

TUESDAY, 20 MARCH, 2018

MINISTERIAL STATEMENT

**FINANCIAL AND ECONOMIC ASPECTS OF THE NEW KENNETH KAUNDA
INTERNATIONAL AIRPORT**

The Minister of Housing and Infrastructure Development (Mr Chitotela)

Mr Speaker, I want to thank you for giving me an opportunity to issue a statement on the financial and economic aspects of the Kenneth Kaunda International Airport (KKIA). This follows a directive by the hon. Speaker that I should issue a ministerial statement on the same.

Sir, early this month, I stood on the Floor of this House to deliver a ministerial statement on the progress made in the construction of the KKIA. The statement was meant to update the House and the nation, on the milestones that have been achieved under this project to date.

Mr Speaker, following my statement, I was requested by the House, through you, to come and render a statement to address the financial and economic aspect of the project. It is therefore, from this premise that I stand here before this august House.

Sir, as I have informed House before, the Government engaged China Jiangxi Corporation for International and Technical Co-operation Zambia Limited to design and construct the new international airport infrastructure. The contracts came into force on 10th March, 2015 while the construction started on 1st April, 2015.

Mr Speaker, China Jiangxi was given the responsibility to produce the layout designs for the airport facilities which include the presidential pavilion, new passenger terminal, the commercial complex, airport shopping mall, office park, new warehousing facilities and the rehabilitation and convention of the existing terminal into a new one to cater for domestic flights.

Sir, I felt that it was important to highlight the key facilities that will come with the new airport so as to explain the total cost of US \$360 million for the design and construction of the new airport facilities.

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Mr Speaker, as the House may recall, the funds were provided by the Exim Bank of China through the established procedures. Due to the huge task at hand, the main contractors sought the services of other sub-contractors to assist in the execution of the work. The sub-contractors of the project are as follows:

- (a) Lusaka Water and Sewerage Company Limited;
- (b) Zulu Development Consulting Limited;
- (c) Zambia Electricity Supply Corporation (ZESCO);
- (d) Asphalt Roads Zambia Limited;
- (e) Zambia Telecommunications Limited (ZAMTEL);
- (f) Department of Water Affairs;
- (g) Gauff Ingenieure;
- (h) Redland Technologies Limited;
- (i) Davis and Shirliff Limited;
- (j) Electrotec Engineering Limited;
- (k) China ADB;
- (l) Hunan Zhongda Designing Institute Company Limited;
- (m) Hangzhou Jinhui Steel Structure Test Project Company Limited;
- (n) China Airport Construction Group Corporation of CACC; and

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(o) NEI Investments Limited.

Mr Speaker, out of the total loan amount of US\$360 million, US\$250 million, including a US\$25 million advance payment, has been spent on various items. Amounts disbursed to each of the major subcontractors are as follows:

(a) US\$99,659.09 to the ZESCO;

(b) US\$13,229.43 to ZAMTEL; and

(c) US\$267,853.27 to NEI Investment Limited.

Sir, with regards to the terms of the loan, the maturity period for the loan facility is 240 months or twenty years with a grace period of seven years, while the loan is expected to be repaid within a period of thirteen years. Further, the applicable interest rate on the loan is 2 per cent per year while the rate applicable for the management fee is 0.25 per cent. Lastly, the rate applicable for the commitment fee is also 0.25 per cent per annum.

Mr Speaker, as we have made progress in the construction of the various facilities under the airport. The Zambia Airport Cooperation Limited will contract the services of a third party private entity to manage and operate the facilities such as the kitchen, hotel and other commercial spaces. We are glad that this project is one among many other projects that are contributing and will continue to contribute towards employment creation during and after construction. As of the end of January this year, the total number of Zambians employed on the project was 1,200. After construction, similar levels of full time employment will be created to support the operation of the main facilities I have mentioned. As evidenced by the experiences in other airports in the region, this important national asset will be a hive of economic activity and will contribute significantly to the growth of the economy.

Sir, in addition to the direct and indirect jobs that will be created across the supply chain, the following are the anticipated benefits that will accrue to our economy once the project is completed:

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- (a) increased revenue and commercial viability of the Zambia Airport Cooperation Limited with brighter prospects for growth;
- (b) contribution to human resource capacity development through learning by participation of the many of our young Zambians involved in the construction sector;
- (c) raising the profile of our aviation sector and airport standards;
- (d) promoting Zambia as a tourist destination and the growth of local tourism enterprise through increased international and domestic tourist arrivals; and
- (e) contribution to the viability and prospects of the soon to be introduced national airline.

Sir, as I conclude, this project is of significant importance to the Zambian economy in many respects. This is because the economic, commercial and social benefits far outweigh the cost of investing in the project. It is one of the projects that is poised to provide impetus towards industrialisation and transformation of Zambia into a transport hub in the region of the legacy projects which makes the Government and many of our citizens proud.

Mr Speaker, the ministry will continue to provide feedback on this and other projects as well because we are accountable to the people of Zambia.

I thank you, Sir.