

MINISTERIAL STATEMENT
BY THE
THE MINISTER OF INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT
(ENG. MILUPI), MP

Madam Speaker, I wish to thank you for this opportunity to render this ministerial statement. As you may know, the transportation sector is critical to the economic growth of any nation as it facilitates commerce and the trade of goods and services.

In this regard, the Government of the Republic of Zambia is desirous of promoting investment and participation of the private sector in the development and maintenance of the transportation logistics infrastructure in the country.

The demand for road infrastructure development in Zambia remains high while the resource envelope is not adequate to bridge the financing gap for road construction, rehabilitation and maintenance work. In order to overcome the constraints imposed by limited financial resources, the New Dawn Government intends to build or rehabilitate these high traffic roads using the Public-Private Partnership (PPP) financing model. This model is intended to provide relief fiscally by allowing the private sector to collaborate with the Government by investing in public infrastructure and receiving compensation in the form of toll fees for a set period of time called the concession period. This financing model will in turn improve infrastructure development and service delivery.

Madam Speaker, due to the conducive environment created by the New Dawn Government for the economy, the Government, on 14th February, 2022, received a proposal from the private sector for the design, financing, building, operation, maintenance and transfer of 35 km of the T3 mining transportation channel of the Chingola to Kasumbalesa on the Copperbelt Province.

Madam Speaker, following evaluations of the proposal and negotiations in line with the provisions of the Public Private Partnership Act No. 14 of 2009, as amended, the Government has agreed to enter into a concession agreement with the preferred bidder for execution of the

project on the design, finance, build, maintain, operate and transfer basis. Having established the technical, financial and legal capacity of the preferred bidder, the Government awarded the concession agreement to Messrs Turbo-Kachin Investment Consortium. Basically “Kachin” stands for Kasumbalesa/Chingola. This is an investment consortium limited referred to as the concessioner in the agreement. This is on the understanding that all the risks associated with funding mechanisms will be borne by the concessionaire itself with no assistance from the Government of the Republic of Zambia. The signing of the Chingola to Kasumbalesa concession agreement on 31st October, 2022 was an historic event for the New Dawn Government as this agreement became the first to be signed in the road sector.

Madam Speaker, the Tolls Act No. 14 of 2011 is the Act providing for the operation of roads, the charging and collection of tolls and provides for private sector participation in the tolling roads.

Madam, under Section 4 of the Tolls Act, the Road Development Agency (RDA) is mandated with the following functions:

- (a) regulate the operation and maintenance of toll roads;
- (b) monitor compliance of concessionaires and private entities with the terms and conditions of concession agreements signed;
- (c) advise the Minister of Infrastructure, Housing and Urban Development on the design, construction, safety regulations, operations and of course maintenance of toll bridges and toll roads;

In addition to the above, Section 6 of the Tolls Act provides as follows:

“(I)The Agency may on such terms and conditions as it may determine, appoint any suitable person as a toll collector for the purposes of this Act and to perform such other functions as the Agency may specify.

(2) A toll collector shall remit to the Agency any toll collected in such a manner as the Minister may prescribe.”

Madam, the above conditions clearly give the RDA the tolling functions and further allows for the appointment of various persons at law as toll collectors. In the past, those appointed have included the National Road Fund Agency (NRFA), the Zambia Revenue Authority (ZRA), and the Road Transport and Safety Agency (RTSA). However, with the coming of the PPP projects, private entities or concessionaires can now be appointed as toll collectors.

Madam Speaker, in line with the Public Finance Management Act No.1 of 2008 and the concession agreement provisions, the concessionaire shall deposit all toll fees and other revenues collected from facilities on the project highway into the escrow account to be managed by the Government through the contracting authority and the concessionaire. Under the concession agreement, the Government shall have the right to audit all accounts and records and examine all books, records, papers, reports and other documents relating to the collection and other mechanisms.

Madam Speaker, the scope of works and notable features to be done on this project will include:

- (a) rehabilitation and widening of 32 km of existing road. The cross-section to be adopted shall comprise a 3.5 m lane with a 2.5 m shoulder, 2 m of which are paved and 0.5 m is unpaved on both sides of the carriageway. This means that the carriageway is effectively 12 m;
- (b) construction of 3 km concrete dual carriageway in Kasumbalesa Town;
- (c) construction of two trucking areas and lay-bys for both north and south-bound trucks;
- (d) construction of lanes that shall allow for accommodation of traffic during construction;
- (e) re-paving of the bridge, deck, pavements and upgrade the guardrails at the two bridges, that is, the Chingola and Chitobaula bridges;
- (f) construction of one toll plaza;

- (g) construction of one Type II weighbridge with an in-motion weighing station in accordance with the Southern African Development Community (SADC) standard specifications, which cost shall be shared by the concessionaire and the Government;
- (h) land acquisition and compensation and relocation of services and utilities;
- (i) operations and maintenance;
- (j) sub-contracting during the construction period and operation and maintenance phase of the project; and
- (k) the parties have agreed to an eighteen-year concession period with a construction period of one year.

Madam Speaker, I would like to reiterate our commitment as the New Dawn Government that public infrastructure shall be at the right price, quality and timeline. This is on the understanding that all the risks associated with funding mechanisms are to be borne by the concessionaire with no assistance and at no risk to the Republic of Zambia.

Madam Speaker, the construction cost of only the 3 km concrete dual carriageway leading into Kasumbalesa and the rehabilitation of approximately 32 km of the Chingola/Kasumbalesa Road has been agreed at US\$,31,367,030.96 without taxes.

You will note that the cost per kilometer works out at US\$531,634.59 without taxes.

The kilometers for those who want to know has been worked out as follows:

- (a) 32 km from the section to be rehabilitated;
- (b) 6 km, that is the dual, the last 3 km from the section which is to be dualized in Kasumbalesa;
- (c) 14 km worked out from the widening cross section of the typical cross section is usually 6.8 m compressing of 3.4 metre lanes. However, the adopted cross section for this, is 11m with 3.5 m lanes into the 2 metres sealed shoulders. These adopted cross sectional lawn works out to be 21 km when compared to an ordinary road;

- (d) Therefore, the cost per kilometre when compared with the other similar sections works out to be US\$531,649.59. That is the total price divided by the effective total kilometres. This is way below the old price seen which was usually above a US\$1. In certain case, US\$1.2 or US\$1.4 per kilometre and that is with all risks being born by the Government.

Madam Speaker, truly, the New Dawn Government is undertaking the road infrastructure at the right price, quality and timeline. Again, this on the understanding that risks associated with funding mechanism are to be borne by the concessionaire with no recourse or risk to the Government of the Republic of Zambia.

Madam Speaker, this brings me to one of the fundamental questions on the people's minds. What benefits does this project bring to the ordinary Zambian and indeed, to the country? The answer lies in the uniqueness of the road section. This section connects the continent, region and domestic corridors to the world. Once rehabilitated, I have no doubt that citizens in the region's social and economic status shall be uplifted.

Madam Speaker, some specific benefits of rehabilitating this project include the following:

- (a) travel times will improve between the town of Kasumbalesa and Chingola;
- (b) decongestion of traffic at Kasumbalesa border post where long queues have become the norm;
- (c) queues will reduce as some trucks will be parked in the two trucking areas with a combined capacity of 300 trucks being built as part of the project scope;
- (d) our citizens for the project will benefit from the traffic volumes that will be generated from the rehabilitated roads; and
- (e) the development of the project will serve as a spring board for the various youths on the Copperbelt as it will result in the creation of many jobs in the project areas during the construction period, as well as during the operation in maintenance phase of the project. This demonstrates the New Dawn Government's commitment and its conviction that the private sector is critical to the economic transformation agenda.

I thank you, Madam Speaker.
