

**MINISTERIAL STATEMENT**  
**ON THE**  
**THE STATUS OF CONTRACTS FOR**  
**REHABILITATION OF FEEDER ROADS IN ZAMBIA**  
**BY THE**  
**MINISTER OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT (MR**  
**NKOMBO), MP**

Madam Speaker, as a result of the several questions that have been coming on the Floor of this House regarding the contracts for feeder roads and unending questions, you directed me to come to this House and give a comprehensive statement.

Therefore, let me begin by expressing my gratitude for the opportunity that you have presented to me and the ministry to present this ministerial statement regarding the status of the contracts for the rehabilitation of feeder roads that have been implemented by the Ministry of Local Government and Rural Development that I privileged to superintend over.

Madam Speaker, the ministry is charged with among many things the responsibility of facilitating the construction, rehabilitation and maintenance of feeder or rural roads in the Country that are in the jurisdiction of local authorities. Hon. Members of this House will agree that feeder roads create a vital link for delivering social and economic services particularly to rural communities and significantly contribute to inclusive economic growth of our country. For this reason, Government remains resolute in its commitment to developing the feeder roads network in the country. However, the Government can only deliver feeder roads within the available resources to avoid causing distortions in the economy. Therefore, it becomes prudent that contracts management and compliance to the Public Procurement Act are very paramount.

Madam, in an endeavor to improve rural road connectivity, the Ministry fo Local Government and Housing then, between 2014 and 2021 has it transformed to the Ministry of Ministry of Local Government and Rural Development procured 240 feeder road contracts to rehabilitate approximately 9,436.05 km of feeder roads. This amounted to K12,913,458,980.82 in terms of

contract values. You may wish to note that these contracts, in some instances, included crossing points, small bridges and other road infrastructure.

Madam Speaker, as at December 2022, the total certified works of the contracts were valued at K4,231,524,386.36. I wish to state that the total budget allocation for the Ministry of Local Government and Rural Development from 2014 to 2021 was K1. 94 billion broken down as follows:

<b>Year</b>	<b>Budgeted Amount for MLGRD</b>
	<b>K' Million</b>
2014	369.62
2015	259.55
2016	315.41
2017	260.00
2018	260.00
2019	150.42
2020	204.21
2021	119.83
<b>Total</b>	<b>1,939.04</b>

This is against a procured amount K12.9 billion.

Madam Speaker, despite the clearly stated budget for the feeder roads, Government went ahead and procured works beyond the available resources as I have just demonstrated. The procurement was done through both open and selective tendering.

Madam Speaker, given the position I have highlighted, it became apparent that Government could not sustain this level of commitment based on the Annual Budget allocations that was ring-fenced year by year by the appropriated monies through the various appropriation Act in these years. This resulted in increased Government debt to contractors compounded by interests

accruing on the outstanding debt. The ministry, therefore, needed to put in measures to curb the growth of the debt associated with feeder road contracts.

Madam Speaker, in so doing, the ministry obtained the services of an Independent Consulting Engineer from the Association of Consulting Engineers of Zambia to undertake an exercise of audit which included terms of reference as follows:

- (a) Review the procurement process followed to contract out the 240 contracts;
- (b) Assess the status of all contracts at 80 per cent completion and above, to explore the most effective way to bring these contracts to closure;
- (c) Assess contracts at levels of completion between 40 per cent and 80 per cent with a view to re-scoping or down-sizing and promoting them to the above 80per cent bracket;
- (d) Assess contracts between 20 per cent and 40 per cent completion with a view to negotiating suspension and re-alignment to the 2022 - 2023 Work plans. These contracts would be re-tendered after the first right of refusal is given to their current holders;
- (e) Assess contracts between 1 per cent and 20per cent execution with a view to negotiating termination; and
- (f) Discuss with Provincial Local Authority Engineers with a view to establishing the criticality of certain works to the Communities being served.

Madam Speaker, based on the findings, the consultant made the following recommendations:

- (a) Termination of projects with certification of 20per cent and below, most of which would be at the mobilization stage and not much physical progress in terms of work had been recorded;

- (b) For projects with certification between 20per cent and 40per cent, the ministry to either negotiate amendments to the contracts to include a suspension close or to terminate the contracts altogether. The objective would be to permit the ministry to source funds for projects in subsequent Annual Plans;
- (c) For projects with certification between 41per cent and 80per cent, the ministry to consider completion of the projects but with a reduced scope for the remaining works; and
- (d) The Ministry to consider completing projects with over 80per cent certification as the implementation of such projects would be at an advanced stage.

Madam Speaker, I would like to remind the House that at the time when the ministry contracted *Zulu Burrow* Independent Consulting Engineers who provide the services pro bono there was an outcry from your left-hand side who did not find it a good and plausible way to proceed as most of them who were concerned thought that we were spending money and it would have been money going to waste. Some of them even asked as to how we managed to find and appoint this Independent Consultant without any tendering procedure. I wish to emphasis here and now that this service was given pro bono by Zulu Burrow Independent Consulting Engineers

Madam Speaker, following the report by the Independent Consultant, the ministry decided to:

- (a) terminate all non-performing contracts, and
- (b) not to renew all the expiring contracts.

Madam Speaker, we waited for the latter, for the contracts to do their time after which we were unavailable to renew them and therefore, they ceased to exist. With that in Mind, the ministry embarked on the initial step of terminating a number of contracts country wide by issuing a notice of contract termination to the contractors whose contracts were due for termination. This

was to effectively manage the over commitment and the debt that was accrued by those who were there before us.

Madam Speaker, I wish to inform this House that as at December, 2022:

- (a) My Ministry terminated a total of 197 out of 240 contracts;
- (b) The total Length of feeder roads under the terminated contracts is approximately 7,685.35KMs
- (c) The terminated Contracts are valued at K10,448,310,915.14;
- (d) Out of the total certified amount of K4,231,524,386.36, The certified works for the terminated contracts are estimated at K2,942,800,537.41; and
- (e) Of the certified amount, the total amount paid before notice of termination was K1,875,997,600.63.

Madam Speaker, arising from the foregoing, the hon. Members may wish to note that the 43 contracts that have not been terminated have since expired. These contracts are valued at K2,465,148,065.68 and were to facilitate works on 1,750.70km of feeder roads.

Madam Speaker, it should be noted that the 240 contractors have been requested to submit final accounts and this process is ongoing. I wish to state that the final value of owed amounts to the contractors will be determined once all final accounts have been received and reviewed in collaboration with the National Road Fund Agency.

Madam, I also wish to state that there are a number of contracts terminated and expired that are before the investigative wing of Government to check how they were procured, how much work was done and most of all which applies to most of the contracts, how much work was done

against the advance payment. I wanted to make this very clear than, that in most of these contracts money had been paid even before any work was done.

Madam Speaker, having said so, having these contracts terminated, my ministry is cognisant of the fact that some selected areas may require emergency works to be undertaken to provide accessibility and connectivity especially now that we have had above normal rainfall and torrential rains. We are also expecting the typhoon in this region which brings the need to be more alert and more prepared to assist our citizens with connectivity depending on how meritorious the case may be relating to the disasters that we have already experienced like the current disasters and those that we may face in so distant future.

Madam, the key consideration under this includes works on selected bridges that have been washed away crossing points that are adversely affected by the floods that I have just referred to. As a way forward, the ministry shall continue to rationalise the process of implementing feeder road programmes. The ministry is now encouraging all the local authorities to take advantage of the enhanced flood ship programme of the Constituency Development Fund (CDF) to purchase their own fleet of the full set of earth moving equipment and other road construction equipment so that they can undertake feeder road construction to reduce the cost of doing these roads.

Madam Speaker, it must be very clearly stated that what was a going rate of constructing of kilometre road of high grade gravel road was also inflated, extremely inflated. We benchmarked it against the Zambia National Service (ZNS) to include the profit that is supposed to be made, and our findings were that these feeder roads were as a matter of fact extremely inflated. It will be the role of Government to ensure that all councils, once they procure the requisite equipment for periodical maintenance and grading of these roads, that they have sufficient fuel. I can bet my last kwacha that we will make a huge saving as a country, much more than what I have just illustrated this afternoon in terms of the debt that the procurement that was gotten and the debt that was accrued from these contracts which is my view and my ministry's view, were done in less careful manner, or to say it as it is, in a very reckless manner by the previous Government.

Madam Speaker, as now come to a conclusion of my statement, I wish to reiterate Government's commitment through the ministry that I am privileged to run, that we are going to ensure the sustainable provision of feeder roads to catalyse social economic development in our country. Equally important to this, we will endeavour to harmonise the feeder road contract and address the issue of debt that we are not going to run away from. However, we will make sure that only those that did work are going to be paid. There is a lot of reconciliation that has to be done because it is very clear from the inspection that was conducted then, at the time we took over office, that money was paid in many instances and the work was not done. Where it was done, it was actually shoddy to the extent that I am very straight to the point about this, that there was money that was not put to good use under these contracts and Government has lost.

Madam Speaker, let me conclude by also saying that it became inevitable to stop these contracts because the manner in which they were being awarded was based on patronage. I can prove what I am saying today. Today is the day when, if I were to be dared, I am more than prepared to say which members of our society are associated with these road contracts. Some of whom are here.

I beg to move.

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