCUDA system, resulting into delays at the border. Further, a significant number of exporters in Zambia were failing to provide the necessary export permits, leading to potential suspensions of permit issuance even after the cargo had been loaded onto trucks. That practice contributed to delays in truck transportation, ultimately resulting in container demurrages.

In view of the above there was need for a comprehensive integration or harmonisation of the ASYCUDA and TANCIS systems to provide stakeholders such as exporters, importers, and customs officials, the real-time status updates about customs and export or import procedures. Further, clear policies on the issuance and suspension of permits through specialised communication channels, such as the Ministry of Agriculture for the export of agricultural products and the Ministry of Mines and Minerals Development for the export of mineral products, were required in order to improve transparency. These policies also needed to be mirrored to all other economic sectors, which could also include a dedicated hotline, website, Short Message Service (SMS) alerts to provide timely information on export and import procedures.

(i) Termination of Emergency Travelling Document

The Committee was informed that the Department of Immigration in Zambia had issued a letter addressing the use of emergency travel documents (ETD) for temporary passport purposes, highlighting the Zambian Government's concerns about drivers' passports. Many drivers used temporary travel documents due to challenges, primarily from the complexities involved in obtaining permits in other countries such as the DRC as well as the high costs associated with acquiring such permits.

The transit permit in Zambia allowed drivers for commercial trucks a ninetyday stay in Zambia, equivalent to three months, and a permit for re-entry. However, due to challenges in the DRC, it typically took drivers sixty to seventy days to return to Tanzania.

Due to that, Tanzanian drivers were deemed to have overstayed, leading to penalty fines as they transited through the Republic of Zambia. In view of that, events that resulted in drivers delaying their return to their own country ought to be taken into account, particularly those pertaining to their admission and return from the DRC.

(ii) Scanner in Nakonde Side

The Committee was informed that in the last few months, loose cargo trucks and tankers were permitted to enter Zambia through the exit barrier without undergoing scanning as long as those trucks were bound for the DRC, the ZRA allowed them to cross smoothly. However, that practice had now been discontinued, and all trucks followed the same exit route. Unfortunately, that posed a challenge as it was not feasible to mix container trucks with other vehicles. Consequently, container trucks were required to pass through scanners, resulting in slower processing times and causing traffic congestion.

2.3 Committees Observations and Recommendations

After analysing submissions from stakeholders and taking into consideration the findings from the local and foreign tours, the Committee makes observations and recommendations set out hereunder.

(i) Inadequate Legal Framework

While acknowledging the existence of the legal and regulatory frameworks for the freight transport sector in Zambia, the Committee observes that these pieces of legislation are not aligned with other relevant statutes to enhance their effectiveness.

In this regard, the Committee recommends that the Government, should as a matter of urgency, review and realign all the relevant pieces of legislation such as the *Investment, Trade and Business Development Act, No.18 of 2022; the Zambia Development Agency Act, No. 17 of 2022; the 2019 National Transport Policy, the Road Traffic Act, No. 8 of 2022; and the Statutory Instrument No. 35 of 2021*, among others, which govern the freight transport sector in Zambia to enhance their effectiveness.

(ii) Market Share for Local Transporters

The Committee observes that the review of the pieces of legislation that will support local transporters as well as negotiate increased market share for Zambian transporters through SADC and COMESA authorities has been slower than expected.

In view of this, the Committee recommends that to keep improving the road freight industry and boost the market share of local freight transporters; the Government should develop strategies that will increase the market share of local transporters through SADC and COMESA authorities. The strategies should also guarantee consistent enforcement mechanisms for heavy and bulk cargo.

(iii) *Participation of Local Transporters in Freight Transport Sector*

The Committee is concerned that although there are more local road freight operators in Zambia than foreign operators, local transport and logistics service providers only account for less than 30 per cent of the market share, while foreign transporters control 70 per cent of the market. The Committee notes that this stands in stark contrast to the Statutory Instrument No. 35 of 2021, which provides that 50 per cent of cargo coming from Zambia for regional transportation should be transported by local freight operators.

The Committee, therefore, strongly recommends that the Government should as a matter of urgency put in place strict monitoring mechanisms to enforce the provisions of the Statutory Instrument No. 35 of 2021.

(iii) *Poor Implementation of the Cabotage Regulations*

The Committee notes that despite cabotage regulations being in place, they were in most cases being ignored due to non enforcement and low penalties.

In this regard, the Committee recommends that the Government should consider increasing penalties for violating this legislation from 8000 penalty units equivalent to K2400 to 800,000 penalty units equivalent to K240,000. The Committee is of the view that the increase will ensure strict adherence to the law as well as deter would-be offenders.

(iv) *Complex Road Freight Licensing Procedures*

The Committee observes that road freight transport licensing in Zambia remains a complex procedure in comparison to Tanzania posing as a hindrance to local businesses seeking to enter the industry.

In view of the above, the Committee urges the Government to ensure that the Road Transport and Safety Agency in collaboration with other relevant authorities involved in the road freight transport licensing procedures simplifies and expedites the licensing procedures even for new entrants in the industry.

(v) *Ownership of Registered Trucks in Zambia*

The Committee observes that although there appears to be more locally registered trucks and freight operators in Zambia, this does not necessarily reflect local ownership as most freight companies and trucks are foreign owned registered by fronting locals. This circumvention of the law should not be allowed to continue as it undermines efforts to empower Zambians to participate in the sector.

In view of the foregoing, the Committee recommends the Government should take practical measures to ensure that businesses registering as freight firms in Zambia should be subjected to strict nationality verification to avert the circumvention of the law.

(vi) *Absence of a Cargo and Logistics Agency*

The Committee observes that there is no established freight logistics agency which will act as a hub for local freight operators in Zambia in order to consolidate haulage of cargo by local transporters and to reduce empty miles.

In view of this, and taking into consideration the projected increase in copper production from 760,000 tonnes to 3 million tonnes by 2030, the Committee recommends that the Government puts in place legislation to establish an agency as well as expand the mandate of the Zambia Cargo and Logistics Limited (ZAMCARGO). This is because ZAMCARGO is wholly owned by the Government and can be used as a hub for back loads for Zambian truck owners

(vii) *Back-loading Cargo*

The Committee observes that some foreign trucks are back-loading cargo from Zambia through turnaround trips, particularly copper, and charging the copper off-takers at less than the commercially viable rate disadvantaging local freight carriers. It has also been revealed that mine contracts are structured in such a way that off-takers choose their own freight carriers for their copper who is normally based in ports of exit.

The Committee, therefore, recommends that the Government should amend the Statutory Instrument No. 35 of 2021 to also apportion 50 per cent of the total number of back loads to local transporters. This provision should be strictly adhered to by all mining companies in Zambia and off-takers for any product originating from Zambia. Enforcement of the regulation should also be clear with cascading penalty amounts for repetitive offenders.

(viii) *Poor Communication System*

The Committee observes that the absence of an effective communication system makes it difficult for most local freight owners to have access to established ICT systems that can connect them to off-takers based within or outside of Africa. This has made it difficult for local freight operators to find meaningful business opportunities.

In view of this, the Committee recommends that an e-platform should be established with technical support from the SMART Zambia Institute where all exporters of bulk goods originating from Zambia should be linked to the platform and monitored for 50 per cent adherence of the total copper exported and other bulk goods by local freight operators.

(ix) *Establishment and Modernisation of Dry Ports*

The Committee notes that countries with sea ports disproportionately favour their own transport operators over foreign transporters through preferential clauses within their respective legislations, which negatively affect Zambian transporters with no sea port.

The Committee urges the Government to make necessary arrangements to establish and modernise dry ports in Walvis Bay in Namibia, Mtwara Dry Port in Tanzania, Durban, and along all the trade corridor developments that the Zambian

Government has acceded to, for enhancement of back loading business opportunities for Zambian freight operators.

(x) *Weak Monitoring of Investment Pledges*

The Committee observes that one of the reasons why local road freight transporters face a lot of competition is due to the weak monitoring of investment pledges which allows foreign investors to venture into business lines they are not initially intended to operate in such as road freight transport.

The Committee therefore recommends that the Government through Zambia Development Agency urgently establishes a systematic procedure of monitoring foreign investment pledges through periodic reviews of business investments in Zambia using a digital platform.

(xi) *Digitalisation of Borders*

The Committee observes that whilst the creation of one-stop-border posts has drastically reduced the traffic at some border posts, more could be done in the clearing procedures to eliminate huddles that cause delays in the clearance procedures.

In view of this, the Committee recommends that the Government take measures to integrate the systems at border posts which will help in eliminating bureaucratic processes to streamline border crossings in order to reduce delays, and improve business efficiency. It also recommends that Government undertakes the simplification of regulations for local road freight operators to avoid delays which adds to the cost of doing business, thereby, making the sector uncompetitive for local transporters.

(xii) *Dilapidation and Warping of Roads*

The Committee notes with concern, the high levels of road dilapidation and warping on a number of checkpoints resulting in delays and cost of business for road freight operators by extending their turnaround time.

The Committee recommends that the Government should ensure that all checkpoints across the country are reinforced with concrete road structure with enough parking spaces for vehicles that are pulled over. Further, the Committee recommends that all enforcement entities that set up checkpoints should have one road block as opposed to the practice of having several checkpoints for different enforcement entities within a district. Where necessary, the Zambia Police, Zambia National Service, Immigration and RATSA should have one designated check point only, where the road is reinforced. For any other enforcement, motorised patrols and smart cameras mounted along the roads should be the mode of monitoring adherence of traffic regulations.

(xiii) *Financing Mechanisms for Road Freight Transporters in Zambia*

The Committee notes that the current financing facilities for road freight transporters, such as Public Service Micro Finance Company (PSMFC), and CEEC are not sufficiently impactful for local transporters to boost their businesses due to high capital outlays.

In view of this, the Committee recommends that the Government should consider coming up with a special facility for local transporters and conduct further research to improve the effectiveness of existing loan facilities for profitable road freight business operations.

(xiv) *High Toll Fees for Trucks*

The Committee in agreeing with stakeholders concerns, observes that the proposed 67 per cent increase in tolls for trucks with more than four axles, and abnormal load trucks in the 2024 National Budget will negatively impact local transporters, since 63 per cent of all tolls collected comes from trucks.

In light of this, the Committee urges the Government to devise mechanisms that will protect local road freight operators from increased operating expenses and recommends that only a limited number of toll gates with reasonable prices along the PPP-financed roadways are put in place.

(xv) *High Insurance Rates for Copper Haulage*

The Committee notes that start-up road freight operators struggle to find business opportunities for long distance haulage due to limited capacity to meet initial capital demands. For instance, insurance requirement for haulage of copper from the Zambian mines is US \$ 30,000, which is way above the capacity of most local freight transporters.

The Committee recommends that the Government should encourage intermodal integration between road, rail, and other transport modes for flexible freight management in line with the aspirations of the 2019 National Transport Policy of making Zambia a transport hub. This will open up new business prospects for small and struggling road freight businesses by providing last-mile delivery, increasing supply chain efficiency and service reliability. Further, the Government should engage the insurance companies to find a solution to the stalemate between local transporters and copper off takers regarding the required insurance of US \$30,000 in order to engage in copper transportation especially for start-up freight operators.

(xvii) *High Number of Accidents*

The Committee notes with concern, a high number of accidents between Serenje and Chinsali districts involving trucks, partly due to the narrowness of the road and partly due to the levels of dilapidation in other points along the stretch. This is also exacerbated by lack of toll trucks along the stretch from Kapiri-Mposhi to Nakonde, which has been resulting in roads being blocked by trucks involved in accidents, further posing a danger to other road users.

In view of this, the Committee recommends that the Government extends the road construction that has started from Nakonde to reach Serenje district. Further, there is need to, as a matter of urgency to procure at least two toll trucks along the stretch to be removing the accident damaged trucks that were blocking the road and left on the road for a long time, as RATSA was only improvising with chains to remove accident damaged trucks from the road.

PART II

3.0 CONSIDERATION OF THE ACTION-TAKEN REPORT ON THE REPORT OF THE COMMITTEE ON TRANSPORT, WORKS AND SUPPLY FOR THE FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

3.1 OPERATIONS AND MANAGEMENT OF ZAMBIA AIRWAYS – CHALLENGES AND OPPORTUNITIES

3.1.1 Tedious Aircraft Registration Processes

The Committee in the Previous Session had recommended that registration of aircrafts acquired through the lease agreement, be streamlined to enable expedient registration. In addition, the Zambia Civil Aviation Authority and Ministry of Transport and Logistics were requested to speed up the regulatory requirements between Ethiopia and Zambia by engaging their counterparts on streamlining regulatory requirements.

In the Action-Taken Report, the Government submitted that the Ministry of Transport and Logistics followed five steps through the Civil Aviation Authority (CAA) registration of Aircrafts, namely: (1) Aircraft Type Acceptance, (2) Aircraft Type Training, (3) Aircraft Maintenance Organisation Approval, (4) Aircraft Inspection and Documentation Review and (5) Aircraft Registration.

The Zambia Airways had so far attempted to import three Boeing 737 Next Generation Aircraft from Ethiopia. The first was a B737-800 Aircraft ET-APK, Serial Number 40964, whose documentation review was concluded by the CAA on 29th August, 2019. However, the Zambia Airways opted not to bring the aircraft to Zambia for aircraft inspection and subsequent aircraft registration.

The second was a B737-700 Aircraft ET-ALK, Serial Number 33764, whose aircraft inspection and documentation reviews were concluded by the CAA on 25th May, 2023. Zambia Airways again opted not to bring the aircraft to Zambia for aircraft registration and no lease agreement was signed in respect of that aircraft.

The third was a B737-800 Aircraft ET-APF Serial Number 40961, for which Zambia Airways was -making arrangements for aircraft inspection and documentation review by the CAA starting from 15th September, 2023.

Furthermore, the delays in the registration of aircrafts including the B737 were not due to unstreamlined regulatory requirements between Ethiopia and Zambia. The process did not involve any interaction between the two aeronautical authorities other than the issuance of a Certificate of De-registration by the Ethiopian Civil Aviation Authority to the Zambia Civil Aviation Authority, which Zambia Airways and Ethiopian Airlines had so far not requested.

Committee's Observations and Recommendations

The Committee notes the response and urges the Government through the Industrial Development Corporation (IDC) to ensure that aircrafts whose documentation review was concluded by the CAA are promptly deregistered from the Ethiopian Airlines and registered under Zambia Airlines. The Committee further urges the Government through IDC to give a

proper account on why the three aircrafts whose documentation reviews are concluded by the CAA are not brought to Zambia for Aircraft Registration under Zambia Airways. The Committee will await a progress report on the matter.

3.12 Inadequate Local Capacity to Support the Operations of Zambia Airways

The Committee in the Previous Session had recommended that the operations of the Zambia Air Services Training Institute (ZASTI) in training pilots and aircraft engineers be revamped. That should be done by providing necessary funding to the Institution to eliminate the expert support cost, which stood at US\$960,000 per annum in the first two years of the contract and at US\$ 1,200 million per annum, in the subsequent three years of the contract.

In the Action-Taken Report, the Government submitted that Government through the European Union Aviation Sector Support Programme II had commenced the process of building capacity of ZASTI to offer several aviation trainings.

Further, the Government through the Ministry of Transport and Logistics had made a policy decision to transfer ZASTI to the CAA in order to improve the management of the Training School in line with international best practices. Therefore, once the transfer processes was finalised, the Ministry of Transport and Logistics would engage the Ministry of Finance and National Planning to help provide the necessary resources to revamp ZASTI operations, thereby, enabling it to train pilots, and other aviation professionals effectively.

Committee's Observations and Recommendations

The Committee notes the policy decision to transfer ZASTI to the CAA in order to improve the management of the Training School in line with international best practices. The Committee resolves to await a progress report on the matter.

3.1.3 Skewed Contract in Favour of Ethiopian Airlines and Prohibitive to Zambia Airways

The Committee in the Previous Session had observed that the expert agreement represented a skewed contract in favour of Ethiopian Airlines and prohibitive to Zambia Airways and recommended that:

- a. the contractual terms be renegotiated to represent the partnership fair share of contributions by the two parties; and
- b. when renegotiating the terms of the partnership, there should be wider consultation by the Zambian Government, especially with the local aviation experts with traceable record in the aviation industry, as well as experts from ZASTI.

In the Action-Taken Report, the Government submitted as follows:

a. Contractual terms of Expert Agreement

Due to the limited expertise in airline operations at the time of establishing Zambia Airways, it was agreed, as part of the partnership agreement, for Zambia Airways to outsource expertise and technical capacity from Ethiopian Airlines through an Expertise Support Agreement.

However, following the operationalisation of Zambia Airways, the Board of Zambia Airways identified some of the shortcomings in the Expertise Support Agreement. Accordingly, those matters had been brought to the attention of Ethiopian Airlines to renegotiate the terms and structure of the Agreement and ensure the services rendered were commensurate to the fees charged. The engagements with ET were still on-going.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the matter.

3.1.6 Renovation of Chipata Airport

The Committee in the Previous Session had recommended that Chipata Airport be prioritised for upgrade to commercially acceptable levels.

In the Action-Taken Report, the Government submitted that for the period 2022 to 2026, Kasama, Solwezi, Mongu, Mansa and Mbala Airports had been prioritised for rehabilitation and upgrade, whereas Kasaba Bay and Choma Aerodromes would be prioritised for construction. Once works on the prioritised aerodromes were completed, the Government would consider upgrading of Chipata Airport.

Committee's Observations and Recommendations

In noting the response, the Committee is of the view that erecting the parameter fence to make it safe for commercial aircrafts to land and patching up the runway to make it usable might not need to wait after all other priority airports were done as this is the only way that commercial flights might consider landing at Chipata Airport. In view of this, the Committee urges the Executive to reconsider prioritising the renovation of the runway and parameter fence at Chipata Airport. The Committee will await a progress report on the matter.

3.1.7 Need to Involve Zambia National Service in more Engineering works in preference to Foreign Contractors

The Committee in the Previous Session had urged the Government to build capacity for the Zambia National Service (ZNS) engineers to take on more works as opposed to limiting them to doing rural roads.

In the Action-Taken Report, the Government submitted that ZNS had been engaged in the construction of various civil engineering projects over the years. It had been identified by the Government to help in infrastructure development in rural areas to foster socio-economic growth.

In order to build capacity for ZNS, the following issues need to be taken into consideration:

- (i) to form joint ventures with already established multi-national construction companies and engineering institutions for the purpose of technology transfer in various engineering fields;
- (ii) design a programme of sending eligible officers abroad for both long and short term courses to countries with advanced technology in road construction;
- (iii) design a programme of training engineering and artisans locally through long and short term courses;

- (iv) procurement of specialised equipment for material testing, bridge construction, asphalt machine for construction of bituminous road; and
- (v) recruitment of more skilled artisans.

The ZNShad faced challenges such as lack of enough asphalt machines, specialised equipment for bridge construction and material testing equipment.

Further, ZNS was a strategic institution, which could be used as a force for national development for socio-economic development through infrastructure development at a reduced cost. That could only be achieved if ZNS was adequately equipped with qualified engineers, specialised equipment and given more works to do in order to gain experience.

Committee's Observations and Recommendations

In noting the response, the Committee urges the Ministry of Defence to engage the Treasury to support ZNS through formation of joint ventures with already established multinational construction company to enable skills transfer. Further, the Committee also urges the Ministry of Defence to set aside funds for specialised training in countries with advanced technology in road construction and other infrastructural building. The Committee furthermore urges the Executive to ensure that adequate machinery is procured for ZNS to take up roles of constructing tarred roads in urban areas similar to the quality of the runway they constructed at the Kasama Airport. The Committee, therefore, urges the Executive to ensure that training and skilled development in practical engineering be prioritised for ZNS to take up high value commercial contracts. The Committee will await a progress report on the matter.

3.2 Implementation of the Road Tolling in Zambia

3.2.1 Observed Congestion at Shimabala and Wilson MofyaChakulya Toll Plazas

The Committee in the Previous Session had urged the Executive to provide timeframes within which the assessments would be undertaken at the toll plazas, and when the works to widen the receiving lanes at toll plazas would possibly commence. The Committee resolved to await a progress report on the matter.

In the Action-Taken Report, the Government submitted that a joint capacity assessment of selected toll stations was conducted in May 2021 by the Road Development Agency (RDA) and the National Road Fund Agency (NRFA). The assessment revealed that the Shimabala Toll Station had exceeded its peak design capacity and, therefore, needed to be expanded to accommodate the increased traffic. The RDA was, therefore, reviewing the process for the expansion of the Shimabala Toll Station with possible inclusion in the 2024 Road Sector Annual Work Plan.

The existing infrastructure at Wilson Mofya Chakulya Toll Station was able to handle the current traffic volumes and the NRFA ensured that all staff adhered to the prescribed processing time set in the Standard Operating Procedures (SOP).

Committee's Observations and Recommendations

The Committee takes note of the response and awaits a progress report on expansion works on the Shimabala Toll Station.

3.2.2 Upgrading of the Mpongwe toll facility

The Committee in the Previous Session had resolved to await a progress report after noting that the RDA had undertaken an assessment of the Mpongwe Toll Facility and prepared a cost estimate for the required upgrade works at the sum of ZMW 4.9 million..

In the Action-Taken Report, the Government reported that funds for the upgrade of the Mpongwe Toll Facility were released to RDA on 17th May, 2023 to facilitate commencement of upgrade works of the toll facility. The works to upgrade the Mpongwe Toll Facility were expected to commence soon.

Committee's Observations and Recommendations

The Committee notes that the funds for the upgrade of Mpongwe Toll Facility have been released and resolves to await a progress report on when the works to upgrade the facility would commence.

3.2.3 Installing the NECOR System on All its Toll Facilities

The Committee in the Previous Session had urged the Executive to identify the suitable standardised inland road electronic tolling system that would be deployed on the existing twenty-seven toll plazas within the Second Session of the Thirteenth National Assembly. The Committee resolved to await a progress report on the matter.

In the Action-Taken Report, the Government submitted that a standardised inland tolling system was identified. The contract had since been awarded to a vendor and deployment of the system was scheduled to commence soon.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report on the deployment of the identified standardised inland tolling system.

3.2.4 Stakeholders Meetings held in Ndola, Kitwe and Chingola

The Committee held stakeholder meetings in Ndola, Kitwe, and Chingola and made the observations and recommendations outlined below.

a) Prioritising the Repair of Chibuluma Road in Kitwe and Access Road to TAZAMA Oil

The Committee in the Previous Session had resolved to await a progress report on the rehabilitation of the Chibuluma Road and works on the road to TAZAMA Oil Company and the Independence Roads in Kitwe.

Executive's Response

In the Action-Taken Report, the Government submitted that the initial procurement process to engage a contractor to undertake the works on the Chibuluma Road was cancelled in view of the high bid sum against the available funds. Works for Chibuluma Road had commenced. The works on the road to TAZAMA Oil Company still awaited availability of funds.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report on the matter.

3.2.5 Harmonising Article 147(2) Annex 'C' of the Constitution and the Road Tolling Act, No. 14 of 2011

The Committee in the Previous Session had been highly concerned with the response which had not provided the timeframes during which consultations would be concluded regarding the conflicting legal provisions. The Committee in this regard, had urged the Executive to provide the required clarification.

In the Action-Taken Report, the Executive submitted that RDA, being the custodian of the Tolls Act had been engaged to seek interpretation from the Attorney General's Chambers on the conflicting functions under Article 147 (2) annex "C" of the *Constitution of Zambia (Amendment), Act No. 2 of 2016 and Tolls Act, No. 14 of 2011*.

Committee's Observations and Recommendations

In light of the apparent conflict with the *Tolls Act, No. 14 of 2011*, the Committee notes the response and resolves to wait a progress report

3.2.6 Private Vehicles Pirating as Public Service Vehicles

The Committee in the Previous Session had resolved to await a progress report on the SI that would regulate the use of private hire taxis for carriage of passengers.

In the Action-Taken Report, the Government submitted that the revised Statutory Instrument had since been submitted to the Ministry of Justice for review and clearance before it comes into effect.

Committee's Observations and Recommendations

The Committee notes the submission and will await a progress report on the matter.

3.2.7 Ndola/Mufulira Road

The Committee in the Previous Session had resolved to await a progress report on the upgrade of the Ndola/Mufulira Road.

Executive's Response

In the Action-Taken Report the Government submitted that an unsolicited proposal was submitted by the Private Party to upgrade Sakania Border Post; Ndola to Mufulira road 17kilometre from Levy Mwanawasa Stadium Round About to Sakania; and a 1kilometre access road from Ndola Mufulira Road to Sakania Border Post as well as Ndola Mufurila Road as a Negative Grant (to be rehabilitated for free).

The approval of the unsolicited proposal was granted by the PPP council for the contracting authority to proceed with the issuance of the call for competing proposals. Following the issuance of the competing proposal, the procurement process was undertaken and the preferred bidder was awarded in line with Section 42 (12)(b) of the *Public Private Partnership Act, No. 14 of 2009*, as amended.

Currently, negotiations for the Concession Agreement for the project were ongoing. The Concession Agreement was signed by both parties and the financial close was attained by the concessionaire. Further, works on the road project were expected to commence once the negotiations were completed.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the matter.

3.2.8 Tour Visit to Mokambo and Kasumbalesa Border Controls

a) State of the Mufulira/Mokambo Road

The Committee in the Previous Session had noted the need for the Government to provide timeframes for the short-term and long-term interventions in making the road passable. The Committee awaited a progress report on the matter.

In the Action-Taken Report, the Government submitted that the Concession Agreement for the Chingola to Kasumbalesa Road project leading to Kasumbalesa Border Post was signed on 31st October, 2022. The preliminary construction works on the project had commenced. The major works on the road would be undertaken once the Concessionaire attained financial closure.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report.

b) Road Expansion at Mokambo

The Committee in the Previous Session had noted the response and resolved to await a progress report on the matter.

In the Action-Taken Report, the Government submitted that engagement with Mopani Mine was still in the process. Further, it was worth noting that the road in question was earmarked for rehabilitation using the PPP model.

Committee's Observations and Recommendations

The Committee observes with concern the delay in commencing the road works due to various reasons provided in the past two years. The Committee is of the view that the road in its state is a death trap as it is prone to accidents due to the levels of dilapidation. The Committee urges the Government to carry out maintenance works as the PPP model of financing is being awaited. The Committee resolves to await a progress report on the matter.

3.2.9 Encroachment of the Parking Space on the Zambian Side

The Committee in the Previous Session had resolved to await a progress report on the matter.

Executive's Response

In the Action-Taken Report, the Government submitted that a joint meeting was held with the Congolese authorities regarding the encroachment of land at the boundaries along Kasumbalesa. It was agreed that there was need for additional pillars to be put in place to ensure that the lines were clearer. In that regard, a joint work plan had been developed and a

Technical Team of Experts from Zambia was scheduled to meet its Congolese counterpart in Pweto, Congo. The agenda for the meeting would include, among other matters, the following:

- (i) replacement of beacons at Mokambo;
- (ii) opening up the boundary at North Swaka and Mkushi Head Water Forest Reserves; and
- (iii) defining the border lines at Kipindi Mountain Range and also agree on the dates when a joint team would start putting the new pillars at Kasumbalesa and other portions.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report on the matter.

3.3 Participation of Local Contractors in the Zambian Construction Industry Opportunities and Challenges

3.3.1 Broad-Based Economic Empowerment

The Committee in the Previous Session had resolved to await a progress report on the Bill to amend the *Citizen Economic Empowerment Act, No. 9 of 2006*, that was expected to be enacted in the third quarter of 2023.

In the Action-Taken Report, the Government responded that the Government through the Ministry of Small and Medium Enterprises Development had finalised consultations with the relevant stakeholders and was in the process of analysing the comments and developing a Cabinet Memorandum to seek Cabinet Approval in principal to amend the Act.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report on the matter.

3.3.2 Availability and Adequacy of Training Programmes

The Committee in the Previous Session had resolved to await a progress report on the matter.

In the Action-Taken Report, the Executive reported that the review process of the *Technical Education, Vocational and Entrepreneurship Training Act, No. 13 of 1998*, had advanced. The Ministry just completed the drafting of the Bill and would in the fourth quarter commence stakeholder consultations.

Committee's Observations and Recommendations

In noting the submission, the Committee resolves to await a progress report.

3.3.3 Adequacy of Legal and Policy framework

The Committee in the Previous Session had urged the Executive collectively to ensure that the 20 per cent Subcontracting Policy was given a legal backing in order to enhance enforcement.

In the Action-Taken Report, the Executive reported that a Statutory Instrument had been submitted to the Ministry of Justice and continuous efforts would be made to actively seek updates on the issue and hasten its finalisation.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the matter.

3.3.4 20 Per Cent Subcontracting

The Committee in the Previous Session had resolved to await a progress report.

Executive's Response

In the Action-Taken Report, the Executive submitted that the response from the Ministry of Justice on the submitted final draft Statutory Instrument (Regulations) on Subcontracting and Joint Ventures was still being awaited. Active follow ups would continue to be made on the matter to ensure that it was expeditiously finalised.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report.

3.3.5 Poor Professional Ethics

The Committee in the Previous Session had resolved to await a progress report on the review of Statutory Instrument No. 119 of 2008, which was the Code of Conduct that was expected to be launched in the second quarter of 2023, once the Ministry of Justice completed the final drafting.

In the Action-Taken Report, the Government reported that a draft Statutory Instrument was submitted to Ministry of Justice and active follow ups would continue to be made on the matter to ensure that it was expeditiously finalised.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Executive to ensure that the Ministry of Justice expeditiously completes the drafting of the SI so that the review process commences promptly.

3.4 The Water Transport System in Zambia

3.4.1 Institutional Framework

The Committee in the Previous Session had resolved to await a progress report on the matter.

In the Action-Taken Report, the Government submitted that in second quarter of 2022, Cabinet approved the Sector Devolution Plan (SDP) for Maritime and Inland Waterways functions. In the first quarter of 2023, Cabinet Office gave the Ministry a go ahead to begin the process of transferring the assets and human resources from the Ministry of Transport and Logistics to local authorities.

To that effect, the Ministry had constituted a Special Committee of Survey to facilitate the transfer of the assets and human resource to local authorities and ZAMPOST. The Special

Committee of Survey was in the process of undertaking a valuation exercise to ensure smooth transfer of assets to local authorities. Once the transfer to local authorities was finalised, the structure of the department would be realigned to match its new mandate of offering policy and regulatory oversight in the sub-sector.

Further, the Ministry of Transport and Logistics had commenced the process of transferring the budget lines for the devolving functions and had embarked on sensitisation exercises with local authorities on the budgeting process. The transfer of resources would be done during the 2024-2026 Medium Term Expenditure Frame Work (MTEF) budgeting process.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report on the matter.

3.4.2 Pontoon Services

The Committee in the Previous Session resolved to await a progress report on the matter.

Executive's Response

In the Action-Taken Report, the Executive submitted that:

- a. Luombwa Pontoon was still not operational because Treasury Authority to employ workers to operate the Pontoon had not yet been granted. That needed to change and point towards Decentralisation;
- b. Luangwa Pontoon was still not operational. An application for a Landing Permit to operate on the Zimbabwean side was submitted but the Zimbabwean Authorities had not yet granted the Landing Permit; and
- c. Lunga and Lubungu Pontoons: The procurement processes had not been concluded yet. As such, rehabilitation of the Lunga and Lubungu Pontoons was yet to commence.

Further, Luombwa, Lunga and Lubungu Pontoons were being devolved to the local authorities.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Government to expedite the devolution of the Luombwa, Lunga and Lubungu Pontoons to local authorities. In addition, the Committee urges the Executive to expedite the rehabilitation and procurement of the Lunga and Lubungu pontoons. The Committee resolves to await a progress report on the matter.

3.4.3 Meteorological Services

The Committee in the Previous Session had resolved to await a progress report on the matter.

In the Action-Taken Report, the Government submitted that the Campbell Scientific was awarded and signed the contract with the Government to supply and install 120 automatic weather stations across the country. However, as at 31st July, 2023, sixty automatic weather stations were installed in sixty districts. The installation in the remaining fifty-three districts and water bodies was expected to be completed soon.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report on the installation of remaining fifty three automatic weather stations.

3.4.4 Insurance of Water Vessels

The Committee in the Previous Session had reiterated its earlier position and resolved to await a progress report on the matter.

In the Action-Taken Report, the Government submitted that the Maritime Bill was still under review and would include mandatory requirements to insure water vessels.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report on the insurance of water vessels.

3.4.5 Underdevelopment of Mpulungu Harbour

The Committee in the Previous Session had resolved to await a progress report on the matter.

In the Action-Taken Report, the Government responded that the transaction advisor completed the environmental and social impact assessment. However, The African Development Bank Group (AFDB) and the Development Bank of Southern Africa (DBSA) currently did not have an open window for financing the Mpulungu Port Development Project. In that regard, the Ministry was in the process of inviting expressions of interests (EOIs) to developers that could have financial capabilities to invest in the Mpulungu Harbour using the PPP model.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the efforts to find a private developer willing to make an investment in the Mpulungu Harbour.

4.0 CONCLUSION

Arising from the interactions with stakeholders as well as tours, it is noted that Zambia's freight transport policy and legislative framework demonstrates remarkable features, including a comprehensive approach and responsiveness to changing circumstances. However, there are certain areas for improvement, such as explicit environmental provisions and regular assessments of old Acts.

Further, despite the dominance of locally owned trucks in cross-border freight transportation, exports by value remained low at 30 per cent due to obstacles such as increased business costs, highway congestion, and the need for research and development in the intelligent transportation system. Addressing these difficulties will necessitate cost reductions, infrastructural improvements, and increased research and development.

From the business operational view, local freight transporters confront considerable hurdles, including lack of capital, inadequate infrastructure, and cross-border tax issues. However, there are chances for leveraging local expertise, employing financial support programmes, and profiting on international transportation agreements. To increase local participation and competitiveness, targeted financial assistance, infrastructure development, simplified licensing procedures, technology adoption incentives, and on going regulatory monitoring are required. Implementing these measures would help Zambia's domestic freight transport business to grow and become more competitive. It is the hope of the Committee that the issues raised in the Report will be considered by the Executive.

A handwritten signature in blue ink, consisting of stylized initials 'MM' followed by a horizontal line and a circular flourish.

Mr Mubika Mubika, MP
CHAIRPERSON

June 2024
LUSAKA

APPENDIX I - List of National Assembly Officials

Mr Stephen Chiwota, Director (Financial Committees)
Mrs Angela M Banda, Deputy Director (Financial Committees)
Ms Chitalu R Mulenga, Senior Committee Clerk (FC2)
Mr Darius Kunda, Acting Senior Committee Clerk
Mrs Vivian M Banda, Administrative Assistant
Ms Eneless Njobvu, Administrative Assistant
Mr Daniel Lupiya, Committee Assistant
Mr Peter Mayaka, Parliamentary Messenger

APPENDIX II

List of Witnesses

Industrial Development Corporation
Ministry of Commerce, Trade and Industry
Ministry of Finance and National Planning
Ministry of Infrastructure, Housing and Urban Development
Ministry of Transport and Logistics
Policy Monitoring and Research Centre
Road Development Agency
Road Transport and Safety Agency
The University of Zambia, School of Engineering
Truckers Association of Zambia
Zambia Department of Immigration
Zambia Development Agency
Zambia Institute for Policy Analysis and Research
Zambia Public Procurement Authority
Zambia Revenue Authority
Zambia Statistics Agency