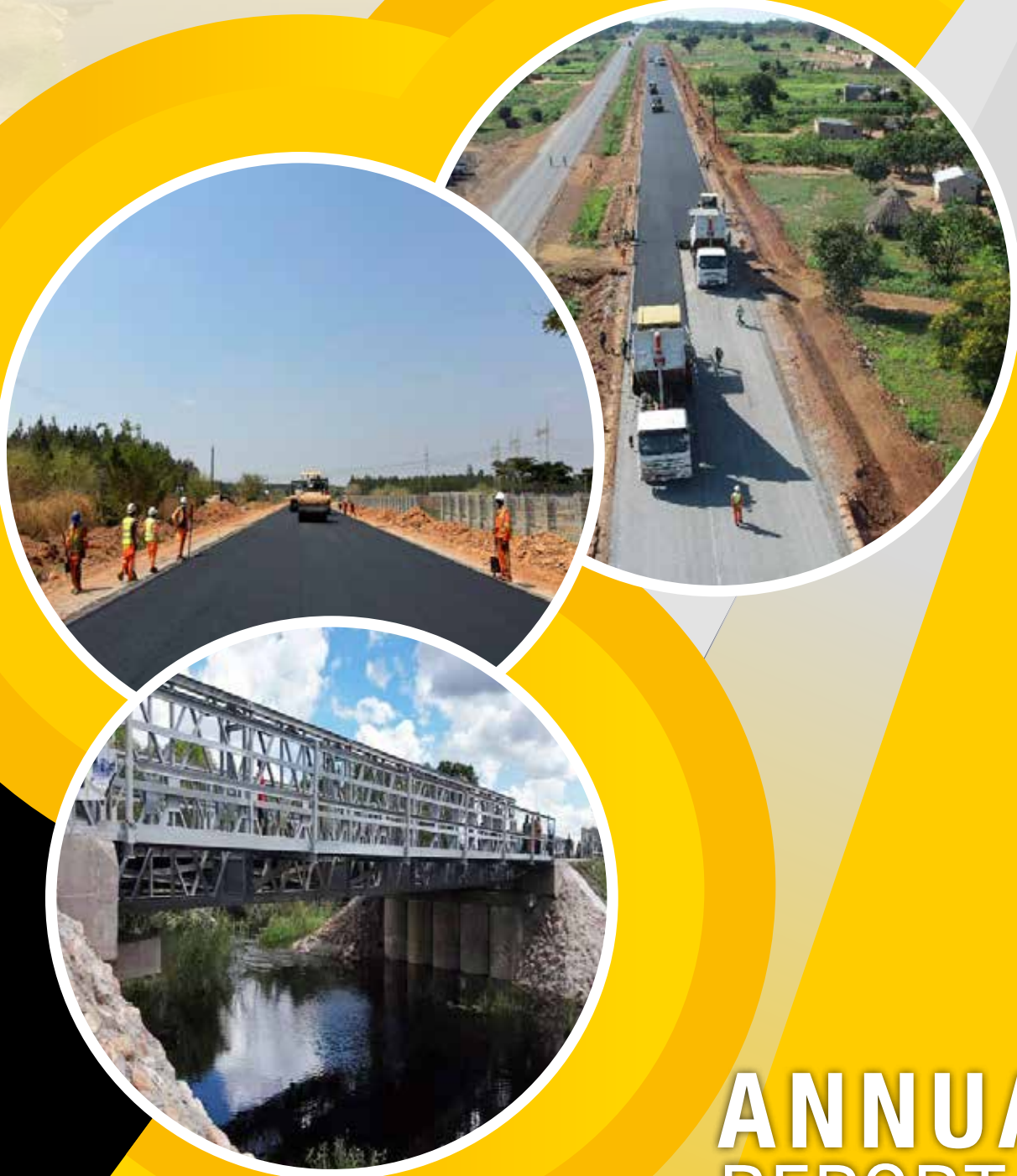




ROAD DEVELOPMENT AGENCY



ANNUAL REPORT

2024

TABLE OF CONTENTS

LIST OF ACRONYMS.....	iv
EXECUTIVE SUMMARY	vi
OUR MANDATE.....	viii
CHAIRPERSON'S FOREWORD	xi
DIRECTOR AND CHIEF EXECUTIVE OFFICER'S STATEMENT.....	xiii
BOARD OF DIRECTORS	xv
EXECUTIVE MANAGEMENT	xvi
SECTION 1	1
1.0 2024 RSAWP BUDGET	1
SECTION 2	2
2.0 ZAMBIAN ROAD NETWORK	2
2.1 Gazetted and Core Road Network	2
2.1.1 Road Reserve and Road Safety Management	3
SECTION 3	4
3.0 PLANNING AND DESIGN	4
3.1 Preparation of the RoadSIP III	4
3.1.1 Rehabilitation of Mpika-Chinsali Section of the Great North Road (T2)	4
3.1.2 Zambia Farm-to-Market Compact II	4
3.1.3 Construction of an Inter-Modal Dry Port in Chipata.....	5
3.1.4 Construction of the Kalabo-Sikongo-Angola Border Road	5
3.1.5 Implementation of Public-Private Partnerships (PPPs)	5
3.1.6 Road Condition Surveys	9
3.1.7 Collaborative Research Activities	10
3.1.8 Designs and Design Reviews.....	10
3.1.9 Materials Testing and Quality Control Monitoring.....	11
3.1.10 Environmental and Social Safeguards.....	11
3.1.11 Bridge Activities	13
3.1.11.1 JICA Support	13
3.2 PROCUREMENT	14
3.2.1 Works	14
3.2.2 Consulting Services	14
3.2.3 Goods and Non-Consulting Services	14

3.3 CONSTRUCTION AND REHABILITATION WORKS	14
3.3.1 Road Upgrading and Rehabilitation	15
3.3.2 Bridge Construction and Other Civil Works.....	16
3.3.3 Termination of Stalled Projects.....	16
3.3.4 Subcontracting and Local Contractor Participation.....	16
3.4 ROAD MAINTENANCE AND EMERGENCY WORKS.....	18
3.4.1 Implementation of the Revised Road Maintenance Strategy.....	18
3.4.2 Road Maintenance Projects	18
3.4.3 Routine Maintenance of Trunk, Main and District Roads (TMDs).....	18
3.4.4 Feeder Roads.....	18
3.4.5 Installation of Road Signs on TMDs	19
3.5 BRIDGE WORKS.....	19
3.5.1 Bridge Routine Maintenance under JICA TCP II.....	19
3.5.2 Repair of Bridges JICA TCP II	19
3.5.3 ACROW Bridge Programme.....	19
3.5.4 General Force Account Works.....	20
3.5.5 Emergencies under Force Account/Contract.....	21
3.5.6 Toll Plaza Construction Works under Force Account	21
3.6 VEHICLE LOAD MANAGEMENT	21
SECTION 4	22
4.0 CORPORATE SERVICES	22
4.1 HUMAN CAPITAL	22
4.1.1 Staff Establishment.....	22
4.1.2 Staff Training and Development.....	22
4.1.3 Staff Separations	23
4.2 COMMUNICATIONS.....	23
4.2.1 Media Tours.....	23
4.2.2 Stakeholder Management	23
4.3 GOVERNMENT RELATIONS.....	26
4.3.1 Joint Steering Committee (JSC) and Ministers Meeting on the Establishment of the Kazungula Bridge Authority (KBA).....	26
4.3.2 Groundbreaking Ceremony for the construction of the Lusaka-Ndola Dual Carriageway	27

4.3.3 Commissioning of ACROW Bridges in Northern Province	27
4.3.4 Commissioning of Kimasala-Mushitala Bridge in Solwezi.....	28
4.3.5 Commissioning of the Solwezi Weighbridge.....	28
4.3.6 Commissioning of Kasombo and Malolwa Acrow Bridges	28
4.4 INFORMATION AND COMMUNICATION TECHNOLOGY.....	30
4.5 MECHANICAL SERVICES.....	30
SECTION 5	31
5.1 AUDIT AND RISK ASSURANCE	31
5.1.1 Assurance and Consulting Activities	31
5.1.2 Performance under Assurance Activities	31
5.2 MONITORING AND EVALUATION	32
5.2.1 Vendor Rating.....	32
5.2.2 Quality Inspections of Force Accounts Projects.....	33
5.2.3 Quality Checks of Procurement Documents.....	33
5.2.4 Development of the M&E System	33
5.2.5 Cost Estimates and Advice.....	33
5.2.6 Monitoring and Control.....	33
SECTION 6	35
6.0 LEGAL AND BOARD SERVICES	35
6.1.1 LAW REVIEW.....	36
6.1.3 BOARD ACTIVITIES	36
6.1.3.1 Committee Meetings.....	36
6.1.3.2 Board Meetings.....	37
SECTION 7	38
ROAD DEVELOPMENT AGENCY Annual Financial Statements.....	38

LIST OF ACRONYMS

8NDP	Eighth National Development Plan
ACEZ	Association of Consulting Engineers of Zambia
AfDB	African Development Bank
C400	Copperbelt 400 Project
CA	Concession Agreement
CFI	Contractor Financed Initiative
CML	Central Materials Laboratory
CRN	Core Road Network
DBSA	Development Bank of Southern Africa
DMMU	Disaster Management and Mitigation Unit
DNPW	Department of National Parks and Wildlife
EBC	Exim Bank of China
EIB	European Investment Bank
EU	European Union
GED	Groupe Européen de Development
GRN	Gazetted Road Network
GRZ	Government of the Republic of Zambia
IEF	Independent Engineering Firm
IRCP	Improved Rural Connectivity Project
IPCs	Interim Payment Certificates
JICA	Japan International Cooperation Agency
KBA	Kazungula Bridge Authority
L400	Lusaka 400 Project
LRAs	Local Road Authorities
MCC	Millennium Challenge Account
MIHUD	Ministry of Infrastructure, Housing and Urban Development
MFNP	Ministry of Finance and National Planning
MLGRD	Ministry of Local Government and Rural Development
MTL	Ministry of Transport and Logistics
NCC	National Council for Construction
NAPSA	National Pension Scheme Authority
NRFA	National Road Fund Agency
NRTP	National Road Tolling Programme
OPRC	Output and Performance Based Road Contracts
OSBP	One Stop Border Post
PAPs	Project Affected Persons
PPPs	Public-Private Partnerships
RDA	Road Development Agency
RoadSIP	Road Sector Investment Programme
RTSA	Road Transport and Safety Agency
RMS	Road Maintenance Strategy
RSAWP	Road Sector Annual Work Plan

SADC	Southern African Development Community
TMD	Trunk, Main and District
VRS	Vendor Rating System
VOC	Vehicle Operating Costs
WB	World Bank

EXECUTIVE SUMMARY

The Annual Report presents the performance of the Road Development Agency (RDA) for the calendar year 2024. The RDA continues to contribute towards the socio-economic development of Zambia through the execution of its mandate as enshrined in the Public Roads Act No.12 of 2002 as amended.

The functions of the Agency are to provide for the care, maintenance and construction of public roads in Zambia, to regulate maximum weights permissible for transmission on roads, and to provide for matters connected with and incidental to the foregoing. The RDA is responsible for the entire classified road network of 67,671 kilometres, including bridges and culverts. However, owing to limited financial resources, the Agency concentrates its efforts on a rationalised network of 40,454 kilometres deemed as the Core Road Network (CRN). The CRN is defined as “the barest minimum network which when improved will spur socio-economic development and contribute to poverty reduction.”

In 2024, the RDA carried out activities in accordance with the approved 2024 Road Sector Annual Work Plan (RSAWP) and these included the upgrading, construction, rehabilitation and maintenance of roads and bridges. Other key activities implemented involved design reviews, evaluation of junctions to aid traffic movement, research and development, road and bridge asset management,

environmental management, construction materials testing and engineering studies, supervision and monitoring of the Force Account projects.

Tremendous progress was registered in the implementation of the Public Private Partnerships (PPPs) in the road sector. Twelve (12) Concession Agreements (CAs) were negotiated under this financing model and during 2024, commencement of works on key PPP projects such as the Lusaka-Ndola Dual Carriageway, Ndola-Sakania-Mufulira Road and the Kasomeno-Mwenda Road and Bridge was undertaken.

A total of 24.47 kilometres of road was surfaced in 2024 and this involved the rehabilitation works on the Mongu-Limulunga Road, the Chinsali-Nakonde Road Lot 1, the Chinsali-Nakonde Lot 2 and the Chibuluma Road in Kitwe.

The Improved Rural Connectivity Project (IRCP) involves the rehabilitation/improvement of gravel roads and seventeen (17) Output and Performance based Contracts (OPRC) under the World Bank were funded across the country. The cumulative progress stood at 2,051.01 kilometres out of a total target of 3,858.99 kilometres, representing a physical progress of 53%. A total sum of ZMW 957,395,991.10 has been certified to date under the project, representing a financial progress of 42.77%.

The implementation of the

ACROW Bridge Programme progressed well in 2024 with the construction of ten (10) bridges.

A series of six (6) ACROW Bridges were constructed and installed using Zambia Army (ZA) at a cost of ZMW 31,111,493.08 in the Zambezi District of North Western Province.

The Kasombo and the Malolwa ACROW Bridges in Kabompo District, North Western Province were also constructed and commissioned using Zambia National Service (ZNS) at a total cost of ZMW 14,458,074.32.

Two (2) ACROW Bridges were commissioned at Lukulu in the Lunte District and the one at Solo in the Luwingu District in Northern Province at a total combined cost of ZMW 15,934,161.54. These two bridges were originally started by contractors who had failed to complete them and the Agency subsequently used the RDA's Provincial Road Engineer's office to complete them.

The Agency also contracted the ZA to construct five (5) additional ACROW Bridges in Zambezi West at a total cost of ZMW 53,003,598.75 and the works have since commenced. Similarly, the ZNS was engaged to construct six (6) ACROW Bridges in North Western, Muchinga, Eastern and Lusaka Provinces.

The Agency initiated a bridge routine maintenance programme on Force Account to maintain twenty-one (21) bridges scattered across all

the Provinces. The programme commenced in December 2024, starting with Eastern and Central Provinces and will subsequently be rolled out to other Provinces.

With regards to Toll Plaza construction, the RDA undertook upgrading works from Class C to Class B on the Kateshi Toll Plaza in Northern Province, Mweeke Toll Plaza in Western Province, Ntoposhi Toll Plaza in Luapula Province and Mpongwe Toll

Plaza in Copperbelt Province. The works to upgrade the Kateshi Toll Plaza and Mweeke Toll Plaza were completed, while works on the Ntoposhi Toll Plaza and Mpongwe Toll Plaza registered overall progress of 18% and 40% respectively.

The Agency had seventy-nine (79) ongoing routine maintenance contracts in all the provinces valued at ZMW 35.25 million and covering a total

distance of 1,920.50 kilometres of both paved and unpaved roads.

Additionally, there are 432 routine maintenance contracts that were under procurement which will result in an increase in the total number of kilometres of roads covered under routine maintenance.

OUR MANDATE

The RDA was established by the Public Roads Act No. 12 of 2002 and as amended by Act No. 9 of 2022 with the following specific functions:

“To provide for the care, maintenance and construction of public roads in Zambia; to regulate maximum weights permissible for transmission on roads; and to provide for matters connected with and incidental to the foregoing”.

The Agency is also mandated under the Tolls Act No. 14 of 2011 to administer and implement the National Road Tolling Programme (NRTP) and on 1st September 2015, the RDA appointed the National Road Fund Agency (NRFA) as the Lead Tolls Agent through the provisions of the Tolls Act.

The functions of the Agency under the Tolls Act are to:

- (a) Regulate the operation and maintenance of Toll roads;
- (b) Monitor compliance of Concessionaires with the terms and conditions of Concession Agreements;
- (c) Advise the Minister on the design, construction, safety, regulation, operation and maintenance of Toll roads; and
- (d) Perform such other function as may be conferred by, or under, this Act or any other Law.

Our Vision

An accessible well maintained fit-for-purpose road network

Our Mission

To provide sustainable road infrastructure for domestic and regional accessibility to spur socio-economic development

CORE VALUES



Innovation



Transparency



Excellence



Accountability



Environmentalism



Equity



Ownership

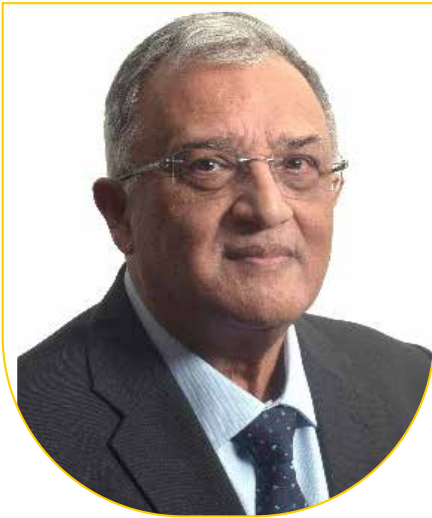


Integrity

A modern conference room with a long, dark grey table and several grey leather chairs. The room has a blue wall with a grid pattern and a large window on the left. A yellow vertical bar is on the left side of the image. The text "CHAIRPERSON'S FOREWORD" is centered in white, bold, uppercase letters, flanked by two horizontal white lines.

CHAIRPERSON'S FOREWORD

CHAIRPERSON'S FOREWORD



“ In 2024, the Agency made strides in the implementation of the Strategic Plan covering the period 2022-2026 which was launched on 22nd November 2023. ”

I am delighted, on behalf of the Board of Directors to present the Annual Report for the Road Development Agency (RDA), for the year ended 31st December 2024.

At the corporate governance level, the Board had its mandate renewed for a second three-year term of office from 24th December 2024 to 24th December 2027 by the Minister of Infrastructure, Housing and Urban Development, Hon. Eng. Charles Lubasi Milupi, as provided for under the Public Roads Act Number 12 of 2002, as amended.

The appointing authority urged the Board to continue paying attention and implementing the three fundamentals as directed by the President of the Republic of Zambia, Mr. Hakainde Hichilema, that projects must be procured at the right price, delivered to specific quality and within the timelines prescribed. These three pillars are of paramount importance to provide a high level of service and value for money to the Citizens of our country.

In 2024, the Agency made positive strides in the implementation of the Strategic Plan covering the period 2022-2026 which was launched on 22nd November 2023.

The Strategic Plan outlines various strategic objectives, themes, measures and targets the RDA is pursuing in fulfilling its mandate of planning, maintaining and constructing public roads in Zambia. These strategic objectives have been aligned to contribute to the realization of the goals outlined in the Eighth National Development Plan (8NDP).

The Board oversaw the implementation of the new RDA Organization Organogram which aligned the Directorates and Departments in order to achieve an effective and accountable management structure.

In 2023, the Agency, in consultation with key stakeholders commenced the process of terminating contracts for stalled projects which had from 2011 achieved little or no progress,

in line with Government's debt restructuring and fiscal consolidation measures. I am happy to report that in 2024, the Agency managed to terminate seventy-seven (77) non-performing civil works contracts.

On the project implementation front, several projects including the installation of ACROW Bridges across the country and the rehabilitation of some of the critical roads were systematically undertaken using internal generated funds.

Positive progress has also been recorded in the implementation of the Public Private Partnerships (PPPs). In line with the agenda set by the Government, a number of other PPP projects were finalised and signed during the period under review. Works commenced on the long-awaited Lusaka-Ndola Dual Carriageway Project, the Ndola-Sakanika-Mufulira Road, the Kasomeno-Mwenda Road and Bridge Project, and the Chipata – Chanida Road, which will enhance both regional and local trade.

ZMW 11.71 billion has been budgeted under the 2025 RSAWP for the national road network, comprising of ZMW 8.92 billion and ZMW 2.79 billion from local and external resources respectively. The resource availability has been increased by 40.76% in 2025 from ZMW 8.319 billion in 2024.

Some notable projects that were earmarked for the commencement of designs in 2023, gathered momentum resulting in these works being tendered and with subsequent award, the construction works started in 2024 with targeted progress to be attained in 2025.

Among these were the following major projects:

- i. Reconstruction of the Chibuluma Road in Kitwe to a concrete road;
- ii. Upgrading of the Monze - Niko Road to bituminous standard;
- iii. Rehabilitation of the Batoka - Maamba Road;
- iv. Resurfacing of the Mazabuka - Monze Road;
- v. Rehabilitation of the Tateyoyo Gate - Katunda Turn off Road; and
- vi. Upgrading of the Chipata - Chadiza Road.

The Board takes this opportunity to express its appreciation to the continued strategic guidance by the Government and in particular the Ministry of Infrastructure, Housing and Urban Development. The support rendered by both the local and foreign stakeholders including the Road Sector Agencies has been steadfast and is greatly appreciated.

The Board recognises the commitment of the Management and the all the members of staff for their continued dedication in achieving the objectives of the Agency and looks forward as a Team, to achieve greater milestones.



ENG. MULCHAND KUNTAWALA
CHAIRPERSON - BOARD OF DIRECTORS

DIRECTOR AND CHIEF EXECUTIVE OFFICER'S STATEMENT



“ The Lusaka-Ndola Dual Carriageway project made significant strides, with permanent works commencing in May 2024 following the Ground-breaking Ceremony officiated by the Republican President, Mr. Hakainde Hichilema. ”

I am pleased to present the Annual Report for the Road Development Agency (RDA) for the year ended 31st December 2024.

Throughout the year, the RDA remained steadfast in executing its mandate as outlined in the Public Roads Act No. 12 of 2002 (as amended) and the Tolls Act No. 14 of 2011. As the Government's implementing Agency for road infrastructure development, we played a pivotal role in advancing socio-economic growth by delivering an efficient and sustainable road network.

Recognizing the critical role of infrastructure in fostering trade and investment, the RDA has actively promoted private sector participation in road development through Public Private Partnerships (PPPs). In this regard, we successfully negotiated and signed Concession Agreements for several key projects, including:

- Lusaka-Ndola Dual Carriageway;
- Ndola-Sakania-Mufulira Road;
- Mufulira-Mokambo Border Road;

- Lumwana-Kambimba Road;
- Katete-Chanida Road;
- Mutanda-Kaoma via Kasempa Road;
- Chingola-Kasumbalesa Road;
- Kasomeno-Mwenda Road and Bridge Project; and
- Kasumbalesa Border infrastructure development.

Major Developments in 2024

The Lusaka-Ndola Dual Carriageway project made significant strides, with permanent works commencing in May 2024 following the Ground-breaking Ceremony officiated by the Republican President, Mr. Hakainde Hichilema. Financial Close was achieved on 19th June 2024, and by the end of the review period, physical progress stood at 19.35% for the Lusaka-Ndola stretch and 95% for the Luanshya-Fisenge-Masangano Road. The project is scheduled for completion by August 2027.

Similarly, the Ndola-Sakania-Mufulira Road project reached Financial Close on 14th August 2024, with construction well underway. By year-end, 2.3 kilometres of the 17.26 kilometres Ndola-Sakania section had been paved.

Progress was also recorded on the Lumwana-Kambimba PPP Road project. Preliminary road designs were submitted and reviewed, while the border post concept design was approved. However, final approval for the border post design from the Democratic Republic of Congo (DRC) is expected in the first quarter of 2025. Meanwhile, the Concessionaire has commenced early works using equity.

Bridge Development and Maintenance

Under the ACROW Bridge Programme, six (6) ACROW Bridges were successfully constructed and installed in Zambezi District, North-Western Province, at a total cost of ZMW 31,111,493.08. Additionally, the Agency partnered with the Zambia Army to construct five (5) more ACROW Bridges in Zambezi West at a cost of ZMW 53,003,598.75, with construction works already in progress. The Zambia National Service (ZNS) was also engaged to construct six (6) ACROW Bridges across North-Western, Muchinga, Eastern, and Lusaka Provinces.

To enhance infrastructure sustainability, the Agency initiated a routine bridge maintenance programme under the Force Account to rehabilitate twenty-one (21) bridges across all provinces. This programme commenced in December 2024, starting with Eastern and Central Provinces, with plans to extend to other provinces.

Road Rehabilitation and Toll Plaza Upgrades

In 2024, a total of 24.47 kilometres of road network was surfaced, covering key rehabilitation works on:

- Mongu-Limulunga Road;
- Chinsali-Nakonde Road (Lot 1 & Lot 2); and
- Chibuluma Road in Kitwe.

Additionally, the RDA undertook

upgrading works on several toll plazas, transforming them from Class C to Class B to enhance efficiency and service delivery. The projects included:

- Completed: Kateshi Toll Plaza (Northern Province) and Mweeke Toll Plaza (Western Province); and
- Ongoing: Ntoposhi Toll Plaza (Luapula Province) – 18% completion and Mpongwe Toll Plaza (Copperbelt Province) – 40% completion.

Acknowledgments

As we reflect on the progress achieved in 2024, I wish to extend my deepest appreciation to the Government of the Republic of Zambia, through the Ministry of Infrastructure, Housing, and Urban Development, as well as

the RDA Board of Directors, for their invaluable guidance and support.

I also wish to recognize the unwavering dedication and commitment of the RDA staff, whose hard work has been instrumental in driving the Agency's achievements. It is through our collective efforts that we continue to build a resilient and sustainable road network that supports national development.

Looking ahead, the RDA remains committed to delivering quality road infrastructure, fostering innovation, and ensuring value for money in all our projects. Together, we shall continue paving the way for a prosperous Zambia.



ENG. JAIROS M'HANGO
ACTING DIRECTOR AND CHIEF EXECUTIVE OFFICER

BOARD OF DIRECTORS



ENG. MULCHAND KUNTAWALA
BOARD CHAIRPERSON



ENG. ERASMUS M. CHILUNDIKA
VICE BOARD CHAIRPERSON



DR. NGOZA C. MUNTHALI
BOARD DIRECTOR



ENG. CLIVE KHAN
BOARD DIRECTOR



MR. MULILO D. KABESHA SC
BOARD DIRECTOR



MS. NAMWAKA NACHILONGO
BOARD DIRECTOR



MRS. BANJI M. NG'ANDU
BOARD DIRECTOR



ENG. AMON MWEEMBA
EX OFFICIO



MR. DANIEL MTONGA
EX OFFICIO



ENG. JAIROS M'HANGO
ACTING DIRECTOR & CHIEF
EXECUTIVE OFFICER

EXECUTIVE MANAGEMENT



ENG. JAIROS M'HANGO
ACTING DIRECTOR &
CHIEF EXECUTIVE OFFICER



ENG. YOBE MWALULA
DIRECTOR PLANNING &
DESIGN



ENG. ZIKO BANDA
DIRECTOR CONSTRUCTION &
REHABILITATION



MR. BONIFACE MWAMELO
DIRECTOR FINANCE



ENG. MUBUYAETA KAPINDA
ACTING DIRECTOR ROAD
MAINTENANCE



MR. REVIEW NAMANJE
DIRECTOR CORPORATE
SERVICES



MS. CHITI Y. KABWE
BOARD SECRETARY

SECTION 1

1.0 2024 ROAD SECTOR ANNUAL WORK PLAN (RSAWP) BUDGET

The Road Fund, which is managed by the National Road Fund Agency (NRFA) on behalf of the Road Sector Agencies, provides sources of funding for road works and services in Zambia in line with the approved National Budget by Parliament. The resource envelope includes local funding from the Government of the Republic of Zambia (GRZ) in the form of Road Tolls, Fuel Levy and other Road User Charges; funding from Multilateral Development Banks (MDBs) such as the World Bank (WB), European Investment Bank (EIB), Export and Import Bank of China (Exim), African Development Bank (AfDB) and various Cooperating Partners such as the European Union (EU) and the Japan International Cooperation Agency (JICA) among others.

In 2024, the Road Sector Annual Work Plan

(RSAWP) resources amounted to **ZMW 8.319 billion**, comprising of **ZMW 6.788 billion** (81.6%) from local resources in the form of direct funding from the Treasury and the Road Fund while the balance **ZMW 1.531 billion** (18.4%) was sourced externally.

Out of the budgeted **ZMW 8.319 billion**, **ZMW 3.057 billion** was for the rehabilitation and upgrading of public roads to be undertaken by the RDA, **ZMW 1.689 billion** for the construction and maintenance of public roads including roads under the Local Authorities to be managed by the MLGRD, **ZMW 1.035 billion** for routine and periodic maintenance of roads and bridges countrywide, **ZMW 1.335 billion** for emergencies, axle load and tolling programmes, studies and designs, **ZMW 0.709 billion** for loan repayments and debt arrears and the balance of **ZMW 0.494 billion** for the Road Sector Agencies operations.

Table 1: Breakdown of Resources by Funding Source

SN	Source of Funding	Amount in ZMW (billion)
1	Local Resources	6.788
2	External Resources	1.531
	TOTAL	8.319

Table 2: Resource Allocation

SN	Allocation by Intervention	Budget ZMW (billion)
1	Rehabilitation and Upgrading of Public Roads	3.057
2	Construction and Maintenance of Public Roads (MLGRD)	1.689
3	Routine and Periodic Maintenance of Roads and Bridges	1.035
4	Emergencies, Axle load and Tolling Programmes, Studies and Designs	1.335
5	Loan Repayments and Debt Arrears	0.709
6	Road Sector Agencies Operations	0.494
	TOTAL	8.319

SECTION 2

2.0 ZAMBIAN ROAD NETWORK

2.1 Gazetted and Core Road Network

The total Gazetted Road Network (GRN) in Zambia is 67,671 kilometres of which 40,454 kilometres comprises the Core Road Network (CRN) which is defined as “the barest minimum network which when improved will spur economic development and contribute to poverty reduction”. The CRN consists of Trunk, Main and District (TMD), Urban and Primary Feeder roads as shown in **Figure 2.1**.

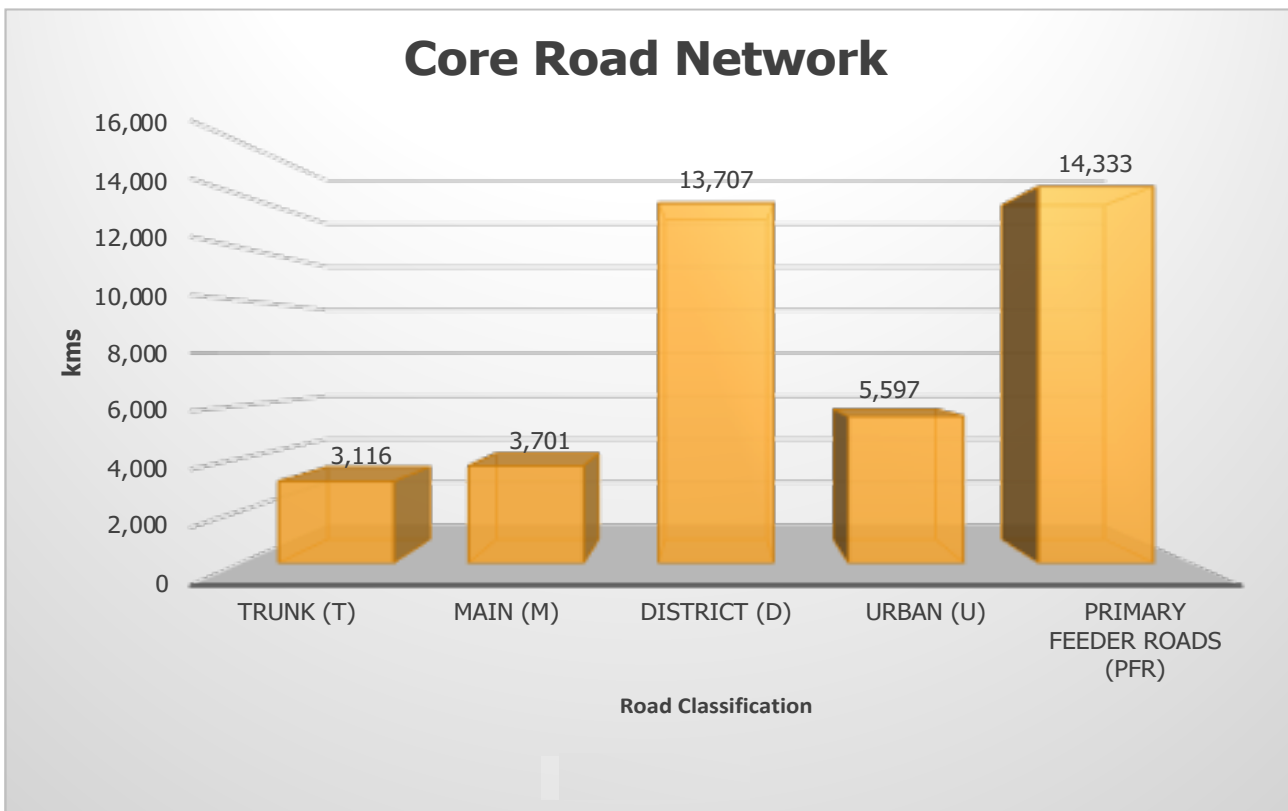


Figure 2.1: Core Road Network in Zambia

The RDA has delegated management of some roads to Local Road Authorities (LRAs) and the Department of National Parks and Wildlife (DNPW) in accordance with the Public Roads Act.

Non-Core Road Network (kms & %)

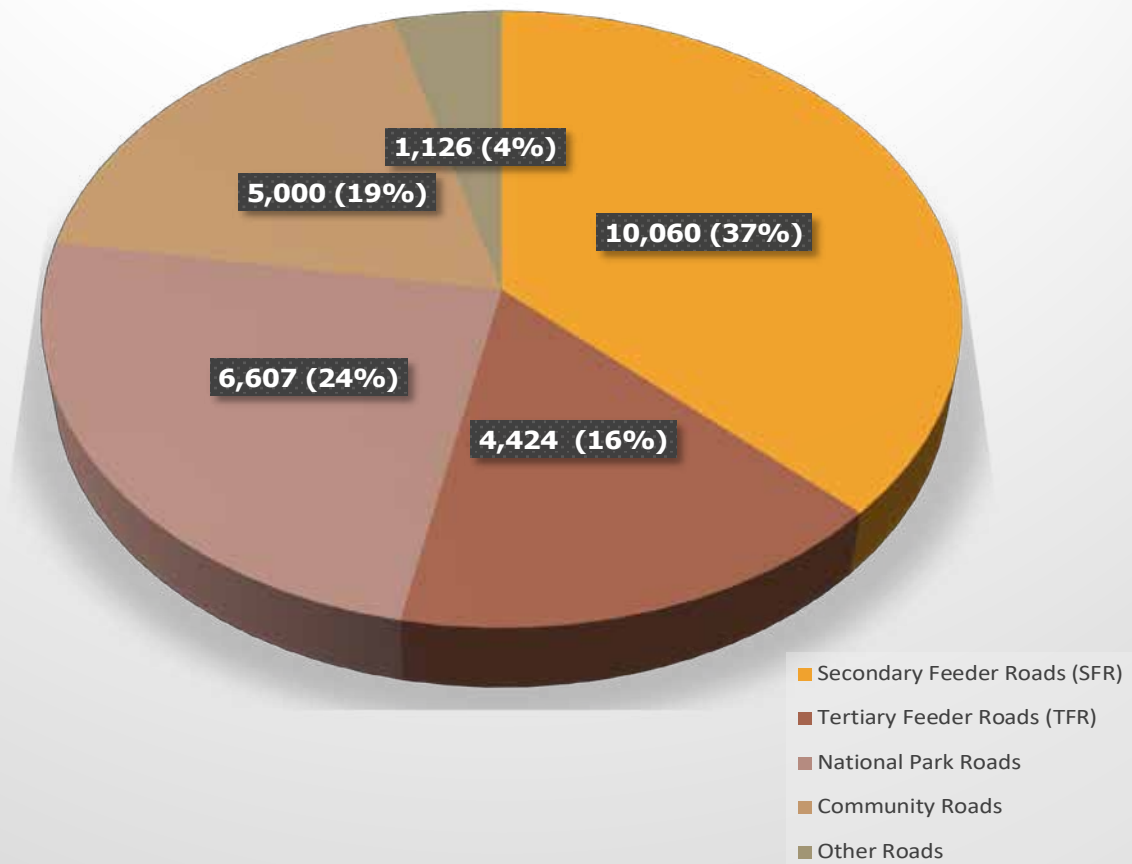


Figure 2.2: Non-Core Road Network in Zambia

2.1.1 Road Reserve and Road Safety Management

In 2024, the Agency conducted twelve (12) road safety inspections, exceeding the target of ten (10). These included:

- i. The Post Construction Road Safety Inspections for the Improved Rural Connectivity Project (IRCP) roads in Eastern Province involving Package 3 in Nyimba and Petauke Districts and Package 4 in Sinda and Katete Districts;
- ii. Work Zone Road Safety Inspections on the Lusaka-Ndola Dual Carriageway Project. A preliminary and follow-up inspections were conducted;
- iii. Design Related Road Safety Inspections on the Lusaka-Ndola Dual Carriageway Project. Three (3) inspections were conducted at the Zambia National Service

(ZNS) Camp in Kabwe, Zambeef Huntley Farm and Mungule Junction; and

- iv. Post Construction Road Safety Audit for the Chinsali-Nakonde Road rehabilitation project.

The RDA also reviewed safety measures for the rail level crossing on the Lusaka-Ndola (T2) by-pass Road in Kapiri Mposhi. In order to enhance road safety, the RDA procured 1,783 road signs as follows:

- i. 267 information and guidance signs;
- ii. 523 signs for North-Western, Copperbelt, and Central Provinces;
- iii. 663 signs for Eastern, Lusaka, Southern, and Western Provinces; and
- iv. 330 signs for Luapula, Northern, and Muchinga Provinces.

SECTION 3

3.0 PLANNING AND DESIGN

The RDA planned and implemented activities in line with the 2024 RSAWP. The planning and implementation revolved around ensuring the achievement of the Agency's mandate.

3.1 Preparation of the RoadSIP III

The GRZ in 2016 obtained a loan from the African Development Bank (AfDB) for the Chinsali-Nakonde Road rehabilitation project (North-South Corridor) from which, the Government through the RDA utilized a portion of the loan under the Institutional Support and Capacity Building component, to re-develop a Bankable Road Sector Investment Programme (RoadSIP III).

The RDA engaged Messrs. LEA Associates South Asia Pvt. Ltd. and Iliso Consulting Zambia to review and re-develop RoadSIP III. The scope included identifying Public Private Partnerships (PPPs) road projects, financial strategy development, setting SMART indicators, conducting financial and economic analyses, and assessing PPPs impact on funding.

The programme, aimed at achieving Vision 2030, outlines a 10-year plan (2026–2036) for road safety, maintenance, and rehabilitation while leveraging private sector financing through PPPs. The total budget is **USD 6.365 billion**, with proposed funding sources including RUC receipts (**USD 2.604 billion**), PPPs (**USD 1.108 billion**), GRZ contributions (**USD 1.45 billion**), and external sources (**USD 1.203 billion**).

Adopted in 2024 after consultative reviews, final approval is being awaited through the Ministry of Transport and Logistics (MTL) which leads transport policy initiatives. The contract was concluded successfully on 18th September 2024.

3.1.1 Rehabilitation of Mpika-Chinsali Section of the Great North Road (T2)

The GRZ received **EUR 182.45 million** from the European Investment Bank (EIB) and the

European Union (EU) for the rehabilitation of the 162 kilometres Mpika-Chinsali section of the Great North Road (T2). **EUR 110.00 million** is a loan from the EIB and **EUR 72.45 million** is a grant from the EU. The project being implemented by the RDA seeks to upgrade and widen the road.

The procurement of the construction supervision consultant is ongoing with the technical proposals currently under evaluation. Further, the evaluation for the works tenders for Lots 1 and 2 was completed and the contracts are expected to be awarded in the first quarter of 2025.

3.1.2 Zambia Farm-to-Market Compact II

The Millennium Challenge Account (MCC) Compact II, also known as the Zambia Farm-to-Market Compact was signed on 17th October 2024. The MCC Compact II valued at **USD 491.75 million**, is a second agreement between the United States (US) Government and the Government of the Republic of Zambia (GRZ). The Compact, which includes a new entity called MCA-Zambia II, aims to strengthen Zambia's agricultural and agro-processing sectors and increase job creation through the reduction of transportation costs, provision of equipment for small and medium farmers, increase in financing for agricultural infrastructure, and encouragement of reforms to attract private investment.

The GRZ designated Millennium Project Completion Agency-Zambia (MPCA-Z) as the entity responsible for developing and implementing the Compact II, working closely with MCC and other stakeholders. The Compact involves four projects:

- i. The Roads and Access Project;
- ii. The Asset Finance Project;
- iii. The Agriculture Policy Reform and Institutional Strengthening Project; and
- iv. The American Catalyst Facility for Development Project.

Under the Compact, the following roads are being considered through the Roads and Access Project:

Table 3: MCC Project Roads

Description	Length (km)
M12 – Chipata – Lundazi Road	180
D103 – Lundazi – Old Magodi Road	42
M20 – Landless Corner – Mumbwa Road	116
D200 – Kabwe – Mukonchi Mission Road	12
Mukonchi Mission – Mukonchi Centre Road	12
D200 – Mukonchi Mission – D421 Turnoff Road	28
D421 Turnoff – Masansa Road	101
Masansa – T2 at Mkushi Road	42
D208/209 (Masansa) – Mpula (T2) Road	58
D468 – Luansobe Turnoff – Mpongwe Road	60
TOTAL	651

3.1.3 Construction of an Inter-Modal Dry Port in Chipata

The Chipata Dry Port Project is part of a 2011 financing agreement between the European Investment Bank (EIB) and the GRZ. The RDA is involved in the project, which is funded through a portion of **EUR 80.00 million** allocated for the rehabilitation of the Great East Road (T4) out of which **EUR 10.00 million** has been set aside for the Dry Port. The Dry Port, located on 12 hectares of undeveloped land adjoining the Chipata Railway Station, will include rail spurs, access roads, a container terminal, warehousing, fuel facilities and plant/equipment. The project also involves land acquisition and resettlement, funded by the Bank. A new procurement process for consulting services was launched in 2024, with a pre-proposal conference held on 19th December 2024.

3.1.4 Construction of the Kalabo-Sikongo-Angola Border Road

On 6th October 2024, the GRZ signed a loan agreement with the Arab Bank for Economic Development in Africa (BADEA) amounting to USD 50.00 million for the Kalabo-Sikongo-Angola Border Road Project, specifically covering the 56 kilometres of the Kalabo-Sikongo section. Consequently, the GRZ set up a Project Implementation Unit (PIU) on 28th November 2024. As part of the project preparations, the RDA submitted the following documents for BADEA's review: A Request for Expression of Interest (EoI) for design review and construction supervision

services, the Terms of Reference (TORs) and the proposed Procurement Plan. These documents were submitted through the Ministry of Finance and National Planning (MFNP) in December 2024.

3.1.5 Implementation of Public-Private Partnerships (PPPs)

The RDA continues to take a keen interest in fostering trade and investment by providing an enabling environment for the private sector participation in road infrastructure development through the Public Private Partnerships (PPPs). The Agency oversaw the following PPP projects in 2024:

3.1.5.1 Solwezi-Kipushi Road

The Concession Agreement (CA) for the construction of the Solwezi-Kipushi Road and Kipushi Border Post was signed on 30th November 2024 with Borderway Capital Investments at a cost of **USD 145.27 million**. The concession period is for twenty-five (25) years comprising of three (3) years construction period and twenty-two (22) years of operation and maintenance. The project scope is to upgrade 111 kilometres of road, the construction of the One Stop Border Post (OSBP) and related infrastructure at Kipushi Border .

Financial Close is expected to be attained in the second quarter of 2025 and thereafter, construction works will commence. The procurement for an Independent Engineering Firm (IEF) was commenced and the EoI was approved on 26th December 2024 and set for publication in January 2025.

3.1.5.2 Mutanda-Kaoma-Kasempa Road

The CA for the construction of the Mutanda-Kaoma via Kasempa Road was signed on 1st December 2024 with Barotse Highway Limited at a cost of **USD 326,401,330.98**. The concession period is for twenty-five (25) years with a construction period of two (2) years and twenty-three (23) years for operations and maintenance. The project scope is to upgrade 371 kilometres of road to bituminous standard passing through the North-Western and Western Provinces.

The works are expected to commence once Financial Close is attained during the second quarter of 2025. The RDA shared the draft EoI and Request for Proposals (RfP) with the Concessionaire on 20th November 2024 for finalisation.

3.1.5.3 Lusaka-Ndola Dual Carriageway

The Lusaka-Ndola Dual Carriageway CA was signed on 28th February 2023 with Macro Oceans Investment Consortium (MOIC) Limited at a cost

of **USD 649,976,167.00**. The concession period is for twenty-five (25) years with a construction period of three (3) years and twenty-two (22) years for operations and maintenance. The project scope is to upgrade 327 kilometres of road to dual carriageway from Lusaka to Ndola. The project also involves the rehabilitation of 45 kilometres of the Masangano-Fisenge-Luanshya Road, the construction of approximately 30 kilometres of bypasses in Kabwe and Kapiri Mposhi .

Financial Close was attained on 19th June 2024 and construction works commenced. Progress during the review period stood at 19.35% for the Lusaka-Ndola stretch and 95% for the Masangano-Fisenge-Luanshya Road. The project is expected to be completed by August 2027. In line with the provisions of the CA, the Katuba, Manyumbi, and Kafulafuta Toll Plazas were handed over to the Concessionaire on 28th November 2024. The tolls collected are banked in an Ascrow Account managed by the GRZ for the maintenance of the existing road infrastructure whilst the project is under construction.



Figure 3.1: Infrastructure, Housing and Urban Development Minister (left), Hon. Eng. Charles Lubasi Milupi, MP and Finance and National Planning Minister, Hon. Dr. Situmbeko Musokotwane, MP with the signed copies of the CA for the Solwezi-Kipushi Road and Kipushi Border Post works



Figure 3.2: Acting RDA Director and CEO, Eng. Jairos M'hango during the signing of the CA for the Mutanda-Kaoma-Kasempa Road in Kasempa District. Looking on is Education Minister, Hon. Douglas Siakalima, MP

3.1.5.4 Lumwana-Kambimba Road and Border Infrastructure

The CA for the Lumwana-Kambimba Road and the Kambimba OSBP was signed on 26th September 2023 with Sandstone Limited at a cost of **USD 118,934,196.00**. The concession period is for twenty-five (25) years with a construction period of two (2) years and twenty-three (23) years for operations and maintenance. The project scope is to upgrade 85 kilometres of road to bituminous standard and construction of an OSBP at Kambimba in North-Western Province.

In 2024 the preliminary road design was submitted and reviewed, and the border post concept design was approved. However, the border post's preliminary designs are pending approval from the Democratic Republic of Congo (DRC) Government. The Concessionaire began early works using equity funds and is expected to attain Financial Close in 2025.

3.1.5.5 Ndola-Mufulira Road and Border Infrastructure

The CA for the Ndola-Mufulira Road and the Sakania OSBP Infrastructure on the Copperbelt was signed on 16th October 2023 with Jaswin Ports Limited, with a total project cost of **USD 76,129,229.48**. The concession period is for twenty-two (22) years with a construction period

of three (3) years and nineteen (19) years for operations and maintenance. The project scope involves the construction of the Sakania One Stop Border Post, reconstruction of the 17.26 kilometres Ndola-Sakania Road, upgrading the 1.5-kilometre access road to bituminous standard, and reconstruction of the 41.7 kilometres Sakania-Mufulira Road.

Financial Close was attained on 14th August 2024 and construction works are ongoing with 2.3 kilometres of the 17.26 kilometres of the Ndola-Sakania Road section completed by the end of the year.

3.1.5.6 Mufulira-Mokambo Road

The CA for the Mufulira-Mokambo and the Mokambo OSBP was signed on 15th November 2024 with Jasworld Port Limited at a total cost of **USD 56,656,909.83**. The concession period is for twenty-two (22) years with a construction period of two (2) years and twenty (20) years for operations and maintenance. The project scope includes the construction of the Mokambo OSBP infrastructure, upgrading 15.55 kilometres of the Mufulira-Mokambo Road, and rehabilitation of 4.8 kilometres of access roads and 5.4 kilometres of Mufulira town urban roads. Construction will begin after Financial Close expected to be attained during the second quarter of 2025.



Figure 3.3: The signing ceremony for the CA of the Mufulira-Mokambo Road and Mokambo Border Post in Mufulira District

3.1.5.7 Katete-Chanida Road and Border Infrastructure

The CA for the construction of the Katete-Chanida Road and border post infrastructure was signed on 9th October 2023 with Lutembwe Consortium Limited at total project cost of **USD 79,785,115.00**. The concession period is for twenty-five (25) years with a construction period of two (2) years and 23 years for operations and maintenance. The project scope involves the reconstruction of 55 kilometres of the T006 Road, including a 2-kilometre divided dual carriageway at the Chanida Border in Eastern Province. Financial Close is expected to be attained during the second quarter of 2025. In the meantime, the Concessionaire commenced early works through equity funds and by the close of 2024 had achieved progress of 5 kilometres of subbase, 3 kilometres of crushed stone base, and 3 kilometres of asphalt concrete surfacing.

3.1.5.8 Chingola-Kasumbalesa Road

The CA for the rehabilitation of the Chingola-Kasumbalesa Road was signed on 31st October 2022 with Turbo-Kachin Consortium Limited at a total cost of **USD 41,364,681.00**. The project scope involved the rehabilitation and widening of 32 kilometres of the road and the construction of a 3 kilometres dual concrete carriageway. The

project was completed in November 2023 and the Commercial Operations commenced on 1st December 2023 and commissioned by President Hakainde Hichilema on 12th April 2024 at a colourful event held at the Konkola Toll Plaza in Chililabombwe District.

During a site inspection in 2024, drainage issues leading from the Council drainage system were identified necessitating additional works to resolve and improve the impact on the road infrastructure. A Type 2 weigh-in-motion weighbridge coupled with the improvement on the drainage systems was contracted at a sum of **ZMW 95,784,997.72** with a 12-month completion timeline.

3.1.5.9 Kasomeno-Mwenda Road and Bridge Project

The CA for the Kasomeno-Mwenda Road and Bridge project was signed on 5th August 2016 with GED Projects Africa Zambia Limited at a cost of **USD 240,000,000.00** with a concession period of twenty-five (25) years comprising a construction period of three (3) years and twenty-two (22) years for operations and maintenance works. The project scope is to upgrade 92 kilometres of the road, construction of a 345 metres cable-stayed bridge across the Luapula River, construction of an OSBP, toll plazas and weighbridges.



Figure 3.4: Republican President, Mr. Hakainde Hichilema, cutting the ribbon at the commissioning of the rehabilitated Chingola-Kasumbalesa Road in Chililabombwe District

Due to increased financial costs and delays in commencing the project, the Concessionaire will fund the project through equity. The Concessionaire appointed China Civil Engineering Corporation Zambia Limited as the road contractor and physical works commenced on 30th May 2024. The expected completion date is 19th July 2026 and as at the end of the 2024, the progress stood at 30%, covering site establishment, embankment fills, earthworks and the construction of two box culverts.

3.1.5.10 Chingola-Mutanda Road Via Solwezi

The CA for the Chingola-Mutanda Road via Solwezi was signed on 14th May 2021 with Bert Pave and Maintenance Limited covering a thirty (30) year concession period for the 205 kilometres road project. On 13th December 2024, the Concessionaire notified the Agency on the attainment of Financial Close which was being evaluated by Management.

3.1.5.11 Kasumbalesa Border Post Infrastructure

The Kasumbalesa Border Post CA valued at **USD 140,670,000.00**, was signed on 15th November 2024 and includes the construction of 10 kilometres of urban roads in Chililabombwe and Chingola. The Financial Close is expected during the first quarter of 2025.

3.1.6 Road Condition Surveys

In 2024, the RDA conducted an in-house road condition survey on selected Main and District roads. The survey revealed that 53% of Main Roads were in poor condition, 36% in good condition, and 11% in very good condition. This raises significant concern, underscoring the urgent need for appropriate interventions to preserve the Main Road infrastructure. As for the District Roads, 70% were in very poor condition, 19% were in fair condition, and 11% were in very good condition. While marginal improvements could be attributed to interventions under the Improved Rural Connectivity Project (IRCP), substantial work is still required to enhance the District Road network. **Figure 3.5** below presents the condition of selected Main and District Roads.

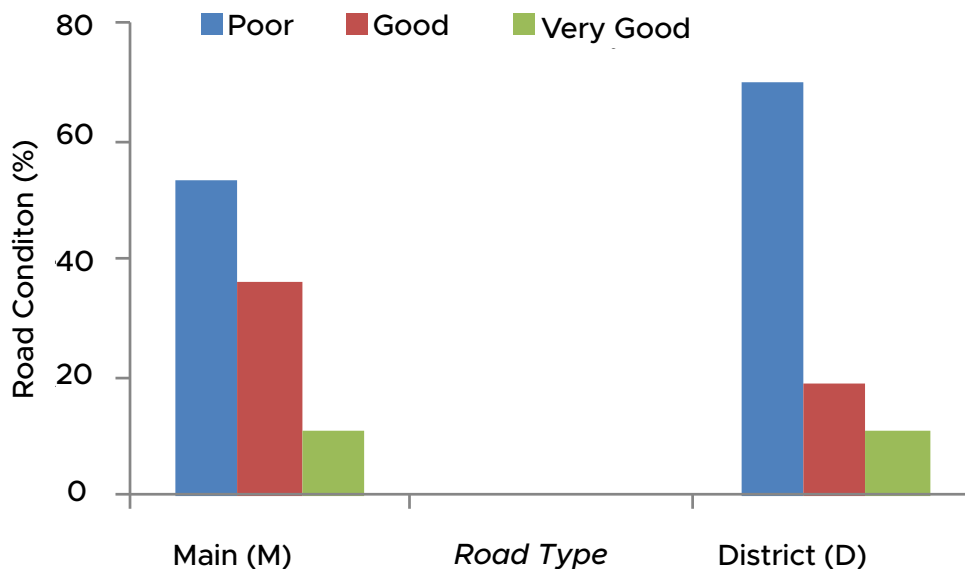


Figure 3.5: Condition of Selected Main and District Roads

3.1.7 Collaborative Research Activities

The Agency achieved key milestones, including equipment upgrades, development of local road standards, research on pavement failures, a concrete works pilot project, and launching the Road Safety Mobile Application (ROSMA). The RDA also fostered collaborations, promoted innovations, developed a mentorship programme, and enhanced international quality management affiliations.

The status of some of the key activities undertaken is as follows:

- i. Rigid Pavement Standards: Price negotiations were finalized, and contract is expected to be signed in Q1-2025;
- ii. Geometric and Pavement Design Standards: The tender was resubmitted for cost negotiations using new pricing framework;
- iii. Training on Standards: Training on “Road Note 31” was conducted for RDA personnel and consultants in September 2024;
- iv. International Conference: The RDA presented a paper at the CEES2024 in Saudi Arabia, and a joint paper with TRL Limited and Copperbelt University (CBU) was published;
- v. Chibuluma Rigid Pavement Project: Ongoing and physical progress attained in 2024 was 68% and the revised completion period is May 2025;
- vi. Investigation on the Great East Road Failures: Contract signed, fieldwork and testing planned for early 2025;

- vii. Innovations and Technologies: Ongoing assessments of non-conventional products;
- viii. RDA-ACEZ MoU: Collaboration on traffic congestion projects signed in November 2024;
- ix. Mentorship Programme: Structured curriculum developed and implemented in May 2024 for newly recruited engineers;
- x. Collaborations with Stakeholders: MoUs with universities and companies for ongoing research projects signed;
- xi. International Collaborations: Continued discussions with renowned institutions on highway planning and development;
- xii. ROSMA Application Launch: Road safety application for use on mobile hand-held instruments launched in January 2025 and available to the public; and
- xiii. Project Management Research and Sensitization: Published research paper on estimation of pavement layer moduli of thin-sealed roads for use in pavement management systems.

3.1.8 Designs and Design Reviews

The following consultancy and PPP projects were undertaken for road design, rehabilitation and maintenance:

- i. Mporokoso-Kasaba Bay Road: Detailed design, tender preparation, and supervision for upgrading 216 kilometres to bituminous standard in Northern Province;

- ii. Mutanda-Mwinilunga Road: Detailed designs and construction supervision for 154 kilometres of rehabilitation in North-Western Province;
- iii. Landless Corner-Mumbwa: Design review and supervision for upgrading 35 kilometres to bituminous standard in Central Province;
- iv. Chibuluma Road: Design review and supervision for the construction of seven (7) kilometres of rigid concrete pavement in Kitwe, Copperbelt Province;
- v. Blue Lagoon Road: Detailed design, tender preparation, and supervision for the rehabilitation of 154 kilometres in Central Province;
- vi. Mansa-Kaputa Road: Detailed design, tender preparation, and supervision for the rehabilitation of 400 kilometres in Luapula Province;
- vii. Mwami and Katete Weighbridges: Detailed design and supervision in Eastern Province;
- viii. Kambimba Border Post and Road: PPP project for 85 kilometres road from Lumwana to Kambimba in North-Western Province;
- ix. Katete-Chanida Road: PPP project for the upgrading 55 kilometres road and associated border post infrastructure in Eastern Province;
- x. Lusaka-Ndola Road: PPP project for upgrading 327 kilometres road to dual carriageway traversing through Lusaka, Central and Copperbelt Provinces;
- xi. Masangano-Fisenge-Luanshya Road: PPP project for the rehabilitation of 45 kilometres on the Copperbelt Province;
- xii. Chalwe-Mwenda Road: PPP project for the design, construction, operation, and transfer in Luapula Province;
- xiii. District Roads in Lusaka: Consultancy for detailed design, tender preparation, and supervision of selected roads in Lusaka Province;
- xiv. Mongu-Limulunga and Muoyo Roads: Rehabilitation and upgrading to bituminous standard, including a 2.5 kilometres dual carriageway in Mongu, Western Province;
- xv. Kasumbalesa-Chingola Road: PPP project for the design, financing, construction and maintenance of 35 kilometres of road in Copperbelt Province leading to the border with the DRC; and
- xvi. Output and Performance-Based Road Contracts (OPRC): Multiple contracts for road rehabilitation, improvement, maintenance, and management in Eastern, Southern, North-Western and Western Provinces.

3.1.9 Materials Testing and Quality Control Monitoring

The Agency undertook quality control testing activities in a bid to ensure the quality of works as per designs on twenty-four (24) road projects. The in-house Central Materials Laboratory continued offering engineering testing services to external clients and generated revenue totaling **ZMW 534,065.00**.

3.1.10 Environmental and Social Safeguards

3.1.10.1 Compensation of Project Affected Persons (PAPs)

The Agency conducted compensation activities for Project Affected People (PAPs) on several road projects, the major ones being the Chinsali-Nakonde Road, Solwezi-Kipushi Road, Kasomono-Mwenda Road and the Lusaka Roads Project. Key activities included:

- i. **Compensation and Disclosure:** Twenty-two (22) PAPs affected by the dual carriageway construction in Nakonde were compensated at a total sum of **ZMW 583,900.00**. Disclosure of compensation amounts along the Chinsali-Mpika Road began in June 2024 and completed in September 2024, with Twenty-one (21) grievances addressed through reassessment by the Ministry of Lands and Natural Resources;
- ii. **Individual Cases:** Compensation was paid to one (1) PAP on the Kilimanjaro Road in Ibex Hill in Lusaka due to encroachment under the Lusaka 400 Project (L400) and another PAP affected by the weighbridge rehabilitation in Solwezi was paid compensation in December 2024;



Figure 3.6: Holding maintenance works on the Great North Road between Serenje to Chinsali

- iii. **Site Visits and Engagement:** In April 2024, a committee comprising officers from the RDA, the Ministry of Commerce, Trade and Industry and the Department of Valuation conducted site visits at Nakonde and Zombe border posts for data collection and valuation exercise; and
- iv. **Kasomeno-Mwenda Road Project:** The RDA supported the Resettlement Action Plan (RAP) implementation activities in August and October 2024.

3.1.10.2 Land for Nakonde Weighbridge

In April 2023 an agreement was signed with ZAMESCO Limited to acquire 16.63 hectares of land for the construction of the Nakonde weighbridge at the junction of the Great North Road and Nakonde-Mbala Road. However, need arose for an additional 0.054 hectare to accommodate the Northbound screening lane in the revised design and the procurement was completed with the signing of the Addendum on 30th December 2024.

3.1.10.3 Transport Corridors for Economic Resilience and Other Environmental and Social Safeguards Studies

Environmental and social assessments were also conducted on various projects.

3.1.10.3.1 Serenje-Mpika Road Rehabilitation Project

In November 2023, Kaizen Consulting International was awarded the contract to prepare/update the Environmental and Social Impact Assessment (ESIA) and Resettlement Action Plan (RAP) for

the rehabilitation of the Serenje-Mpika Road. The consultant prepared the Terms of References (TORs) and Inception Reports, which were cleared by the World Bank and approved by the RDA in April 2024. The Draft ESIA, RAP and Annex reports were submitted to the RDA and shared with the World Bank on 30th September 2024 and approved by the Bank on 30th November 2024. The RAP was disclosed on the RDA website on 21st November 2024. Public disclosure meetings for the ESIA were held from 10th to 14th December 2024 and a final presentation and capacity-building workshop for the RDA Environmental and Social Safeguards team took place on 23rd December 2024.

3.1.10.3.2 Lusaka-Ndola Dual Carriageway Project

In October 2024, the RDA safeguards team, in collaboration with the National AIDS Council conducted a joint compliance monitoring visit to the project area to assess the HIV/AIDS mainstreaming initiative. Based on their findings, recommendations were made and communicated to the Concessionaire. In addition, the safeguards team assisted the Concessionaire to overcome challenges, particularly with PAPs, as they arose during the project implementation.

3.1.10.3.3 Capacity Building

The RDA Staff (in ESMU) attended a training workshop on Gender and Gender Based Violence (GBV) organized by the World Bank in March 2024. The staff also attended a capacity building workshop for the Transport Sector Stakeholders on Migration Health and HIV organized by the National HIV/AIDS/STI/TB Council.

3.1.10.3.4 Environmental Reporting and Compliance Monitoring

The RDA fulfilled the monthly and quarterly Environmental and Social (E&S) reporting requirements to the African Development Bank on the Chinsali-Nakonde Road, Kazungula Bridge Project and the Turnpike-Mazabuka Road projects. The Agency also undertook environmental and social compliance monitoring visits of the Chinsali-Nakonde Road and the Lusaka-Ndola Dual Carriageway Road Projects. The PAPs who had not yet relocated from the road reserve after being compensated were visited in November 2024 to compel them to expedite the relocation process.

3.1.11 Bridge Activities

3.1.11.1 JICA Support

The RDA continued its collaboration with the Japanese International Cooperation Agency (JICA) on a Technical Cooperation Project for bridge maintenance. The JICA facilitated training for six (6) engineers in special bridge maintenance and executive training in bridge maintenance for four (4) senior staff in Japan. A bridge inspection exercise was conducted in Central Province by

the RDA engineers and JICA experts. Included in this training was the preparation of construction plans for a bridge routine maintenance roll-out programme on selected bridges in Eastern and Central Provinces.

3.1.11.2 Kazungula Bridge Project

Following the signing of the Bilateral Agreement between the Governments of Zambia and Botswana establishing the Kazungula Bridge Authority (KBA) in March 2024, the Draft Bill for the establishment of the KBA was finalised and through the Ministry of Infrastructure, Housing and Urban Development presented to Parliament. The Bill was assented to by the Republican President in August 2024. The Addendum to the KBP Sponsors' Agreement was also signed in March 2024. Additionally, the Draft Host Agreement was also drafted and was being reviewed by the Government of Botswana. The KBA management structure was also agreed and finalised.

3.1.11.3 Bridge Inspections

The Agency undertook five (5) inspections for bridges shown in **Table 4**:

Table 4: Bridge Inspections Undertaken in 2024

No	Bridge Name	Province	Target No./ Frequency of Inspections	Achieved
1.	Victoria Falls	Southern	Once annually	One (1) inspection was conducted in September.
2.	Chunga and Kasupe	Lusaka	As and when required	The inspection was conducted to provide cost estimate for repair works by DMMU.
3.	Otto Beit Bridge and New Chirundu	Lusaka	Quarterly	Four (4) inspections were conducted at the end of each quarter.
4.	Mwembeshi	Central	As and when required	One (1) inspection was conducted prior to the transportation of an abnormal load over the bridge.
5.	Luangwa	Eastern	As and when required	The inspection was conducted under JICA capacity building programme.
6.	Lunsemfwa	Central	As and when required	The inspection was conducted under JICA capacity building programme.

The RDA undertook four (4) bridge design reviews already under implementation for the following projects:

- i. Construction of the Lundazi Bridge along the Chipata-Lundazi Road (M12) in Eastern Province;
- ii. Construction of the Chifuma and Musanya Bridges along Chinsali-Nakonde Road;
- iii. Proposed construction of a bridge along the Kisasa-Chovwe Road in Kankonzhi in the Kalumbila District of North-Western Province; and
- iv. Kalimasenga and Kanakantapa Bridges which includes the upgrading to bituminous standards of approximately 55 kilometres of unpaved roads in Chongwe District, Lusaka Province.

3.1.11.4 Bridge Management

To enhance the maintenance of bridge infrastructure in the Country, the Agency continued administering the contract for updating the inventory and software for the Bridge Management System (BMS) which stood at 50% by the end of the year. Once completed, this will enhance the planning of maintenance activities for bridge infrastructure.

The contract to engage a consultant to undertake Bridge Capacity Rating was also finalized and as at the end of December 2024, was cleared by the AfDB for signing. Once implemented, this will aid in the proper management of abnormal loads traversing the CRN.

3.2 PROCUREMENT

Procurement activities for works, goods as well as consulting and non-consulting services were carried out in accordance with the Public Procurement Act No. 8 of 2020 as amended and the Public Procurement Regulations of 2022.

3.2.1 Works

Twenty-seven (27) works tenders were advertised in 2024. One hundred thirty-four (134) works contracts valued at **ZMW 7,048,648,373.72, USD 80,625,268.10** and **EUR 73,884,801.02** were awarded in 2024 from procurement process that had commenced before and in 2024. Of the awarded contracts, one hundred and five (105) contracts valued at **ZMW 3,496,256,787.42** were signed, while the others were at various stages of approval.

3.2.2 Consulting Services

Twenty-six (26) procurement processes for consulting services were commenced in 2024. Twenty-four (24) contracts totalling **ZMW 353,416,516.30, USD 10,437,489.70** and **EUR 942,600.00** were awarded in 2024, from procurements that had commenced in and before 2024. Eighteen (18) contracts valued at **ZMW 287,144,499.42** and **USD 579,208.00** were signed, while others were at various levels of approval.

3.2.3 Goods and Non-Consulting Services

Nine (9) formal tenders for goods and non-consulting services were advertised in 2024 and seven (7) contracts valued at **ZMW 208,673,114.06** and **USD 139,235.96** were awarded during the period under review. Six (6) contracts valued at **ZMW 206,311,270.30** and **USD 139,235.96** were signed.

In addition to the formal tenders for goods and non-consulting services, one hundred and seventy-nine (179) purchase orders for the supply of various goods and services for the daily operations of the Agency valued at **ZMW 72,815,536.12** and **USD 64,152.91** were awarded through the simplified bidding procedures in 2024.

3.3 CONSTRUCTION AND REHABILITATION WORKS

The RDA continued to supervise and monitor the upgrading, rehabilitation, and construction of the road network, including associated infrastructure such as bridges, weighbridges, and toll plazas, in line with the 2024 RSAWP.

Project financing improved in 2024 following the prioritization of a limited number of projects. However, challenges such as inclement weather and scarcity of construction materials in some areas affected the physical progress of projects against the set targets. Despite these challenges, notable achievements were recorded in the implementation of key infrastructure projects.

In 2024, thirty-one (31) contracts were under implementation as part of the 2024 RSAWP, comprising:

- i. Seventeen (17) civil works contracts covering

the construction, upgrading, and rehabilitation of the roads; and

- ii. Fourteen (14) service contracts related to project supervision and consultancy services.

3.3.1 Road Upgrading and Rehabilitation

As part of the ongoing efforts to improve Zambia's road infrastructure, various road upgrading and rehabilitation projects were undertaken under the 2024 RSAWP. These projects aimed to enhance connectivity, improve road safety, and support

economic activities by ensuring a well-maintained road network. Significant progress was recorded across multiple key projects, with work ranging from full rehabilitation to upgrading and surfacing.

The major rehabilitation programme included nine (9) strategic projects, which remain at various stages of implementation. These projects are essential for maintaining the functionality of Zambia's key road networks to accommodate increasing traffic demands. **Table 5** presents the status of the nine (9) strategic projects as at the end of 2024.

Table 5: Status of Key Road Projects Under Construction and Rehabilitation

No.	Project Title	Source of Funds	Targeted Length (km)	Status	Progress (%)
1	Monze-Niko (D365) Road upgrading	Local	71	Ongoing	45.4%
2	D775 Road rehabilitation (Batoka-Maamba)	Local	88	Ongoing	20.9%
3	M009 Rehabilitation (Tateyoyo Gate-Katunda Lukulu Turnoff)	Local	87.3	Ongoing	5%
4	Chibuluma Road (Rigid Pavement)	Local	7	Ongoing	63%
5	Feeder Roads rehabilitation (Off T2)	External	41	Mobilization in progress	0%
6	Mongu-Limulunga (D315) Road and Muoyo Road upgrading	Local	29	Near Completion	96%
7	Chipata-Chadiza Road upgrading & Township Roads	Local	85	Mobilization in progress	0%
8	Chinsali-Nakonde Road Lot 1 & 2	External	210	Completed	100%
9	Kafue-Mazabuka Road Lot 2	External	72	Completed	100%
	TOTAL		690.30		

A total of 24.47 kilometres of road was surfaced in 2024, contributing to the improvement of Zambia's road network. **Table 6** provides a breakdown of the projects that contributed to this achievement.

Table 6: Summary of Road Surfacing in 2024

Project Title	Achieved Length (km)	Comments
Mongu-Limulunga Road	8.45	Ongoing
Chinsali-Nakonde Road Lot 1	6.00	Road works completed; construction of toll station in progress
Chinsali-Nakonde Road Lot 2	4.00	Road works completed; weighbridge construction in progress
Chibuluma Road	6.02	Ongoing
TOTAL SURFACED	24.47	



Figure: 3.7: Construction works under the Mongu-Limulunga Road Project

3.3.2 Bridge Construction and Other Civil Works

The Agency continued to prioritize major bridge construction and rehabilitation works to enhance road connectivity and trade corridors. Key achievements include:

- i. Mvuyve Bridge (new project) – A significant milestone was reached with the procurement of the 120 metres-span Mvuyve Bridge project, with the contract signed in December 2024;
- ii. Kampemba Bridge – Currently at 85% physical progress attained and expected to be completed by June 2025;
- iii. Luanginga and Silanda Bridges – Successfully completed and opened to traffic;
- iv. Chongwe Weighbridge – Fully operational and commissioned; and
- v. Matumbo Bridge (Luangwa River) – Scheduled to commence construction works in 2025 and completion targeted for December 2025.

Progress on bridge construction in 2024 continued, though some projects experienced minor setbacks. Key challenges included:

- i. Delays in constructing approach roads at Kampemba Bridge, which temporarily affected immediate bridge usability; and
- ii. The rescheduling of the Matumbo Bridge project, leading to minor adjustments in the completion timelines.

However, these challenges are being proactively managed and the Government through the RDA remains committed to successfully complete all the bridge projects under the supervision of the consultants to oversee quality.

3.3.3 Termination of Stalled Projects

As part of fiscal consolidation efforts, the RDA terminated seventy-seven (77) civil works contracts which were awarded from as far back as 2012 and had stalled due to financial constraints over the years. The status is as follows:

- i. Seventy-six (76) contracts were successfully negotiated with the contractors for closure; and
- ii. One(1) contract remained pending negotiation.

In addition, eleven (11) Contractor Financed Initiative (CFI) contracts that did not require negotiations were also closed and thirty-seven (37) service contracts were considered for closure after civil works contracts terminations.

The estimated financial requirement for terminating these contracts is estimated at **ZMW 10.4 billion** though the final amounts may be subject to adjustments based on ongoing negotiations.

3.3.4 Subcontracting and Local Contractor Participation

The 20% mandatory Subcontracting Policy aims

to empower Zambian Citizen-Owned Companies and enhance skills transfer. The RDA maintained a register of subcontractors and **2,374** local subcontractors were successfully registered.

However, despite policy enforcement efforts, compliance levels remained significantly low, with an overall compliance rate of 4% across all project categories. Compliance rate is presented in **Table 7** below.

Table 7: Compliance Rate for Various Project Categories

Project Category	Total Contract Sum (Billion ZMW)	Subcontracted (Billion ZMW)	Recommended Subcontractors	Engaged Subcontractors	Compliance Rate (%)
PPP Projects	26.78	1.08	593	31	4.03%
GRZ-Funded Projects	5.89	0.24	169	37	4.07%
Externally Funded Projects	1.95	0.041	14	14	2.10%
TOTAL	34.62	1.361	776	82	3.93%

In 2024, efforts were made to enhance compliance through several strategies that were put in place. While progress has been made, these measures will continue to be refined and strengthened in 2025 to ensure greater efficiency and inclusivity.

The bar graph in **Figure 3.8** depicts recommendations of subcontractors on various projects in 2024.

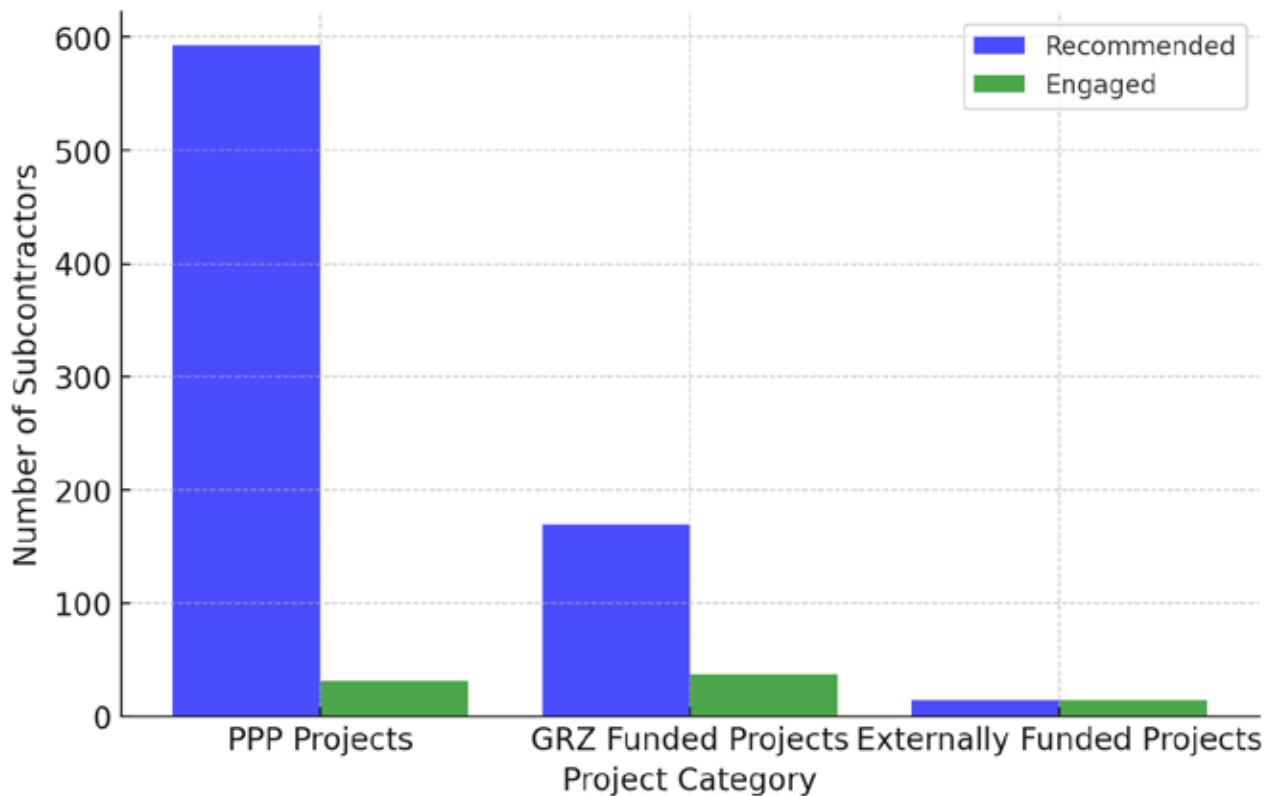


Figure 3.8: Bar graph of Recommended Vs Engaged Subcontractors

3.4 ROAD MAINTENANCE AND EMERGENCY WORKS

3.4.1 Implementation of the Revised Road Maintenance Strategy

The RDA carries out road maintenance programmes on the Core Road Network (CRN) in line with the Road Maintenance Strategy 2014-2024.

The maintenance activities are classified under the following categories:

- a) Routine Maintenance: These are works applied on road/drainage structures in good and fair conditions to preserve the asset by keeping it maintainable. The scope of works includes among others: Pothole patching, vegetation control, road line marking, and drainage works;
- b) Periodic Maintenance: These are works carried out after a specified maintenance period has been attained, once in seven years and

include works such as graveling, resealing, overlay and road line marking;

- c) Force Account Works: These are in-house works and projects undertaken by the Agency through Provincial Offices;
- d) Emergencies: These are unplanned works carried out in reaction to adverse weather conditions that disrupt the road network with related infrastructure such as culverts, bridges and embankments; and
- e) Bridge Maintenance: These are repair works on bridges.

3.4.2 Road Maintenance Projects

There were two (2) road contracts under periodic maintenance that the Agency undertook as shown in **Table 8** below.

Table 8: Running Periodic Maintenance Road Projects

S/N	PROVINCE	ROAD	ROAD LENGTH (KM)
1	Southern	Monze-Mazabuka	60
2	Eastern	Chipata-Lundazi (M12)	90
	TOTAL		150

A total of ten (10) kilometres was maintained on the Monze-Mazabuka Road project. The contractor on the Chipata-Lundazi Road completed the construction of Msuzi Insitu Box Culvert and the Lundazi Bridge and the two (2) structures were opened to traffic. The contractor commenced the works on the main road. However, this road was taken up under the Millennium Challenge Project, the contractor was instructed to restrict the intervention to holding maintenance works only.

3.4.3 Routine Maintenance of Trunk, Main and District Roads (TMDs)

The Agency had seventy-nine (79) ongoing routine maintenance contracts valued at **ZMW 35.25 million** across all provinces, covering a total distance of **1,920.50 kilometres** of both paved and unpaved roads. The annual target is to maintain **20,486 kilometres** of Trunk, Main, and District roads under routine maintenance.

In addition, four hundred and thirty-two (432) routine maintenance contracts were under various

stages of the procurement process. Once these contracts are finalized and signed, significant increase in the total road network under routine maintenance is envisaged, further enhancing road conditions across the country.

3.4.4 Feeder Roads

The Agency has been undertaking feeder road projects under the Output and Performance Based Road Contracts (OPRCs) funded by the World Bank and seventeen (17) contracts were in force, countrywide. The cumulative progress on rural roads projects under the IRCP stood at **2,051.01 kilometres** out of a total of **3,858.99 kilometres** representing a physical progress of 53% and **ZMW 957,395,991.10** certified on the project to-date, representing a financial progress of 42.77%.

3.4.5 Installation of Road Signs on TMDs

To promote safety, the Agency planned to install 1,516 road signs under phase one of



Figure 3.9: Package 9 feeder road under the IRCP in Luapula Province

the programme. In addition to this, the Agency procured two hundred and sixty-seven (267) information signs which will be delivered to the Provincial Offices. These road signs will all be installed on the road network during the first quarter of 2025.

3.5 BRIDGE WORKS

3.5.1 Routine Bridge Maintenance under JICA TCP II

In 2024, the RDA under the JICA supported Technical Corporation Project Phase II, continued to implement the roll-out programme of routine bridge maintenance. The three (3) contracts for routine maintenance were under the process of being finalised. The Agency initiated a routine maintenance roll-out programme using the Force Account to undertake maintenance works on twenty-one (21) bridges across all the provinces against thirty-nine (39) targeted in the Strategic Plan, due to limited financial resources. The programme commenced mid-December 2024, starting initially with Eastern and Central Provinces and to be rolled out subsequently to other provinces within the financial envelope available.

3.5.2 Repair of Bridges JICA TCP II

The repair works of the Katima Mulilo, Luena and Rufunsa Bridges continued in 2024. The works are being executed at a contract sum of **ZMW 57,940,629.99**. The overall physical progress of works stood at 56% as at end of 2024 and is scheduled to be completed on 12th June 2025.

3.5.3 ACROW Bridge Programme

The GRZ through the then Ministry of Transport, Works, Supply and Communication and the RDA jointly entered a contract on 6th September 2013 with ACROW Corporation of America for the financing, design, fabrication and delivery of one hundred and forty-four (144) prefabricated steel bridges at a total project value of **USD 73,776,849.00**. The project was financed through a Credit Agreement entered between the Ministry of Finance, the Export Import Bank of the United States of America (USA) and Citi Bank. The GRZ was to provide financing for the construction of the sub-structures (Abutments and Piers) and the installation of the bridges.

However, only one hundred and thirty-one (131) bridges were procured due to the following reasons: -

- i. Some bridges were removed from the list as these were already being undertaken through other programmes;
- ii. Some bridges were combined; and
- iii. Some bridges were not approved by the Export Import Bank of the USA.

The 2024 RSAWP had a provision of **ZMW 80.0 million** for the construction and installation of ACROW Bridges. The funds were to be utilized for the completion of the installation of fourteen (14) ACROW Bridges that were planned to be constructed in 2023 and installation of fifteen (15) additional bridges in 2024. The Zambia Army (ZA) and Zambia National Service (ZNS) were contracted to undertake some of the works.

The ZA was contracted to construct six (6) ACROW Bridges in the Zambezi District of North-Western Province at a cost of **ZMW 31,111,493.08**. The bridges have since been completed and commissioned.

The Agency also contracted the ZA to construct five (5) additional ACROW Bridges in Zambezi West at a total cost of **ZMW 53,003,598.75**. The ZA mobilized and commenced the works on the Kalengwa ACROW bridge which was prioritised. The bridge components for all the bridges have been transported to the site.

The ZNS was contracted to construct six (6)

ACROW Bridges in North-Western, Muchinga, Eastern and Lusaka Provinces and the progress is as follows:

In Kabompo District in North-Western Province, three (3) bridges at an estimated cost of **ZMW 24,397,002.23** were constructed at Kasombo, Malolwa and Kalwilo and all these three ACROW bridges have since been completed and commissioned except for the Kalwilo ACROW Bridge which is expected to be commissioned in the first quarter of 2025.

ZNS were contracted to undertake the works on the Aluni-Mulonga ACROW Bridge in Muchinga Province and the project was completed by the end of 2024. The ZNS has been requested to submit their cost to construct the ACROW Bridges along Zacharia Chanda Road, Mumphansya Road and Chifunda Road in Northern, Lusaka and Eastern Provinces respectively. Once the contract is finalised, the works are expected to start in the first quarter of 2025.

3.5.4 General Force Account Works

The RDA carried out road and bridge maintenance works under the Force Account through the Provincial Offices. As of 31st December 2024, the Agency had disbursed a total of **ZMW 179.0 million** against the budgeted amount of **ZMW 328.0 million**.



Figure 3.10: Kasombo ACROW Bridge in Kabompo District

The major challenges in undertaking these works involve:

- i. Inadequate funding as compared to the budget; and
- ii. The volume of the Force Account work per province had increased over the years and this had resulted in challenges related in the capacity to handle these works. Recruitment of professional staff will be initiated in the first quarter of 2025, to enhance capacity.

3.5.5 Emergencies under Force Account/ Contract

The Agency carried out several emergency works either under the Force Account and/or on contract. The emergency works were part of the strategic objective of improving Road Asset Management and were meant to mitigate against any potential damage to infrastructure that was likely to cause disruptions on the road network, particularly during the rainy season.

In 2024, all requests to attend to damaged infrastructure during the 2023/2024 rainy season were captured in the Agency's database for execution subject to the availability of funds from the Treasury. The Agency through the Provincial offices attended to these damages.

The Agency carried out several emergency/Force Accounts works to mitigate against the potential damage to infrastructure that was likely to cause disruptions in the supply, delivery and movement of goods and services.

Some of the emergency works that were being executed in 2024 included the following:

- i. Protection works and repair of washed away approach of the Matumbo Temporary Bridge in Chama District. The overall physical progress stood at 75%;
- ii. Repair of washed away Lunzi Bridge on the Chama-Lundazi Road. The diversion was

completed, and the main works commenced with physical progress at 30%;

- iii. Emergency works on Muyanda Bridge in Choma District with the overall progress at 100%;
- iv. Emergency works of the washed away sections of the Dundumwezi-Itezhi Tezhi Road with the overall progress at 70%; and
- v. Emergency works of washed away drainage structures at Namuseba crossing in Monze District with the overall progress at 100%.

3.5.6 Toll Plaza Construction Works under Force Account

The Agency was upgrading the Toll Plazas at Kateshi in Northern Province, Mweeke in Western Province, Ntoposhi in Luapula Province and Mpongwe on the Copperbelt Province from Class C to Class B. The works on the upgrading of the Kateshi and Mweeke Toll Plazas were completed.

The construction works commenced on the upgrading of Ntoposhi and Mpongwe Toll Plazas and the overall progress stood at 18% and 40% respectively.

3.6 VEHICLE LOAD MANAGEMENT

In 2024 a total of **800,831** Heavy Goods Vehicles (HGVs), passed through our weighbridges countrywide, indicating a decrease of approximately 12.96% compared to the **920,039** HGVs recorded in 2023. **16,155** HGVs were found overloaded in contrast to **19,408** HGVs in 2023, representing a decrease of 16.76%.

Total fines collected from transporters amounted to **ZMW 96,419,894.59** compared to **ZMW 76,868,009.93** collected in 2023.

The overloaded vehicles reported are confined to those captured at the weighbridges and hence may not comprehensively reflect the nationwide situation, as certain roads do not have fixed weighbridge infrastructure.

SECTION 4

4.0 CORPORATE SERVICES

4.1 HUMAN CAPITAL

4.1.1 Staff Establishment

The Agency's approved staff establishment stands at 855 and as of 31st December 2024, 436 positions were filled and 419 were vacant. The Agency recruited eleven (11) employees in 2024 to boost the staffing levels. The number

of employees recruited included two Directors (2), one (1) Senior Engineer-Mechanical Services, one (1) Assistant Accountant, one (1) Sociologist, one (1) Occupational Health and Safety Officer, one (1) Materials Technician, one (1) Assistant ICT Specialist, one (1) Procurement Officer and one (1) Personal Assistant.

Critical positions were identified in various departments and will be recruited during 2025 to enhance service delivery.

Table 9: Staff Establishment by Category and Gender

No	Category	Male	Female	Total
1	Executive Management	5	1	6
2	Management	86	19	105
3	Unionized	232	93	325
	TOTAL	323	113	436

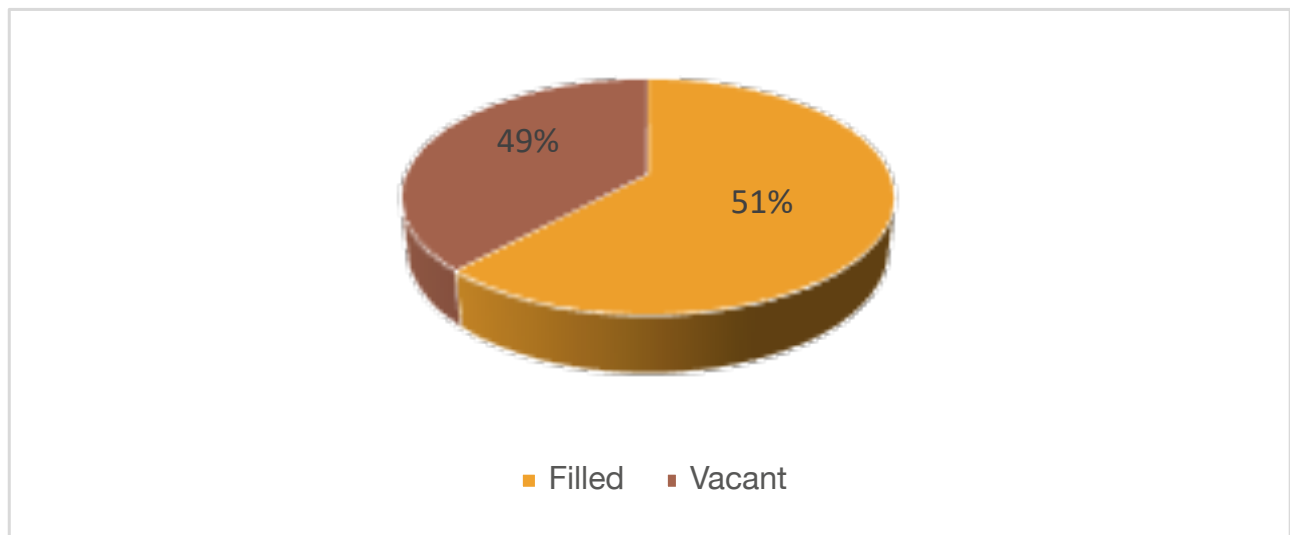


Figure 4.1: Staff Establishment

4.1.2 Staff Training and Development

The Agency continued to invest in the skills development of its employees through long-term and short-term training. In 2024, the RDA had two (2) employees on long-term training while a total

number of one hundred and seventy-eight (178) employees attended short training programmes and workshops.

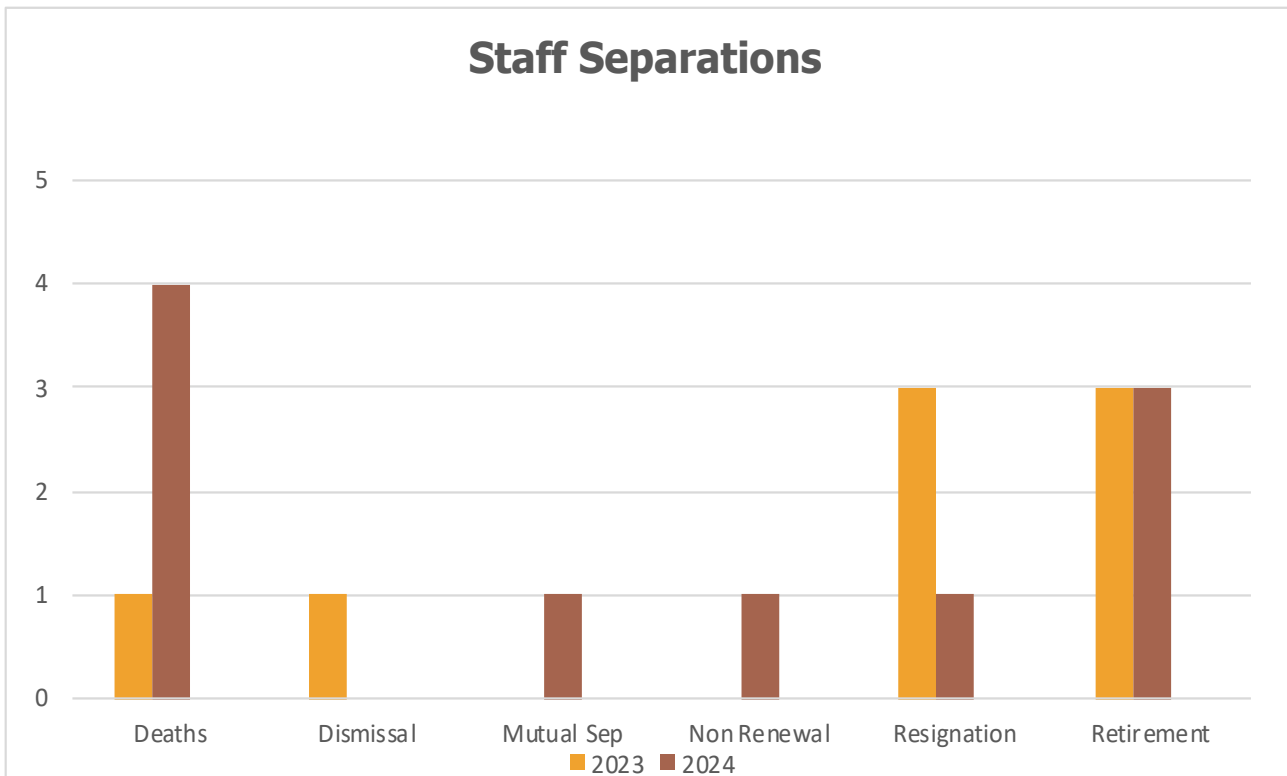


Figure 4.2: Staff Separations

4.1.3 Staff Separations

The Agency had ten (10) separations through one (1) resignation, three (3) retirements, four (4) deaths, one (1) non-renewal of contract and one (1) mutual separation in 2024, which represented an Annual Turnover Rate of 2.3% compared to 2% in 2023.

4.2 COMMUNICATIONS

To improve Stakeholder Management, the Agency disseminated information on the mission, vision, shared values, commitments and activities using various media platforms. This was aimed at promoting public awareness, education, goodwill and mutual understanding between the RDA and its multiple stakeholders.

4.2.1 Media Tours

Two (2) media tours were undertaken in 2024 highlighting the status of road and bridge projects in Eastern, Lusaka, Central and Copperbelt Provinces.

4.2.2 Stakeholder Management

4.2.2.1 Mulakupikwa Primary and Secondary School

The Agency on 5th March 2024 conducted sensitization discussions with the pupils and teachers at Mulakupikwa Primary and Secondary School in Chinsali District in Muchinga Province. The engagement was also extended to the residents of Mulakupikwa Village. During the engagement, the Agency also handed over the road safety manuals to the Provincial Education Office for onward distribution to the various schools.

In furtherance of the road safety profile for the Chinsali-Nakonde corridor, road safety education manuals were developed under the project through collaborative effort by the RDA, the RTSA and the Ministry of Education through the Curriculum Development Centre (CDC). Three thousand two hundred (3,200) road safety manuals were published and were distributed to schools and communities in Chinsali, Isoka and Nakonde Districts.



Figure 4.3: Stakeholder engagement by officers from the RDA, RTSA and Ministry of Education with pupils and teachers at Mulakupikwa Primary and Secondary School in Chinsali District in Muchinga Province

4.2.2.2 Courtesy Call on Senior Chief Kafwimbi/Meeting with Subjects

A team from the Communications and Corporate Affairs Department paid a courtesy call on Senior Chief Kafwimbi at his Palace in Isoka District in Muchinga Province on 6th March 2024. The team also presented road safety manuals to be used by the community in Senior Chief Kafwimbe's Chiefdom.

The move is part of the Chinsali-Nakonde Road rehabilitation project. The team also engaged residents near the Senior Chiefs Palace on issues of road reserve encroachments and vandalism of road signage.

4.2.2.3 Zambia International Trade Fair (ZITF)

The Agency exhibited at the 58th Zambia International Trade Fair (ZITF) in Ndola under the theme, "Unlocking Economic Potential Through Collaboration and Partnerships", which was held from 26th June to 2nd July 2024 and engaged a wide range of stakeholders during the exhibition.

The Agency scooped the first prize in the Best Exhibit - Transport Services and Allied Industries category. The RDA also got the first prize under the Most Innovative Public Sector category.



Figure 4.4: RDA staff at the 2024 ZITF in Ndola

4.2.2.4 The 96th Agricultural and Commercial Show

The RDA scooped two awards at the 96th Agricultural and Commercial Show in Lusaka held under the theme, “Creating a competitive future” which was held from 31st July to 5th August 2024.

The Agency got the second prize in the Best Transport Exhibit and third prize in the Best Infrastructural Development Exhibit.

4.2.2.5 Zambezi Corridor Environmental One Health Expo

The RDA participated at the 2024 Zambezi Corridor Environmental One Health Exposition held in Kabompo District in North-Western Province from 27th November to 1st December 2024 which was officiated by Her Honour the Vice President, Mrs. W. K. Mutale Nalumango.

During the Expo, the Agency also disseminated information on various projects the RDA was undertaking in the province and across the country. Further, various materials on road reserve encroachments and vandalism of road infrastructure installations were distributed.



Figure 4.5: RDA staff at the award presentation ceremony at the Agricultural and Commercial Show in Lusaka

4.3 GOVERNMENT RELATIONS

4.3.1 Joint Steering Committee (JSC) and Ministers Meeting on the Establishment of the Kazungula Bridge Authority (KBA)

The Agency coordinated activities leading to the successful hosting of the Joint Bilateral Meetings

with Botswana for the establishment of the KBA in Livingstone 22nd March 2024. This culminated into the working visit by the two Heads of State for Zambia and Botswana and the signing of the Bilateral Agreements of the KBA in Livingstone on 27th March 2024.

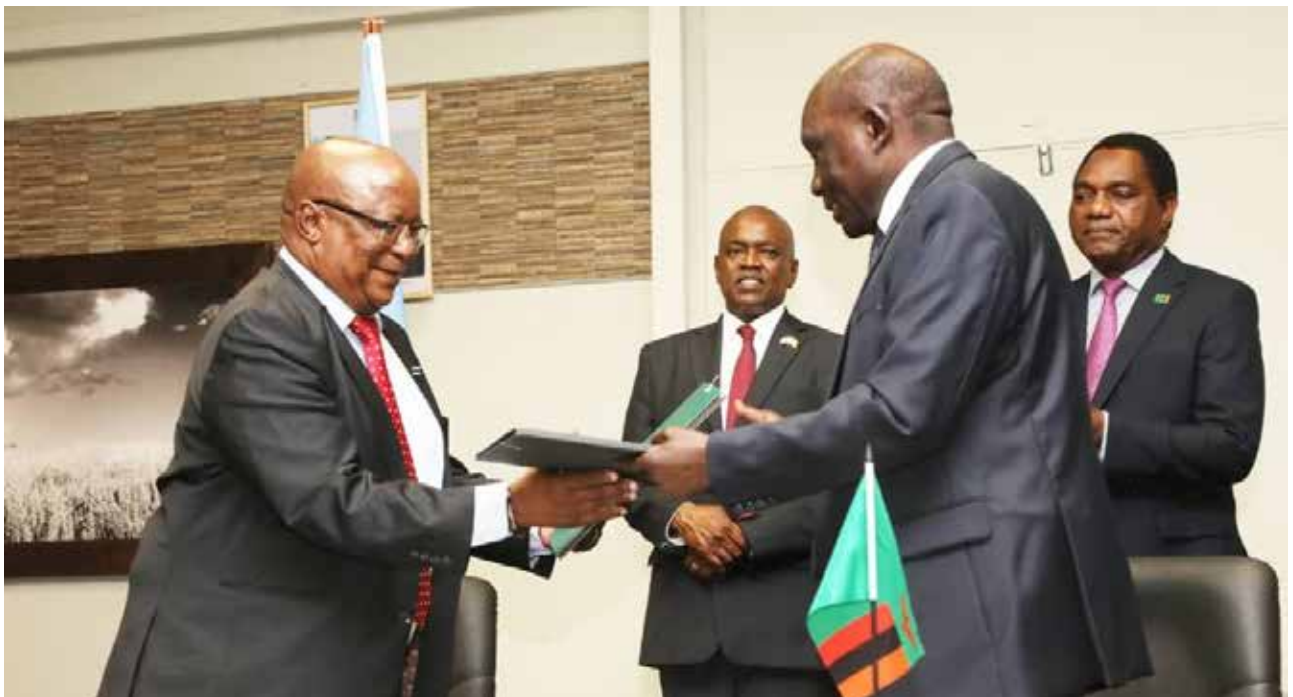


Figure 4.6: Former Botswana Minister of Transport and Public Works, Hon. Eric Molale and Zambia's Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP exchange copies of bilateral agreements on the establishment of the Kazungula Bridge Authority (KBA). This was in the presence of President Hakainde Hichilema and former Botswana President, Dr. Mokgweetsi Eric Masisi



Figure 4.7: The Republican President, Mr. Hakainde Hichilema unveiling the plaque during the Groundbreaking Ceremony for the construction of the Lusaka-Ndola Dual Carriageway in Kapiri Mposhi

4.3.2 Groundbreaking Ceremony for the construction of the Lusaka-Ndola Dual Carriageway

The Groundbreaking ceremonies for the construction of the Lusaka-Ndola Dual Carriageway under the PPP model, were held simultaneously in Lusaka, Chibombo, Kapiri Mposhi and Luanshya Districts on 21st May 2024. This PPP project is being undertaken by MOIC-LN. The project scope is to upgrade the road to dual carriageway from Lusaka to Ndola. The project also involves the rehabilitation of 45 kilometres of the Masangano-Fisenge-Luanshya Road, construction of approximately 30 kilometres bypasses in Kabwe and Kapiri-Mposhi towns.

The main event which included the groundbreaking event and the unveiling of the plaque was graced by the Republican President, Mr. Hakainde Hichilema in Kapiri Mposhi District.

4.3.3 Commissioning of ACROW Bridges in Northern Province

Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP on 22nd June 2024 commissioned two ACROW Bridges in Lunte and Luwingu Districts in Northern Province. The Lukulu and Solo ACROW Bridges were constructed and installed at a combined cost of **ZMW 15,934,161.54**.



Figure 4.8: President Hakainde Hichilema disembarking on the excavator after breaking ground to signify commencement of works on the Lusaka-Ndola Dual Carriageway Project



Figure 4.9: Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP leads Government and RDA officials led by the Board Chairperson, Eng. Mulchand Kuntawala, in cutting the ribbon during the commissioning of the Solo ACROW Bridge in Luwingu District

4.3.4 Commissioning of Kimasala-Mushitala Bridge in Solwezi

The commissioning of the Kimasala-Mushitala Bridge in Solwezi District in North-Western Province was graced by Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP on 12th July 2024.

The Kimasala-Mushitala Bridge connects Mushitala area and Kansanshi Mine to Kimasala, Zambia compound, the airport and the Solwezi Central Business District. Before the construction of the bridge, people around the bridge area faced hardships in their movements as well as delivery of goods and services.

4.3.5 Commissioning of the Solwezi Weighbridge

Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP on 12th July 2024 commissioned the Solwezi Weighbridge. The weighbridge, including other associated infrastructure was rehabilitated at a cost of **ZMW 58,419,148.82**.

4.3.6 Commissioning of Kasombo and Malolwa Acrow Bridges

The commissioning of the Kasombo and Malolwa Acrow Bridges in the Kabompo District of North-Western Province took place on 13th July 2024. Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP was the Guest of Honour.

4.3.7 Groundbreaking Ceremony for rehabilitation works on the Lusaka-Mongu Road from Tateyoyo Gate to Katunda/Lukulu Junction

Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP on 7th August 2024 launched the rehabilitation works for the Lusaka-Mongu Road from Tateyoyo Gate to Katunda/Lukulu Junction stretching 87.3 kilometres.

The total project cost is **ZMW 1.3 billion** with a construction period of 24 months.



Figure 4.10: Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP and invited guests during the commissioning of Malolwa Acrow Bridge in Kabompo District

4.3.8 Commissioning of Chongwe Weighbridge

Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP on 29th August 2024 commissioned the newly constructed Chongwe Weighbridge along the Great East Road in Chongwe District. The total cost of the contract was ZMW 46.3 million.

4.3.9 Groundbreaking Ceremony for the Ndola-Sakania-Mufulira Road

The Agency coordinated activities leading to the successful hosting of the Groundbreaking Ceremony for the Ndola-Sakania-Mufulira Road under the PPP model, on 23rd October 2024 by Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP who is also the Vice Chairperson of the PPP Council.



Figure 4.11: Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP during the Groundbreaking Ceremony for the rehabilitation of Ndola-Sakania-Mufulira Road

The project is being undertaken by Jaswin Ports Limited and also involves the construction of a modern One Stop Border Post Infrastructure at Sakania.

The Government, through the Ministry of Commerce, Trade and Industry and the Ministry of Infrastructure, Housing and Urban Development is undertaking the development of infrastructure relating to the design, finance, build, operate, maintenance and transfer of the Sakania Border One Stop Border Post Infrastructure, 61 kilometres of the Ndola-Mufulira Road and the access road to the Sakania Border.

4.3.10 Signing of the Concession Agreement for the Mufulira-Mokambo Road

The RDA facilitated the signing of the CA with Jasworld Ports Limited for the construction of the Mufulira-Mokambo Road, the urban dual carriageway and the One Stop Border Post Infrastructure under the PPP financing model, at Mokambo in Mufulira District on the Copperbelt Province on 15th November 2024.

4.3.11 Signing of the Concession Agreement for upgrading of the Solwezi-Kipushi Road

The Government through the RDA signed the CA to upgrade to bituminous standard the 111 kilometers Solwezi-Kipushi Road and upgrading of the Border Infrastructure at Kipushi in North-Western Province.

The signing ceremony took place on 30th November 2024 at Yowela School in Kipushi and the event was graced by Finance and National Planning Minister, Hon. Dr. Situmbeko Musokotwane, MP and Infrastructure, Housing and Urban Development Minister, Hon. Eng. Charles Lubasi Milupi, MP who are the Chairperson and the Vice Chairperson of the PPP Council respectively.

4.3.12 Signing of the Concession Agreement for the Construction of the Mutanda-Kasempa-Kaoma Road

The Government through the RDA signed the CA for the construction to bituminous standard the 371 kilometres Mutanda-Kasempa-Kaoma Road being undertaken by the Baroste Highway Limited in Partnership with First Quantum Minerals (FQM) under the PPP financing model. The signing ceremony took place on 1st December 2024 at Kaunda Square in Kasempa District in North-Western Province.

The event was officiated by Finance and National Planning Minister, Hon. Dr. Situmbeko Musokotwane, MP Labour and Social Security Minister, Hon. Brenda Tambatamba, MP and Education Minister, Hon. Douglas Siakalima, MP.

4.4 INFORMATION AND COMMUNICATION TECHNOLOGY

The CCTV cameras were installed at Kapiri Mposhi and Kafue Weighbridges for remotely monitoring the activities at the weighbridges by the Vehicle Load Management offices in Lusaka stationed at the Lusaka Provincial Offices. The project is ongoing, and CCTV cameras will systematically be installed at all the RDA weighbridges across the country.

4.5 MECHANICAL SERVICES

The total revenue realised from the sale of stone aggregates and concrete products from the Kafue quarry reached **ZMW 2,118,162.38**, a significant increase from **ZMW 908,383.67** in the previous year, marking a 133% growth. This increase was largely driven by bulk purchases by the MOIC-LN Limited for the Lusaka–Ndola Dual Carriageway project.

SECTION 5

5.1 AUDIT AND RISK ASSURANCE

5.1.1 Assurance and Consulting Activities

The Agency conducted audits of Assurance and Consultancy targeted at the core and support business processes.

5.1.2 Performance under Assurance Activities

Twenty (20) Assurance and four (4) Consultancy activities were planned for 2024 and as of 31st December 2024, thirty-three (33) auditable units representing 138% of Assurance and Consultancy works were completed as highlighted in **Table 10** below.

Table 10: Summary of Consultancy and Assurance Activities Executed in 2024

Activity	Annual Plan	Actual	% Achievement
Construction projects	10	14	140
Support processes	10	8	80
Consultancy works	4	4	100
Ad-hoc activities	0	7	
TOTAL EXECUTED	24	33	137.5

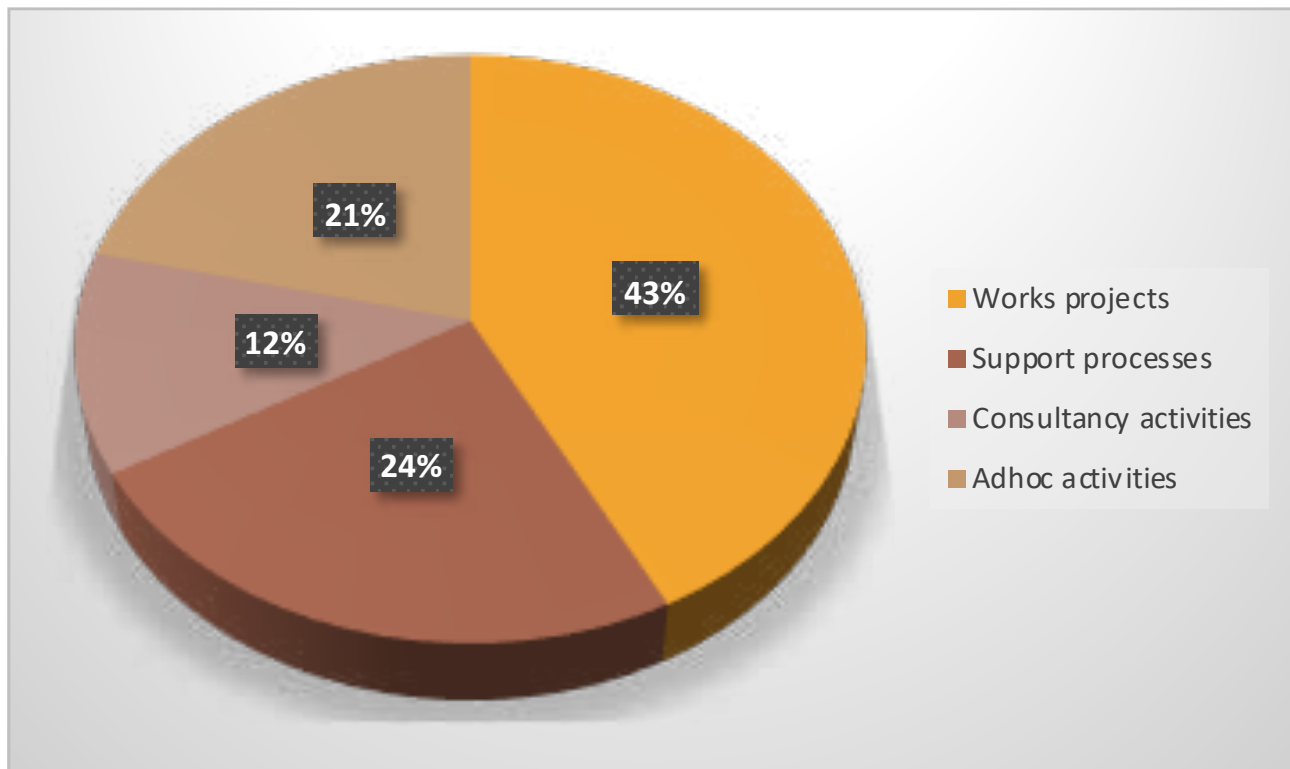


Figure 5.1: Audit Coverage in 2024

5.2 MONITORING AND EVALUATION

The Agency carried out various Monitoring and Evaluation (M&E) activities aimed at ensuring that projects were executed of the right quality, the right cost and within the prescribed delivery time. The activities included vendor rating to assess the performance of the contractors and consultants; quality inspections of selected Force Accounts projects carried out by Provincial Offices across the country; quality checks of draft bidding and draft contract documents; cost estimates, cost advice and cost control for new and ongoing projects.

5.2.1 Vendor Rating

The vendor rating system is a performance management tool developed by the Agency to measure, analyse and document on a continuous basis both the past and current performance of consultants and contractors to ensure that projects are executed in accordance with contractual requirements.

Eleven (11) out of the planned twelve (12) projects were assessed covering a total of eighteen (18) vendors (11 contractors and 7 consultants) representing a 91.67% coverage. There was no change in the number of projects assessed compared to 2023 apart from the number of consultants assessed which increased from six (6) in 2023 to seven (7) in 2024. The average performance score for vendors assessed in 2024 was 60.98% compared to 63.5% recorded in 2023 as shown in **Figure 5.2**.

The decline in the average performance score was mainly attributed to the poor performance of the vendors (78% of the 18 vendors) on the ongoing Output and Performance Based Road Contract for Feeder Roads.

The critical performance areas where the majority of the vendors needed to improve on include:

- i. Poor implementation of the Quality Assurance Plans (QAPs) resulting in delivery of poor-quality works;

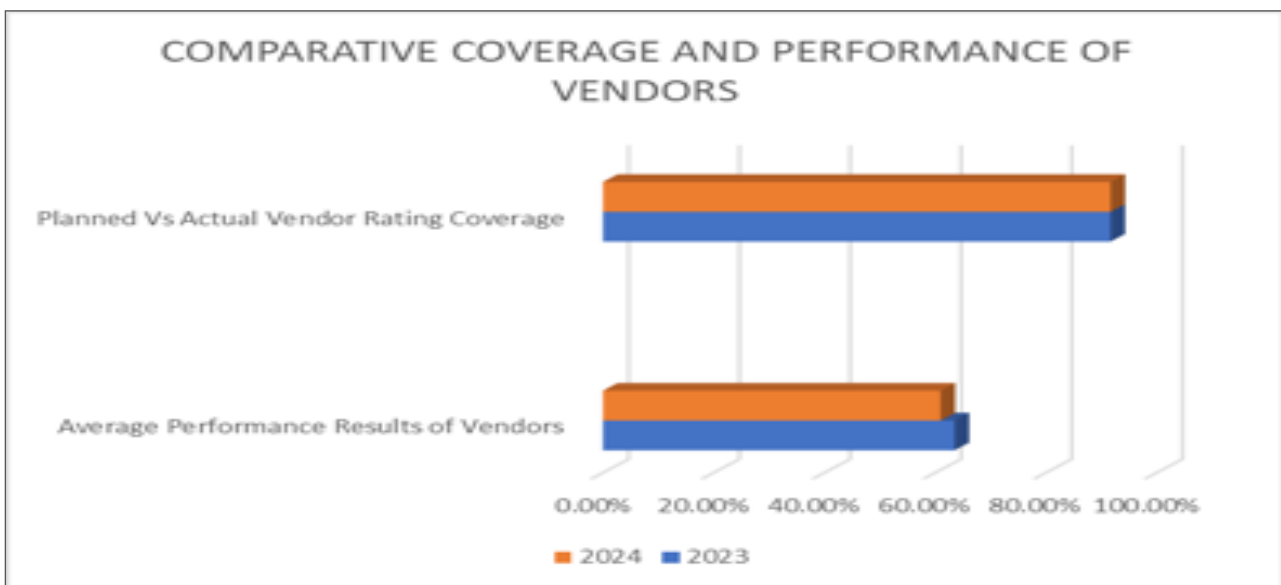


Figure 5.2: Comparative Coverage and Performance Results of Vendors for 2023 and 2024

- ii. Delay in the delivery of projects;
- iii. Failure by contracting entities to mobilise the required key personnel on the projects;
- iv. Delay in mobilisation of the required plant and equipment by contracting entities;
- v. Poor identification, monitoring and control of project risks; and
- vi. Poor implementation of environmental, health and safety requirements on site.

5.2.2 Quality Inspections of Force Account Projects

Quality inspections were conducted on Force Account projects undertaken by the Provincial Offices across the country as part of quality assurance and control to ensure the projects were executed according to the scope, schedule, quality and cost.

The Agency undertook thirty-nine (39) inspections of selected Force Account projects in 2024 compared to forty-four (44) inspected in 2023.

The breakdown of the thirty-nine (39) projects inspected were as follows:

- i. Southern Province - five (5);
- ii. North-Western Province - four (4);
- iii. Western Province - six (6);

- iv. Eastern Province - seven (7);
- v. Muchinga Province - five (5);
- vi. Northern Province - seven (7); and
- vii. Luapula Province - five (5).

5.2.3 Quality Checks of Procurement Documents

The Agency through the M&E Department reviewed a total of total of sixty-five (65) draft bidding and draft contract documents for both works and services compared to thirty-four (34) that were reviewed in 2023. The number of works documents checked increased from twenty (20) in 2023 to thirty-six (36) in 2024 and that for consultancy services from fourteen (14) to twenty-nine (29) in 2023 to 2024 as illustrated in **Figure 5.3**. The objective was to eliminate errors in the bidding and contract documents.

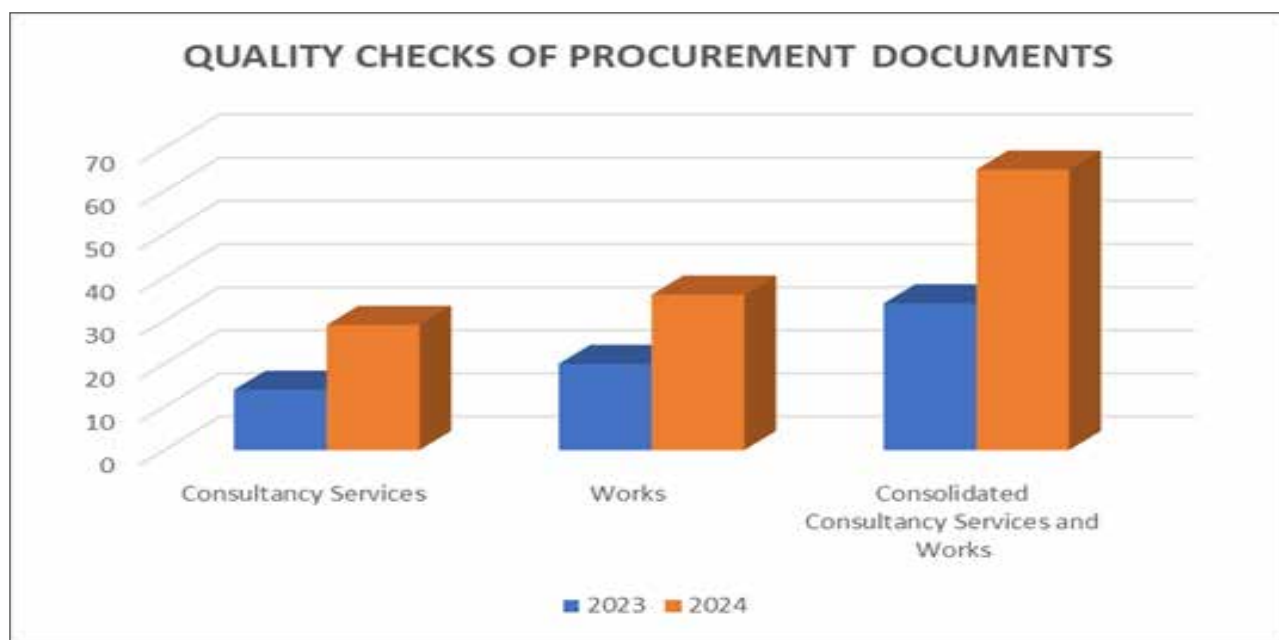


Figure 5.3: Comparative Quality Checks of Procurement Documents for 2023 and 2024

5.2.4 Development of the M&E System

The second follow-on report submitted by the Monitoring and Evaluation Consultant, M/s ADA Consultants, was approved by the Agency and the Final Impact Assessment Study on the feeder roads contract is scheduled to be completed by the end of 2025 once the road works have been finalised.

5.2.5 Cost Estimates and Advice

The Agency updates the unit construction rates costs on a quarterly basis using the RDA's Cost

Estimation Guidelines. Comparison between 2023 of 2024 annual average costs per kilometre for various types of roads is illustrated in **Figure 5.4**.

The fluctuations of the road construction costs between 2023 and 2024 were mainly attributed to the fluctuations in fuel prices, exchange rates and inflation rate.

5.2.6 Monitoring and Control

To operate within the planned budget and cost estimates for road projects undertaken by the



Figure 5.4: Comparative Average Cost Estimates Based on the 1st Principle for 2023 Vis-à-vis 2024 in US\$ Per kilometre

Agency, a total of fifty-three (53) compared to forty-three (43) variation orders were reviewed and adjudicated for price reasonableness in 2024 and 2023 respectively.

The increase in adjudicated variation orders was due to:

- i. Increase generally in the scope of the works and services contracts;
- ii. Increase in the PPP projects, where most of the works were provisionally priced; and
- iii. Increased scope changes for the Performance Based Road Contracts (OPRC) and other running contracts.

SECTION 6

6.0 LEGAL AND BOARD SERVICES

The RDA Board is appointed pursuant to the Public Roads Act, No. 12 of 2002 as amended. The services which are provided include legal services and secretarial duties to the Board.

6.1.1 LAW REVIEW

In 2024, the Agency undertook a review of the Public Roads Act, No. 12 of 2002 as amended and submitted a draft Bill to MIHUD in order for its subsequent submission to Cabinet for approval in principle.

The objective of the review process was to enhance the efficiency of the Agency and align the same with international and local best practices.

6.1.2 COURT AND ARBITRATION PROCEEDINGS

The Agency handled thirty-four (34) Court and Arbitration cases in 2024 compared to the thirty-six (36) cases dealt with in 2023. Twenty-six (26) the cases were handled in-house while ten (10) were outsourced to law firms.

6.1.3 BOARD ACTIVITIES

During 2024, the Board and its Committees held four (4) Ordinary and six (6) Special Meetings to discuss the business of the Agency.

6.1.3.1 Committee Meetings

The Tables below show the attendance of Board Members to various Committees of the Board.

Table 11: Attendance to the Finance and Administration Committee

DIRECTORS NAME	1 ST QUARTER 2024	2 ND QUARTER 2024	3 RD QUARTER 2024	4 TH QUARTER 2024
Dr. Ngoza C. Munthali	✓	x	✓	✓
Mrs. Mwila M. Daka	✓	N/A	N/A	N/A
Eng. Amon Mweemba	✓	✓*	✓	✓
Mrs. Banji Miyoba N'gandu	N/A	✓	✓	X
Ms. Namwaka Nachilongo	N/A	N/A	N/A	✓
Eng. Grace Mutembo	✓	✓	N/A	N/A
Eng. Jairos M'hango	N/A	N/A	✓	✓

Notes:

- i. The symbol * represents Members who attended the Meeting through proxies while the symbol X means the Member did not attend the Meeting.
- ii. Mrs. Mwila M. Daka after attending the first quarter meeting, was replaced by Mrs. Banji Miyoba Ng'andu by the MOFNP who was in the Finance and Administration Committee until her appointment to the Audit and Risk Committee in early 2025 before the Q4-2024 meeting was held.
- iii. Ms. Namwaka Nachilongo was a Member of the Audit and Risk Committee until her appointment to the Finance and Administration Committee in early 2025 before the Q4-2024 meeting was held.
- iv. Eng. Grace Mutembo mutually separated with the Agency 3rd September 2024 and as such, subsequent Committee Meetings were attended by Eng. Jairos M'hango who replaced her in an acting position.

Table 12: Attendance to the Technical Committee

DIRECTORS NAME	1 ST QUARTER 2024	2 ND QUARTER 2024	3 RD QUARTER 2024	4 TH QUARTER 2024
Eng. Erasmus M. Chilundika	✓	✓	✓	N/A
Eng. Denis M. Mwaba	✓	✓	✓	✓
Eng. Clive Khan	✓*	✓	✓	✓
Mr. Daniel Mtonga	✓*	X	✓*	✓
Eng. Grace Mutembo	✓	✓	N/A	N/A
Eng. Jairos M'hango	N/A	N/A	✓	✓

Notes:

- i. The symbol * represents Members who attended the Meetings by way of proxies at that time while the symbol X represents Members who did not attend the Meeting. Eng. Erasmus M. Chilundika was not re-appointed to the Board after completing the three (3) term of office at the end of the 4th Quarter, 2024.
- ii. Eng. Grace Mutembo, the then CEO, mutually separated with the Agency on 3rd September 2024 and as such the subsequent Committee Meetings were attended by Eng. Jairos M'hango who replaced her in an acting position.

Table 13: Attendance to the Audit and Risk Committee

DIRECTORS NAME	1 ST QUARTER 2024	2 ND QUARTER 2024	3 RD QUARTER 2024	4 TH QUARTER 2024
Mr. Mulilo D. Kabesha	✓	X	✓	✓
Eng. Ngenda Situmbeko	✓	✓	✓	N/A
Mr. Fanwell Phiri	✓	✓	✓	✓
Ms. Namwaka Nachilongo	✓	✓	✓	N/A
Mrs. Banji M. Ng'andu	N/A	N/A	N/A	✓
Eng. Grace Mutembo	✓	✓	N/A	N/A
Eng. Jairos M'hango	N/A	N/A	✓	✓

Notes:

- i. The symbol X represents Members who did not attend the Meeting.
- ii. Eng. Ngenda Situmbeko and Ms. Namwaka Nachilongo were Members of the Audit and Risk Committee until 24th December, 2024. However, the 4th Quarter Audit and Risk Committee Meeting only took place in 2025 and by that time they had been appointed to the Finance and Administration Committee.
- iii. Mrs. Banji M. Ngandu attended the 4th Quarter Audit and Risk Committee as a new Member.
- iv. Eng. Grace Mutembo, the then CEO, mutually separated with the Agency on 3rd September 2024 and as such the subsequent Committee Meetings were attended by Eng. Jairos M'hango who replaced her in an acting position.

6.1.3.2 Board Meetings

Table 14 below shows the attendance of Board Members to Board Meetings.

Table 14: Attendance of the Directors of the Board at Quarterly Meetings in 2024

DIRECTORS NAME	1 ST QUARTER 2024	2 ND QUARTER 2024	3 RD QUARTER 2024	4 TH QUARTER 2024
Eng. Mulchand Kuntawala	✓	✓	✓	✓
Eng. Erasmus M. Chilundika	✓	✓	✓	N/A
Mr. Mulilo D. Kabesha	✓	✓	✓	✓
Dr. Ngoza C. Munthali	✓	✓	✓	✓
Ms. Namwaka Nachilongo	✓	✓	✓	✓
Mrs. Banji M. Ng'andu	N/A	✓	✓	✓
Eng. Clive Khan	✓*	✓	✓*	✓
Eng. Amon Mweemba	✓	✓	✓*	X
Mr. Daniel Mtonga	✓	✓*	✓	✓
Eng. Grace Mutembo	✓	✓	X	X
Eng. Jairos M'hango	X	X	✓	✓

Notes:

- i. The symbol * represents Members who attended the Meetings by way of proxies while the symbol X represents Members who did not attend the Meeting.
- ii. Eng. Grace Mutembo, the then CEO, mutually separated with the Agency on 3rd September

2024 and as such the subsequent Board Meetings were attended by Eng. Jairos M'hango who replaced her in an acting position.

- iii. Mrs. Banji M. Ngandu did not attend the 1st Quarter Board Meeting as she was appointed only during the 2nd Quarter as a new Member.

SECTION 7
ROAD DEVELOPMENT AGENCY
Annual Financial Statements for the year
ended
31st December 2024



ROAD DEVELOPMENT AGENCY

FINANCIAL STATEMENTS – 31 DECEMBER 2024

Contents	Page
Board members' report	40 - 43
Statement of directors' responsibilities	44
Independent auditor's report	45 - 48
Statement of income and expenditure and other comprehensive income	49
Statement of financial position	50
Statement of changes in accumulated funds	51
Statement of cash flows	52
Notes to the financial statements	53 - 97
Supplemental Financial Information Appendix I	98-100

ROAD DEVELOPMENT AGENCY

FINANCIAL STATEMENTS – 31 DECEMBER 2024

BOARD MEMBERS' REPORT

1. Principal Activities

The Road Development Agency (RDA) is a statutory body which was established by the Public Roads Act No. 12 of 2002 as amended. The main function of RDA is to plan, manage and coordinate the road network in the country. The Agency is also responsible for the planning, care and maintenance and construction of public roads in Zambia. It also regulates the maximum permissible weights on roads, conducts studies for the development and improvement of the road network and reviews design standards and classification. The details of the Agency's business and postal addresses are:

Business address	Plot 33, Corner Government/Fairley Roads, Ridgeway, Lusaka Zambia.
Postal address	P.O Box 50003, Lusaka, Zambia.

There have been no significant changes in the Agency's principal activities during the year.

2. Results of the year

The Agency was allocated grant income from the Government of the Republic of Zambia (GRZ) of K2,374,680,092 for the year ended 31 December 2024 (2023: K2,276,139,020). The excess of expenditure over income for the year ended 31 December 2024 amounted to K326,540,104 (2023: excess expenditure K1,088,305,512).

3. Significant Events during the year

In line with the Government Policy direction to leverage on private sector funding to bridge the gap for finance for infrastructure projects, the Agency signed two Concession Agreements for the Solwezi Kipushi Road on 30 November 2024 and Mutanda-Kasempa-Kaoma Road on 1 December 2024 under the Public Private Partnerships (PPP) programme. The Concessionaire engaged under Lusaka-Ndola Dual Carriageway Public-Private Partnership (PPP) project commenced construction works in May 2024. The Project was officially launched by President Hakainde Hichilema in Kapiri Mposhi on 21 May 2024.

Under the auspices of the Ministry of Commerce Trade and Industry, the Agency entered into the Mufulira-Mokambo Road Rehabilitation concession agreement with Jasworld Ports Limited on 15 November, 2024, for the rehabilitation and maintenance of the 15.5-kilometer M5 road connecting Mufulira to the Mokambo border post with the Democratic Republic of Congo. The project aims to upgrade the road to bituminous standard, modernize border facilities, and construct a toll gate.

The Agency continued implementing the ACROW Bridge Programme in the period under review. In 2024, the Road Development Agency (RDA) of Zambia commissioned several acrow bridges to enhance rural connectivity. These included Kasombo and Malolwa acrow bridges in Kabompo Districts, North-Western Province; Lukulu and Solo Bridges in Northern Province and Luombwa acrow Bridge in Serenje District, Central Province. In addition, in December 2024, six acrow bridges were commissioned across the Kashiji River along the Zambezi-Chinyama-Litapi road in Zambezi District, North-Western Province.

ROAD DEVELOPMENT AGENCY

FINANCIAL STATEMENTS – 31 DECEMBER 2024

BOARD MEMBERS' REPORT (CONTINUED)

4. Members and Secretary

The Members of the Board and the Secretary during the year under review were as follows;

		First Appointed	Retired	Re-appointed
Eng. Mulchand Kuntawala	Chairperson	24 Dec 2021	23 Dec 2024	24 Dec 2024
Eng. Erasmus M. Chilundika	Vice Chairperson	24 Dec 2021	23 Dec 2024	-
Mr. Mulilo D. Kabesha S.C	Member	24 Dec 2021	23 Dec 2024	24 Dec 2024
Ms. Namwaka Nachilongo	Member	24 Dec 2021	23 Dec 2024	24 Dec 2024
Dr. Ngoza C. Munthali	Member	24 Dec 2021	23 Dec 2024	24 Dec 2024
Eng. Clive Khan	Member	24 Dec 2021	23 Dec 2024	24 Dec 2024
Eng. Wallace Mumba	Member	24 Dec 2021	31 Jan 2024	-
Eng. Amon Mweemba	Member	19 Jan 2023	23 Dec 2024	24 Dec 2024
Mr. Daniel Mtonga	Member	31 Jan 2024	23 Dec 2024	24 Dec 2024
Ms. Mwila Daka	Member	19 Oct 2023	8 May 2024	-
Ms. Miyoba Banji Ng'andu	Member	10 Jul 2024	23 Dec 2024	24 Dec 2024
Eng. Grace Mutembo	Member	27 Sept 2022	2 Sept 2024	-
Eng. Jairos Mhango	Member	3 Sept 2024	23 Dec 2024	24 Dec 2024

5. Management

Senior management of the Agency up to the date of this report were as follows;

Eng. Grace Mutembo	Director and Chief Executive Officer (retired 2 September 2024)
Eng. Jairos Mhango	Acting Director and Chief Executive Officer (appointed 3 September 2024)
Eng. Lazarous Nyawali	Acting Director-Planning and Design (reversion of acting 4 April 2024)
Eng. Joseph Mwiinga	Acting Director-Construction and Rehabilitation (reversion of acting 4 April 2024)
Ms. Nyama Bueendo	Acting Director-Human Capital Administration (reversion of acting 4 April 2024)
Mrs. Honeychile Tyetye	Acting Director Finance (reversion of acting 13 September 2024)
Ms. Chiti Kabwe	Acting Director-Legal Services (up to 31 August 2024)
Mr. Denstone Mukuku	Director - Audit and Risk Assurance (retired 29 February 2024)
Eng. Christopher Kapasa	Acting Director - Commercial & Technical Services (reversion of acting 4 April 2024)
Eng. Chilufya Mwenya	Acting Director - Procurement (reversion of acting 4 April 2024)
Mr. Anthony Mulowa	Acting Director-Communication and Corporate Affairs (reversion of acting 4 April 2024)
Eng. Yobe Mwalula	Director-Planning and Design (appointed 4 April 2024)
Eng. Ziko Banda	Director-Construction and Rehabilitation (appointed 4 April 2024)
Eng. Jairos Mhango	Director-Road Maintenance (appointed 4 April 2024)
Mr. Boniface Mwamelo	Director Finance (appointed 16 September 2024)
Mr. Review Namanje	Director-Corporate Services (appointed 2 October 2024)
Ms. Chiti Kabwe	Board Secretary (appointed 1 September 2024)
Eng. Kapinda Mubuyoeta	Acting Director- Road Maintenance (appointed 9 September 2024)

ROAD DEVELOPMENT AGENCY

FINANCIAL STATEMENTS – 31 DECEMBER 2024 BOARD MEMBERS' REPORT (CONTINUED)

5. Management (continued)

The Agency underwent a re-structuring exercise whose objective was to enhance the efficiency and effectiveness of its operations. It was concluded in 2024 and included a reduction in the number of directorates from ten to five.

6. Employees

The monthly average number of persons employed by the Agency during the year was 445 (2023: 450). The total remuneration paid to employees by the Agency was K266,170,969 (2023: K219,974,014) and the average number of employees per month was as follows:

Month	Number	Month	Number	Month	Number	Month	Number
January	445	April	444	July	446	October	445
February	445	May	446	August	445	November	444
March	443	June	446	September	446	December	444

7. Donations

The Agency did not make any donations in respect of charitable activities during the year (2023: nil).

8. Health

The Agency has policies and procedures to safeguard the occupational health, safety and welfare of its employees.

9. Property, Plant and Equipment

PPE purchased during the year amounted to K14,457,685 (2023: K16,940,942). In the opinion of the Board, the fair value of the property and equipment is at least equivalent to their carrying amounts.

10. Capital work-in-progress

Capital work-in-progress additions during the year amounted to K3,206,722,528 (2023: K1,464,658,792). In the opinion of the Board, the fair value of capital work-in-progress is not less than the amounts at which they are included in the annual financial statements.

11. Going concern

The annual financial statements have been prepared on a going concern basis, which assumes the Agency will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future.

The accumulated funds of the Agency at 31 December 2024 were K41,397,015,292 (2023: K41,044,647,321).

12. Auditors

Messrs Grant Thornton were appointed for a term of three years following a competitive bidding process. Their current term of office is the audit of the financial years 31 December 2024, 2025 and 2026. The audit remuneration for the year was K667,000. (2023: Messrs PricewaterhouseCoopers: K440,800).

ROAD DEVELOPMENT AGENCY

**FINANCIAL STATEMENTS – 31 DECEMBER 2024
BOARD MEMBERS' REPORT (CONTINUED)**

13. Bankers

Indo Zambia Bank Limited
Lusaka Main Branch
Plot 6907 Cairo Road
Lusaka, Zambia

Zambia National Commercial Bank PLC
Government Complex Branch
P.O Box 30097
Lusaka, Zambia

Zambia Industrial Commercial Bank Limited
5th Floor, KK Mall
Stand Number 27395
Lusaka, Zambia

14. Auditors

Grant Thornton
2nd Floor, West Wing Metropolitan House
Off Kelvin Siwale Road, Arcades Area
PO Box 30885
Lusaka

**By order of the Board
Board Secretary**



Lusaka

Date: 19.06.2025

ROAD DEVELOPMENT AGENCY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Members of the Board ("the Board") are responsible for the preparation of the annual financial statements for each financial period that present fairly the state of affairs of the Agency and its financial activities for that period. In preparing the annual financial statements, the Board is required to:

- (a) design, implement and maintain internal controls relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement whether due to fraud or errors;
- (b) select suitable accounting policies and then apply them consistently; and
- (c) make judgements and accounting estimates that are reasonable and prudent in the circumstances.

The Board is responsible for ensuring that the Agency keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Agency. It is also responsible for safeguarding the assets of the Agency, and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of duties. Nothing has come to the attention of the Board to indicate any material breakdown in functionality of these controls, procedures and systems.

In the opinion of the Board members, the annual financial statements give a true and fair view of the financial activities of the Agency for the year ended 31 December 2024 and its financial position as at that date, and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB, in the manner required by the Public Finance Management Act no. 1 of 2018 and the Public Roads Act no 12 of 2002, as amended.

Nothing has come to the attention of the Board members to indicate that the Agency will not remain a going concern for at least twelve months from the date of this statement.

Approval of the annual financial statements

The annual financial statements of the Agency as indicated above, were approved by the Members on 19.06.2025 and are signed on its behalf by:

19.06.2025



Board Chairperson



Acting Director and Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROAD DEVELOPMENT AGENCY

Report on the financial statements

Opinion

We have audited the financial statements of the Road Development Agency ("the Agency"), which comprise the statement of financial position as at 31 December 2024, the statement of financial performance, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at 31 December 2024 and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRSs) and in the manner required by the Public Roads Act No. 12 of 2002 as amended.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with the International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The Directors are responsible for the other information. The other information comprises the Board members' Report and the statement of Directors' responsibilities, as required by the Public Roads Act No. 11 of 2002 as amended which we obtained before the date of this auditor's report. This other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

Partners

Edgar Hamuwele (Managing)
Christopher Mulenga
Wesley Beene
Rodia Milumbe Musonda
Chilala Banda

Chartered Accountants

Zambian Member of Grant Thornton International

VAT reg 1001596100. Registered in Lusaka, Company number 8116

Grant Thornton Zambia and other member firms are not a worldwide partnership. GTI and each member firm is separate legal entity. Services are delivered independently by the member firms. GTI and its member firms are not agents, and do not obligate, one another and are not liable for one another's acts or omissions.

Audit • Tax • Advisory

www.gt.com.zm

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROAD DEVELOPMENT AGENCY (CONTINUED)

Other matters (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p>Impairment assessment of property, plant and equipment</p> <p>Refer to Note 2.12: Critical accounting estimates and judgements, Note 7: Property, plant and equipment, Note 8 Roads impairment provision.</p> <p>As of 31 December 2024, the carrying value of RDA's property, plant and equipment (PP&E) was K41 billion, with management recognizing impairment loss during the year of K104 million.</p> <p>We considered this a key audit matter due to the significant judgements made by management in determining the impairment provision, given the complexity and high estimation uncertainty involved.</p>	<p>We evaluated management's assessment of indicators of impairment, which included the following:</p> <ul style="list-style-type: none">• held discussions with management to understand how they determined the judgements applied in the estimation of the impairment provision;• assessed the competence of management's experts used in developing and reviewing the impairment report for 2024 by checking their independence, membership status and level of qualification;• For a selection of roads, we conducted a physical verification to assess the condition for purposes of corroborating such results with what was included in the RDA impairment report;• We analysed and verified the methodologies, assumptions, and conclusions used by our expert and performed additional testing to ensure that the findings are accurate.• We reviewed the annual financial statements for sufficiency and appropriateness of impairment related accounting disclosures.

Responsibilities of the Directors and those charged with governance for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Public Roads Act No. 12 of 2002 as amended, and for such internal control as the Directors determine to be necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors with consent from the Minister of Finance and National Planning in accordance with the Public Roads Act No. 12 of 2002 as amended, intends to either discontinue financial support to the Agency or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Road Development Agency.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROAD DEVELOPMENT AGENCY (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROAD DEVELOPMENT AGENCY (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Public Roads Act No 12 of 2002 (As amended) and the Public Finance Management Act No 1 of 2018 of the Laws of Zambia, requires that in carrying out our audit of the Road Development Agency, we report on whether the Agency has maintained proper books of accounts and other records relating to its financial affairs.

In respect of the foregoing requirements, we have no matters to report


Chartered Accountants



Edgar Hamuwele (AUD/F000111)
Name of Partner signing on behalf of the Firm
Lusaka

Date: 19.06.2025

ROAD DEVELOPMENT AGENCY

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

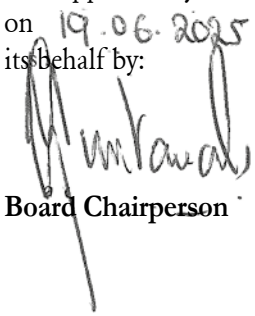
	Notes	2024 K	2023 K
Grant income from GRZ	4(a)	2,374,680,092	2,276,139,020
Routine repairs, maintenance works and project related costs	5	(743,563,623)	(770,246,990)
Administrative expenses	6	<u>(325,435,746)</u>	<u>(269,195,457)</u>
Operating surplus		1,305,680,723	1,236,696,573
Other income	4(c)	73,129,704	25,795,779
Amortisation and depreciation	8&10	(2,599,555,152)	(1,650,649,261)
Interest on long outstanding Contractor debts		(1,796,490,696)	(1,129,161,814)
Impairment loss on trade and other receivables	12 & 13	39,358,176	(529,108,277)
Impairment of Roads, Bridges & Buildings	8	(104,380,880)	-
Finance income	7(a)	53,027,305	437,377,231
Finance costs	7(b)	<u>(1,245,316)</u>	<u>(1,129,905,004)</u>
Deficit for the year		(3,030,476,137)	(2,738,954,773)
Other comprehensive income			
Amortisation of Capital Grant	4(b)	<u>2,703,936,033</u>	<u>1,650,649,261</u>
Total comprehensive deficit for the year		<u>(326,540,104)</u>	<u>(1,088,305,512)</u>

ROAD DEVELOPMENT AGENCY

STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2024

	Note	2024 K	2023 K
ASSETS			
Non-Current assets			
Property, plant and equipment	8	41,636,739,364	41,122,670,219
Intangibles	10	<u>840,271</u>	<u>348,312</u>
		<u>41,637,579,635</u>	<u>41,123,018,531</u>
Current assets			
Inventory	11	1,516,352	2,092,335
Trade receivables	12	20,835,539,966	17,420,966,783
Other receivables	13	84,375,807	45,474,086
Cash and bank balances	14	<u>198,230,987</u>	<u>479,873,523</u>
		<u>21,119,663,112</u>	<u>17,948,406,727</u>
Total assets		<u>62,757,242,747</u>	<u>59,071,425,258</u>
Accumulated Funds and Liabilities			
Accumulated Expenditure over income		(1,759,522,592)	(1,432,982,487)
Capital Grants	19	<u>43,156,537,884</u>	<u>42,477,629,808</u>
Accumulated funds		<u>41,397,015,292</u>	<u>41,044,647,321</u>
Non-current liabilities			
Retirement and Gratuity benefits	17 & 18	<u>345,092,858</u>	<u>303,805,500</u>
Total non-liabilities		<u>345,092,858</u>	<u>303,805,500</u>
Current liabilities			
Trade payables	15	14,939,346,808	13,443,555,559
Other payables	16	6,030,944,811	4,241,775,078
Retirement and Gratuity benefits	17 & 18	<u>44,842,980</u>	<u>37,641,800</u>
Total current liabilities		<u>21,015,134,599</u>	<u>17,722,972,437</u>
Total liabilities		<u>21,360,227,455</u>	<u>18,026,777,937</u>
Total accumulated Funds and Liabilities		<u>62,757,242,747</u>	<u>59,071,425,258</u>

The financial statements on pages 10 to 58 were approved by the Board of Directors on 19.06.2025 and were signed on its behalf by:


Board Chairperson


Acting Director and Chief Executive Officer

ROAD DEVELOPMENT AGENCY

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 31 DECEMBER 2024

	Excess of Expenditure over Income K	Capital Grants K	Accumulated Funds K
Balance at 31 December 2022	(2,371,319,640)	40,811,618,181	38,440,298,541
Correction of errors (Note 26)	<u>2,026,642,665</u>	<u>1,854,384,660</u>	<u>3,881,027,325</u>
As at 31 December 2022	(344,676,975)	42,666,002,841	42,321,325,866
Excess of expenditure over income for the year	(2,738,954,773)	-	(2,738,954,773)
Grants received from GRZ	-	1,462,276,228	1,462,276,228
<i>Other comprehensive income</i>			
Amortisation of Capital Grants	<u>1,650,649,261</u>	<u>(1,650,649,261)</u>	-
As at 31 December 2023	<u>(1,432,982,487)</u>	<u>42,477,629,808</u>	<u>41,044,647,321</u>
Balance at 1 January 2024	(1,432,982,487)	42,477,629,808	41,044,647,321
Excess of expenditure over income for the year	(3,030,476,138)	-	(3,030,476,138)
Grants received from GRZ	-	3,382,844,109	3,382,844,109
<i>Other comprehensive income</i>			
Amortisation of Capital Grants	<u>2,703,936,033</u>	<u>(2,703,936,033)</u>	-
At 31 December 2024	<u>(1,759,522,592)</u>	<u>43,156,537,884</u>	<u>41,397,015,292</u>

ROAD DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 K	2023 K
Cash flows from operating activities			
Deficit for the year		(326,540,105)	(1,088,305,513)
Adjustments			
Profit/Loss on disposal of plant and equipment		(1,574,172)	371,427
Amortization of capital grants	8 & 10	(2,599,555,153)	(1,650,649,261)
Impairment of Roads, Bridges & Buildings	8	104,380,880	-
Amortization of capital grants on impairment	19	(104,380,880)	-
Depreciation	8	2,599,489,174	1,650,475,131
Amortization of intangible assets	10	<u>507,124</u>	<u>174,129</u>
Operating cash flows before movements in working capital		(327,673,132)	(1,087,934,087)
Decrease in inventories - restated		575,983	89,440
(Increase)/Decrease in trade receivables		(3,414,573,183)	(1,264,913,441)
(Increase)/Decrease in other receivables (29,612,568)		(38,901,721)	
Increase/(decrease) in trade and other payables		<u>3,333,449,517</u>	<u>(2,730,651,248)</u>
Net cash (out flows)/inflows from operating activities		<u>(447,122,535)</u>	<u>348,280,591</u>
Cash flows from investing activities			
Payments for property and equipment	8 & 10	(3,221,180,213)	(1,481,599,734)
Proceeds from disposal of property and equipment		<u>1,599,742</u>	<u>14,480</u>
Net cash used in investing activities		<u>(3,219,580,471)</u>	<u>(1,481,585,254)</u>
Cash flow from financing activities			
Capital Grants received	19	<u>3,385,060,470</u>	<u>1,463,187,180</u>
Net cash from financing activities		<u>3,385,060,470</u>	<u>1,463,187,180</u>
Net (decrease)/increase in cash and cash equivalents		(281,642,536)	329,882,517
Cash and cash equivalents at the beginning of the year		<u>479,873,523</u>	<u>149,991,006</u>
Cash and cash equivalents at the end of the year	14	<u><u>198,230,987</u></u>	<u><u>479,873,523</u></u>

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

1. **The Road Development Agency**

The Road Development Agency (RDA) is a statutory body which was established by the Public Roads Act No. 12 of 2002. The main function of RDA is to plan, manage and coordinate the road network in the country. The Agency is also responsible for the planning, care and maintenance and construction of public roads in Zambia. It also regulates the maximum permissible weights on roads, conducts studies for the development and improvement of the road network and reviews design standards and classification.

Business address	Plot 33, Corner Government/Fairley Roads, Ridgeway, Lusaka Zambia.
Postal address	P.O. Box 50003 Lusaka, Zambia.

2. **Basis of preparation and accounting policies**

a) **Statement of compliance**

The annual financial statements of the Agency have been prepared in accordance with IFRS accounting standards as issued by the IASB, and the requirements of the Public Roads Act No. 12 2002, as amended.

b) **Basis of preparation**

The annual financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Agency's total assets of K62,757 million (2023: K59,071 million) are significant contributors to facilitating the movement of goods and services in the Zambian economy. Government has given no indication that any part of the Agency's assets would be sold off or privatised. These, together with Government being the sole shareholder, and any liquidation of the Agency being a requirement by Act of Parliament, make the liquidation of the Agency highly unlikely.

The Agency's current assets of K21,120 million exceed its current liabilities of K21,015 million at 31 December 2024. The accumulated funds of K41,397 million (2023: K41,045 million) include capital grant of K43,157 million (2023: K42,478 million). The deferred income (grant capital) is expected to be recognized as income in the statement of comprehensive income over the life of the assets to which they relate.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2. Basis of preparation and accounting policies (continued)

b) Basis of preparation (continued)

Trade and other payables have continued to be settled in the normal course of business and the Government of the Republic of Zambia, through the Ministry of Infrastructure, Housing and Urban Development (MIHUD) has provided a letter of support to the Agency. The Ministry confirms that the Agency will continue to receive support from the Government of the Republic of Zambia.

A letter of support was provided by the Government of the Republic of Zambia and in the past, the Government has on several occasions provided grant funding to the Road Development Agency. It is therefore expected that Government will continue to provide grant funding for the foreseeable future.

Furthermore, the Road Development Agency may not be placed under judicial management or in liquidation except by an Act of Parliament (Public Roads Act No. 12 of 2002). This is an implied guarantee from the Government.

The Members therefore support management's assessment that the Road Development Agency will remain a going concern in the foreseeable future. The Members of Road Development Agency are fully aware of the solvency risk it faces in the long-term and is actively engaging with Government to resolve the matter.

c) Grant income

A grant income is recognised in accordance with IAS 20. Grant income is recognised when there is reasonable assurance that:

- (i) The Agency will comply with the conditions attached to them; and
- (ii) The grant will be received.

Grant income is accounted for using the Income approach, due to the following:

- (i) Grant income which are receipts from the Government of the Republic of Zambia, should not be recognised directly in equity but should be recognised in profit or loss in appropriate periods.
- (ii) The Agency earns them through compliance with their conditions and meeting the envisaged obligations. Therefore, the grants are recognised in profit or loss over the periods in which the Agency recognises as expenses the related costs for which the grant is intended to compensate.

2. **Basis of preparation and accounting policies (continued)**

c) **Grant income (continued)**

Grant income is recognised in the statement of profit or loss on a systematic basis over the periods in which the Agency recognises as expenses the related costs for which the grants are intended to compensate. Grant income relating to depreciable assets are usually recognised in the statement of Profit and loss over the periods and in the proportions in which depreciation expense on those assets is recognised. Even if there are no conditions attached to the assistance specifically relating to the operating activities of the entity (other than as specified in the Public Finance Management Act of 2018 and the Public Roads Act of 2002, as amended), such grants should not be credited to accumulated funds. A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, shall be recognised as income in the period in which it is receivable.

Where an impairment charge is recognised for assets, a corresponding deferred capital grant income in equal proportion is released to the income and expenditure account. Where an impairment reversal arises, an equal proportion of earlier released capital grant income, is equally reversed.

A grant relating to assets may be presented in one of two ways:

- (i) as deferred income; or
- (ii) by deducting the grant from the asset's carrying amount.

d) **Other income**

Other income is revenues derived from activities other than those directly related to the planning, care and maintenance and construction of public roads. It comprises various fees earned during the normal course of business and is included in income in the financial year in which it is earned.

e) **Gains and losses on disposal of assets**

A gain or loss on disposal is recognised as the difference between the disposal proceeds and the carrying amount of the asset at the date of disposal. These gains or losses are included in income in the financial year in which they are earned.

f) **Property, plant and equipment**

Leasehold land and buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Agency's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and are ready for the intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2. Basis of preparation and accounting policies (continued)

f) Property, plant and equipment (continued)

Depreciation is calculated to allocate the cost of property, plant and equipment on a straight-line basis over the expected useful lives of the assets concerned and is recognised in comprehensive income. Capital work-in-progress is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

Item	Rate
Buildings	2%
Furniture and fittings	20%
Computers and office equipment	20%
Motor vehicles	20%
Plant and machinery	8.3%

Works on new roads and bridges such as expanding road capacity, providing stronger surface and significantly changing characteristics of the roads is capitalized and depreciated on the following basis:

(i) Roads	Paved	Gravel	Earth
	%	%	%
Periodic maintenance	20	33.3	100
Rehabilitation	10	20	100
Construction	5	10	25

(ii) Bridges, Weighbridges and pontoons

Maintenance of the existing roads and bridges is conducted to prevent the deterioration of roads. It is conducted on a continuous basis and is treated as routine maintenance and is expensed in the year the works are carried out.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2. Basis of preparation and accounting policies (continued)

f) Property, plant and equipment (continued)

Capital work-in-progress

Recognition and measurement

Assets in the course of construction are recognised in the assets under capital work -in - progress account at the total cost incurred at the end of the financial year.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Assets recognised under capital work- in -progress are transferred to Property, plant and equipment on substantial completion.

Impairment of tangible and other assets

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

At the end of each reporting period, the Agency reviews the carrying amounts of its tangible and other assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they When it is not possible to estimate the recoverable amount of an individual asset, the Agency estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised immediately in comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal on impairment loss is recognised immediately in comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Basis of preparation and accounting policies (continued)

g) Intangible assets

Recognition and measurement

Intangible assets that are acquired by the Agency and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on any internally generated goodwill and brands, is recognised in comprehensive income as incurred.

The estimated useful lives for the current and comparative years are as follows:

Computer software 33.3%

Amortisation

Items of plant and equipment are depreciated on a straight-line basis in comprehensive income over the estimated useful lives of each component.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

h) Leases

The Agency does not have any contracts that are, or contain, a lease except land held for the construction of Weighbridges and Toll Plazas. The Agency has assessed at contract inception whether the contracts to acquire the land convey the right to control the use of an identified asset for a period of time in exchange for consideration. The Agency has not recognized these pieces of land as right-of-use assets as the Agency and Management have assessed that the adjustment required to be effected would have an immaterial impact on the annual financial Statements.

i) Financial instruments

Financial assets and financial liabilities are recognised in the Agency's statement of financial position when the Agency becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through comprehensive income) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through comprehensive income are recognised immediately in comprehensive income.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2. Basis of preparation and accounting policies (continued)

i) Financial instruments (continued)

Recognition and initial measurement

Trade receivables, lease receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Agency becomes a party to the contractual provisions of the instrument. Financial assets (except for trade receivables without a significant financing component) or financial liabilities are initially measured at fair value plus or minus, for items not at fair value through comprehensive income (FVTPL), transaction costs that are directly attributable to their acquisition or issue. Trade receivables without a significant financing component are initially measured at the transaction price. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received).

If the Agency determines that the fair value at initial recognition differs from the transaction price, the Agency nevertheless recognises the financial instrument at its fair value and accounts for the difference at that date as follows:

- If the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the Agency recognises the difference between the fair value at initial recognition and the transaction price, also referred to as "day 1 comprehensive income" in Statement of Comprehensive Income on the fair value line.
- In all other cases, the Agency defers the day 1 comprehensive income on the statement of financial position in "Other financial assets". After initial recognition, the Agency recognises the deferred day 1 comprehensive income in Statement of Comprehensive Income- on the fair value line - only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability. Any amounts not recognised in Statement of Comprehensive Income before the date of maturity or derecognition of the financial instrument is recognised in Statement of Comprehensive Income on that date.

Classification and subsequent measurement

On initial recognition, a financial asset is classified and measured at either;

- i) amortised cost
- ii) at fair value through other comprehensive income (FVTOCI) or
- iii) at fair value through comprehensive income (Comprehensive Income).

2. Basis of preparation and accounting policies (continued)

i) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Agency changes its business model for managing financial assets, in which case all affected financial instruments are reclassified on the first day of the financial year following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL on initial recognition:

- It is held within a business model whose objective is to hold assets to collect contractual cashflows.
- Its contractual terms give rise on specified dates to cash flows that are solely payment of principal plus interest (SPPI) on the principal amount outstanding.

The Agency's financial assets measured at amortised cost include trade and other receivables, short-term deposits, and cash and cash equivalents. Cash and cash equivalents comprise cash at bank and on hand, and highly liquid instruments which are readily convertible to known amounts of cash within 90 days from the reporting date or date of acquisition, subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents include bank overdrafts. A debt instrument is measured at FVTOCI if it meets both of the following conditions and is not designated at FVTPL on initial recognition:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal plus interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Agency may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by investment basis.

All financial assets not classified as measured at amortised cost or at FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Agency may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. Basis of preparation and accounting policies (continued)

i) Financial instruments (continued)

Business model assessment

The Agency makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way the business is managed and the information provided to management.

The Agency considers the following sources of information in making the assessment:

- The stated policies and objectives of the portfolio and operation of these policies in practice.

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash out flows or realising cash flows through the sale of assets.

- How the performance of the portfolio is evaluated and reported to management.
- The risks that affect the performance of the business model (and the financial assets held that within business model) and how those risks are managed.

The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Agency's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity and administrative costs), as well as a reasonable profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Agency considers the contractual terms of the instrument. The Agency also considers the following:

- Contingent events that could change the amount or timing of cash flows.
- Terms that may adjust the contractual coupon rate, including variable rate features.
- Prepayment and extension features.
- Terms that limit the Agency's claim to cash flows from specified assets (e.g. non-recourse features).

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2. Basis of preparation and accounting policies (continued)

i) Financial instruments (continued)

Business model assessment (continued)

The assessment also includes whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition. A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Comprehensive Income unless they are part of an effective hedge accounting relationship.
Financial assets at amortised cost	Subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in Comprehensive Income. Any gain or loss on derecognition is also recognised in Comprehensive Income.

Financial liabilities are classified as measured at amortised cost or at FVTPL. A financial liability is classified as at FVTPL if it is held-for-trading, is a derivative or is designated as such on initial recognition. The Agency's financial liabilities measured at amortised cost include trade and other payables and accruals.

A financial liability may be designated at FVTPL on initial recognition if:

- The contract contains one or more embedded derivatives;
- Such designation would eliminate an accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains or losses on them on different bases; or
- A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to management.

2. Basis of preparation and accounting policies (continued)

i) Financial instruments (continued)

Subsequent measurement and gains and losses (continued)

Financial liabilities at FVTPL are measured at fair value and the net gains and losses, including any interest expense, are recognised in comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and gains or losses on derecognition are recognised in the Statement of Comprehensive Income under finance charges, except where they are capitalised to qualifying assets.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Recognition of credit losses no longer depends on the Agency first identifying a credit loss event. Instead the Agency considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2); and
- Stage 3 covers financial assets that have objective evidence of impairment at the reporting date.

Under the general approach in IFRS 9, '12-month expected credit losses' are recognised for stage 1 - except for trade and lease receivables where the simplified approach is applied, and 'lifetime expected credit losses' are recognised for stages 2 and 3.

The Agency recognises loss allowances for expected credit losses (ECLs) on:

- Financial assets measured at amortised cost, which includes trade and lease receivables.

Trade and other receivables

The Agency applies the simplified approach in IFRS 9 in measuring expected credit losses which uses a lifetime ECLs allowance for all trade and other receivables. To measure the ECLs; trade and other receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of customers over a one year period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables. This includes the customer's credit risk profile, including the general macroeconomic conditions as well as industry sector-specific conditions affecting the Agency's customers.

2. Basis of preparation and accounting policies (continued)

i) Financial instruments (continued)

Impairment of financial assets (continued)

Investments in short-term deposits and bank balances

The Agency's short-term deposits and bank balances, which are carried at amortised cost are considered to have low credit risk, and the loss allowance recognised on these assets is therefore limited to 12-months ECLs. Short term deposits and bank balances are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. If the Agency considers that credit risk on a financial instrument has increased significantly since initial recognition, the expected credit losses are estimated based on the lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Agency compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In making this assessment, the Agency considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Agency presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Agency has reasonable and supportable information that demonstrates otherwise.

Event of default

The Agency considers any of the following as constituting an event of default:

- The debtor is more than 90 days past due.
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its credit obligations to the Agency in full, without recourse by the Agency to actions such as realising security (if any is held).

2. Basis of preparation and accounting policies (continued)

i) Financial instruments (continued)

Impairment of financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Agency assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on estimated future cash flows of the financial asset have occurred.

The evidence that a financial asset is credit-impaired includes observable data about any of the following events:

- Significant financial difficulty of the debtor or issuer.
- A breach of contract such as default.
- Restructuring of a debt, loan or advance on terms that the Agency would not otherwise consider.
- It is probable that the debtor will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for a security because of financial difficulties.

Measurement and recognition of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Agency in accordance with the contract and the cash flows that the Agency expects to receive) - calculated either on the 12-month or lifetime expected credit losses as applicable. Expected credit losses are discounted at the effective interest rate of the financial asset.

Presentation of allowance for expected credit losses

The Agency recognises an impairment gain or loss in the Statement of Comprehensive Income with a corresponding adjustment to the carrying amount of the financial asset through a loss allowance account.

Derecognition

Financial assets

The Agency derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Agency neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. The Agency may enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all the risks and rewards of the transferred asset. In these cases, the transferred assets are not derecognised.

2. Basis of preparation and accounting policies (continued)

i) Financial instruments (continued)

Derecognition (continued)

Write-off

The gross carrying amount of a financial asset is written off or derecognised (either partially or in full) when all attempts to recover the outstanding amount have failed or there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. The amount written off is recognised as a reduction to the allowance for ECLs. Financial assets written off may still be subject to enforcement activities under the Agency's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Comprehensive Income, as a reduction to the impairment loss for the period.

Financial liabilities

The Agency derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Agency also derecognises a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability on the modified terms is recognised at fairvalue. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statement of Comprehensive Income under finance charges.

j) Provisions

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that the Agency will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. **Basis of preparation and accounting policies (continued)**

k) **Foreign currencies**

Functional and presentation currency

Items included in the annual financial statements are measured using the currency of the primary economic environment in which the Agency operates (the functional currency which is the Zambian Kwacha'). The annual financial statements are presented in Zambian Kwacha (K).

Transactions and balances

In preparing the annual financial statements of the Agency, transactions in currencies other than the Agency's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised as finance income or cost in the period in which they arise as finance income or cost.

l) **Retirement benefit obligations**

The Agency's staff are entitled to gratuity and other terminal benefits.

(i) **Defined benefit plan**

A defined benefit plan is a retirement benefit plan that is not a defined contribution plan. The Agency's benefits plan is a defined contribution plan.

(ii) **Defined contribution plan**

A defined contribution plan is a retirement benefit plan under which the Agency pays fixed contributions into a separate entity. The Agency has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to the defined contribution plan are recognised as an employee benefit expense in comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. However, the Agency's current benefit plan is unfunded and no contributions are made into a separate entity.

The Agency and all its employees also contribute to the National Pension Scheme, which is a defined contribution scheme.

2. **Basis of preparation and accounting policies (continued)**

l) **Retirement benefit obligations (continued)**

(iii) **Short-term and long-term benefits**

The cost of all short-term employee benefits, such as salaries, accumulated leave, bonuses, medical and other contributions, is recognised in income statement in the period in which the employee renders the related service.

The Agency's obligation in respect of long-term service benefits, other than pension plans and post-retirement medical benefits, is recognised in comprehensive income in the period in which the employee renders the related service.

(iv) **Termination benefits**

Termination benefits are payable when an employee's employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Agency recognises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit costs are recognized in comprehensive income in the period in which the employee renders the related service.

(v) **Gratuity**

For fixed term contract employees, a gratuity is payable at the end of the contract. Contract period is 3 years. Gratuity is expensed to comprehensive income in the period the service is rendered.

m) **Inventory**

Inventories are measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and costs incurred in bringing them to their existing location and condition.

n) **Cash flow statement**

For the purposes of the Statement of Cash flows, cash and cash equivalents mainly comprises of cash on hand, demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value.

o) **Taxation**

The Agency is exempt from income tax under section 5 of the Income Tax Act CAP 323: Part 3 - Exempt organisations.

2. **Basis of preparation and accounting policies (continued)**

p) **Critical accounting estimates and judgments**

In the application of the Agency's accounting policies, which are described above, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that the Directors have made in the process of applying the Agency's accounting policies and that have the most significant effect on the amounts recognised in the annual financial statements.

Classification and measurement of financial assets depends on the results of the 'Solely Payments of Principal and Interest' (SPPI) and the 'Business Model test'. The Agency determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Agency monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Agency's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Calculation of loss allowance on receivables

When measuring credit losses the Agency uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

2. Basis of preparation and accounting policies (continued)

p) Critical accounting estimates and judgments (continued)

Key sources of estimation uncertainty (continued)

In estimating the fair value of an asset or a liability, the Agency takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these annual financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Estimates of asset lives, residual values and depreciation methods

The Directors review the estimated useful lives of property, plant and equipment at the end of each annual reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss. The Directors assign a residual value of nil as equipment is not held for trading and is normally scrapped.

Impairment of capital work in progress-Roads

The Directors review the estimated useful lives of capital work in progress at the end of each annual reporting period to determine whether there is any indication that those assets have suffered an impairment loss. The Directors compute an impairment value which is written off the carrying amount of the asset. The estimation of the impairment value is arrived after assessing the works which were previously certified and which are determined to still be physically present and measurable.

Retirement and Gratuity Benefits

The Directors review the amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period and recognize the increase in the cost of the computed benefit from the prior year in the statement of Statement of income and Expenditure.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2. Basis of preparation and accounting policies (continued)

p) Critical accounting estimates and judgments (continued)

Key sources of estimation uncertainty (continued)

Accounting for capital grants received from Government

The Directors have assessed the accounting for capital grants received from the Zambian Government, which may be directly from the Government treasury or indirectly through an appointed agent, mainly National Road Fund Agency (NRFA), and has taken a judgement to classify the grants and related assistance as a grant and not an equity contribution, on account that the funding does not represent equity contributions in nature as no shares are issued in return for the funding received. Additionally, the funding from the Government, although not being repayable under any circumstances, have to be used for purposes of constructing the National road network and related infrastructure as opposed to being available for general use to RDA. The funding is therefore considered to represent assistance provided by the Zambia Government in the form of transfers of resources in return for past or future compliance with the Public Roads Act No. 12 of 2002 as amended, relating to the operating activities of RDA. Subsequently, the directors have accounted for all grants from Government under IAS 20 - accounting for Government grants and disclosure of Government assistance.

3. New or revised standards or interpretations

(a) New standards adopted as at 1 January 2024

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted do not have a significant impact the Agency's financial results or position.

(b) Other Standards and amendments that are effective for the first time in 2024 and could be applicable to the Agency are:

- Classification of liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current liabilities with Covenants (Amendments to IAS 1)

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

3. Application of new and revised International Financial Reporting Standards (IFRSs)

c) New and revised IFRSs affecting amounts reported and/or disclosures in the annual financial statements

In the current year, a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) have become effective and are mandatorily effective for an accounting period that begins on or after 1 January 2024. None of the amendments below have a significant impact on the Agency.

Standard	Subject of amendment	Effective date and impact
IFRS S1: General sustainability related disclosures	The Standard requires companies to disclose information about all their significant sustainability related risks and opportunities. It sets out general requirements for sustainability-related disclosures, providing a framework for companies to disclose relevant information about how sustainability risks and opportunities affect their business. These disclosures are designed to help investors make informed decisions based on environmental, social, and governance (ESG) factors.	The amendments are effective for annual periods beginning on or after 1 January, 2024. Early application is permitted. The amendment has had no immediate impact on the Agency.
IFRS S2: Climate related disclosures	The Standard requires an entity to provide information about its exposure to climate related risks and opportunities. The goal of IFRS S2 is to help companies provide consistent and reliable information regarding how climate-related risks and opportunities affect their business, operations, and financial performance.	The amendments are effective for annual periods beginning on or after 1 January, 2024. Early application is permitted. The amendment has had no immediate impact on the Agency.
Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Non-current Liabilities with Covenants - Amendments to IAS 1	The Standard requires that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).	The amendments are effective for annual periods beginning on or after 1 January, 2024. Early application is permitted. The amendment has had no immediate impact on the Agency.
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	The Standard explains how an entity accounts for a sale and leaseback after the date of the transaction. It specifies that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains.	The amendments are effective for annual periods beginning on or after 1 January, 2024. Early application is permitted. The amendment has had no immediate impact on the Agency.
Supplier finance arrangements - Amendments to IAS 7 and IFRS 7	The Standard requires new disclosures to provide information about Supplier Financed Arrangements that enable investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk	The amendments are effective for annual periods beginning on or after 1 January, 2024. Early application is permitted. The amendment has had no immediate impact on the Agency.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

3. Application of new and revised International Financial Reporting Standards (IFRSs)

c) New and revised IFRSs affecting amounts reported and/or disclosures in the annual financial statements

At the date of authorisation of these annual financial statements, the Agency has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. The Directors do not expect that the adoption of the Standards listed below will have a material impact on the annual financial statements of the Agency in future periods, except where indicated:

Standard	Subject of amendment	Effective date and impact
IAS 21: Lack of Exchangeability- Amendments to IAS 21	The Standard aims to address issues related to the exchangeability of currencies in specific circumstances. The key focus of these amendments is on situations where a foreign currency is not directly exchangeable into another currency due to government restrictions, legal requirements, or other factors. The amendments were issued by the International Accounting Standards Board (IASB) in 2022 and are aimed at improving the consistency of financial reporting and reducing complexity for companies dealing with such scenarios.	Annual periods beginning on or after 1 January 2025. Earlier application is permitted. The Standard will not impact the Agency's disclosures.
IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and 9)	The Amendments primarily focus on the classification and measurement of financial instruments, with particular emphasis on the changes related to hedging and disclosures under the new IFRS standards. The amendments aim to improve the consistency and transparency of financial reporting concerning financial instruments, providing clearer guidance on how to classify, measure, and disclose financial instruments.	Annual periods beginning on or after 1 January 2026. Earlier application is permitted. The Standard will not significantly impact the Agency's disclosures.
IFRS 18 Presentation and Disclosure in Financial Statements	The standard aims to enhance the presentation and disclosure of information in general-purpose financial statements. Its goal is to ensure that financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income, and expenses.	Annual periods beginning on or after 1 January 2027. Earlier application is permitted. The Standard will impact the Agency's disclosures.

3. New or revised standards or interpretations (continued)

d) Standards, amendments, and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Agency

Other standards and amendments that are not yet effective and have not been adopted early by the Agency include:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 ‘Presentation and Disclosure in Financial Statements’
- IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’.

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards and interpretations have been published by the IASB or IFRIC. None of these standards or amendments to existing standards have been early adopted by the Agency and no Interpretations have been issued that are applicable and need to be taken into consideration by the Agency at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Agency’s financial statements.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

4. Income

(a) Grant income from GRZ

	2024 K	2023 K
Project grant from National Roads Fund Agency (NRFA)	2,239,059,572	2,140,518,554
Revenue grants from GRZ	<u>135,620,520</u>	<u>135,620,466</u>
Total cash and receivables	<u>2,374,680,092</u>	<u>2,276,139,020</u>

(b) Other comprehensive income

Amortisation of capital grants (note 19)	2,599,555,153	1,650,649,261
Amortisation of capital grants on impairment (note 8.1)	<u>104,380,880</u>	<u>-</u>
	<u>2,703,936,033</u>	<u>1,650,649,261</u>

(c) Other income

	<u>73,129,704</u>	<u>25,795,779</u>
--	-------------------	-------------------

Grant income represents amortisation of capital grants, project grants and revenue grants received from the Government of the Republic of Zambia (GRZ) during the year. Refer to note 26 regarding the restatement of related capital grant on impairment of PPE.

5. Expenditure

Routine repairs, maintenance works and project related costs.

	2024 K	2023 K
Environmental costs	742,743	9,190,476
Routine maintenance	525,948,558	496,986,471
Supervision expenses – roads and bridges	28,406,097	29,600,648
Legal costs and arbitration awards	156,144,681	207,453,758
Other costs	<u>32,321,544</u>	<u>27,015,637</u>
	<u>743,563,623</u>	<u>770,246,990</u>

Routine repairs, maintenance works and project related costs represent expenses directly associated with the care and maintenance and construction of public roads in Zambia and to regulate maximum weights permissible for transmission on roads.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

6. Administrative costs

	2024 K	2023 K
Staff costs (a)	266,170,969	219,974,014
Electricity, water and sewerage	1,119,400	1,180,329
Insurance	1,915,736	1,843,738
Motor vehicle expenses	15,546,790	12,297,490
Audit fees	816,665	440,800
Other administration costs	<u>39,866,186</u>	<u>33,459,086</u>
Total expenditure	<u>325,435,746</u>	<u>269,195,457</u>

(a) Staff costs

Salaries and wages	196,791,331	134,507,836
Gratuity costs (note 15(a))	22,285,707	12,293,289
Retirements Benefits Costs (Note 15(a))	54,209,740	46,811,876
NAPSA – Defined contribution scheme	(35,069,406)	5,444,945
Other costs	<u>27,953,597</u>	<u>20,916,068</u>
Total	<u>266,170,969</u>	<u>219,974,014</u>

7. Finance income/(costs)

(a) Finance income

Interest income		349,902
Foreign currency gains -receivables and payables	123,535	434,327,580
Foreign currency gains – bank accounts	52,903,770	<u>2,699,749</u>
Total	<u>53,027,305</u>	<u>437,377,231</u>

(b) Finance costs

Foreign currency losses – bank accounts	<u>(1,245,316)</u>	<u>(1,129,905,004)</u>
Total	<u>(1,245,316)</u>	<u>(1,129,905,004)</u>
Net Finance income/(costs)	<u>51,781,989</u>	<u>(692,527,773)</u>

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

8. Property, Plant and Equipment

2024	Roads	Pontoons and Bridges	Land and buildings	Weight bridges	Motor vehicles	Plant and machinery	Computers and office equipment	Furniture and fittings	Capital work in progress	Total
Cost	K	K	K	K	K	K	K	K	K	K
At 1 January 2024	26,473,989,593	1,912,197,743	18,730,923	214,606,271	79,370,167	129,219,375	39,485,777	8,936,769	27,287,756,813	56,164,293,431
Additions	-	-	-	-	2,574,935	867,945	8,858,222	1,157,500	3,206,722,528	3,220,181,130
Capitalisation of CWIP	9,824,294,226	309,189,994	-	-	-	-	-	-	(10,133,484,220)	-
Adjustment	-	-	-	-	-	(2,657,507)	-	-	-	(2,657,507)
Disposals	-	-	-	-	(7,981,920)	-	(535,407)	-	-	(8,517,327)
At 31 December 2024	<u>36,298,283,819</u>	<u>2,221,387,737</u>	<u>18,730,923</u>	<u>214,606,271</u>	<u>73,963,182</u>	<u>127,429,813</u>	<u>47,808,592</u>	<u>10,094,269</u>	<u>20,360,995,121</u>	<u>59,373,299,727</u>
Depreciation and Impairment										
At 1 January 2024	14,130,536,689	601,652,250	5,063,669	110,814,700	68,911,413	82,739,952	34,093,528	7,811,011	-	15,041,623,212
Charge for the year	2,398,462,127	166,896,272	435,458	11,684,868	4,775,875	10,089,170	6,105,388	598,870	-	2,599,048,028
Impairment	103,915,241	221,205	244,434	-	-	-	-	-	-	104,380,879
Disposals	-	-	-	-	(7,981,920)	-	(509,836)	-	-	(8,491,756)
At 31 December 2024	<u>16,632,914,057</u>	<u>768,769,727</u>	<u>5,743,561</u>	<u>122,499,568</u>	<u>65,705,368</u>	<u>92,829,122</u>	<u>39,689,080</u>	<u>8,409,881</u>	<u>-</u>	<u>17,736,560,363</u>
Carrying amount										
At 31 December 2024	<u>19,665,369,762</u>	<u>1,452,618,010</u>	<u>12,987,362</u>	<u>92,106,703</u>	<u>8,257,814</u>	<u>34,600,691</u>	<u>8,119,512</u>	<u>1,684,388</u>	<u>20,360,995,121</u>	<u>41,636,739,364</u>
At 31 December 2023	<u>12,343,452,904</u>	<u>1,310,545,493</u>	<u>13,667,254</u>	<u>103,791,571</u>	<u>10,458,754</u>	<u>46,479,423</u>	<u>5,392,249</u>	<u>1,125,758</u>	<u>27,287,756,813</u>	<u>41,122,670,219</u>

Property plant and equipment includes assets with cost of K 5,681,987,345 which are fully depreciated as at 31 December 2024 (2023: K 4,819,289,255). Land and Buildings amounting to K13,139,313 are not held in the name of Road Development Agency, as they await the administrative process for land and buildings change of ownership.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

8. Property, Plant and Equipment

2023	Roads	Pontoons and Bridges	Land and buildings	Weight bridges	Motor vehicles	Plant and machinery	Computers and office equipment	Furniture and fittings	Capital work in progress	Total
	K	K	K	K	K	K	K	K	K	K
Cost										
At 1 January 2023 restated	25,485,039,451	1,912,197,743	16,050,923	154,359,309	83,577,075	126,561,868	33,011,563	7,878,242	26,869,353,228	54,688,029,402
Additions	-	-	2,500,000	3,577,373	-	2,657,507	6,625,095	1,058,527	1,464,658,792	1,481,077,294
Capitalisation of CWIP	988,950,142	-	180,000	56,669,589	-	-	-	-	(1,045,799,731)	-
Revaluation adjustments	-	-	-	-	-	-	-	-	(455,476)	(455,476)
Disposals	-	-	-	-	(4,206,908)	-	(150,881)	-	-	(4,357,789)
At 31 December 2023	26,473,989,593	1,912,197,743	18,730,923	214,606,271	79,370,167	129,219,375	39,485,777	8,936,769	27,287,756,813	56,164,293,431

Depreciation and Impairment

At 1 January 2023 restated	12,661,922,454	457,807,566	4,628,211	95,008,406	66,571,448	72,209,704	29,077,365	7,439,333	-	13,394,664,487
Charge for the year	1,468,614,235	143,844,684	435,458	15,806,294	5,705,491	10,530,248	5,167,044	371,678	-	1,650,475,132
Impairment of CWIP	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(3,365,526)	-	(150,881)	-	-	-
At 31 December 2023	14,130,536,689	601,652,250	5,063,669	110,814,700	68,911,413	82,740,192	34,093,867	7,811,011	-	15,041,623,794

Carrying amount

At 31 December 2023	12,343,452,904	1,310,545,493	12,667,254	103,791,571	(19,541,246)	46,479,180	5,391,910	1,125,758	27,287,756,813	41,122,670,219
At 31 December 2022	12,823,116,997	1,454,390,177	10,422,712	59,350,903	(12,994,373)	54,352,164	3,933,859	438,909	26,869,353,228	41,262,364,576

Property plant and equipment includes assets with cost of K 4,819,289,255 which are fully depreciated as at 31 December 2023 (2022: K4,729,021,914). Land and Buildings amounting to K13,139,313 are not held in the name of Road Development Agency, as they await the administrative process for land and buildings change of ownership.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

9. Roads impairment provision

	2024	2023
	K	K
At the beginning of the year	(85,837,019)	(85,837,019)
Charge for the year	<u>(104,380,880)</u>	<u>-</u>
At 31 December	<u>(190,217,899)</u>	<u>(85,837,019)</u>

During the year an impairment review of commissioned roads and stalled projects recorded under PPE and Capital Work in Progress was undertaken to determine the extent to which the PPE items had deteriorated. Factors which were considered in arriving at the assessment were distress types such as Potholes, Rutting, Edge break, Edge Drop, Cracks, Raveling Gullies, Pavement Layer thickness, Geometry/ formation (roadbed deterioration) for unpaved (gravel) roads. This was followed by deriving index factors using publicly available CPI information, to determine the depreciated replacement cost value (fair value). The Depreciated Replacement Cost (DRC) value is calculated by estimating the cost to replace the asset, considering any changes in the cost of materials and labour since the asset was initially purchased or constructed, and subtracting the depreciation that has occurred since that time. The Agency had constituted a team of staff drawn from the technical directorates, finance and Audit and Risk assurance to perform the assessment.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

10. Intangibles

	Computer software K
<i>Cost</i>	
At 1 January 2023	12,436,534
Additions	<u>522,440</u>
At 31 December 2023	<u>12,958,974</u>
At 1 January 2024	12,958,974
Additions	<u>999,083</u>
At 31 December 2024	<u>13,958,057</u>
<i>Amortisation</i>	
At 1 January 2023	12,436,533
Charge for the year	<u>174,129</u>
At 31 December 2023	<u>12,610,662</u>
At 1 January 2024	12,610,662
Charge for the year	<u>507,124</u>
At 31 December 2024	<u>13,117,786</u>
<i>Carrying amounts</i>	
At 31 December 2024	<u>840,271</u>
At 31 December 2023	<u>348,312</u>

The intangible assets represent software used by the Agency which are the Weighbridge software, Accounting system, payroll system, Design Software and Project management system.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

11.	Inventory		
		2024	2023
		K	K
	Raw materials	35,937	35,937
	Finished pavers	<u>1,480,415</u>	<u>2,056,398</u>
		<u>1,516,352</u>	<u>2,092,335</u>
12.	Trade and other receivables		
	Amounts advanced to contractors and suppliers	3,351,557,985	3,433,391,773
	Amounts receivable from National Roads Fund Agency (NRFA)	15,176,377,108	13,443,555,559
	National Roads Fund Agency (NRFA) other receivables (restated refer to note 23)	<u>4,852,633,034</u>	<u>3,154,471,700</u>
		23,380,568,127	20,031,419,032
	Less: impairment provision	<u>(2,545,028,161)</u>	<u>(2,610,452,249)</u>
	Net trade receivables	<u>20,835,539,966</u>	<u>17,420,966,783</u>

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. Information about the impairment of trade receivables and the Agency's exposure to credit risk and foreign currency risk can be found in note 20.

		2024	2023
		K	K
13.	Other receivables		
	Special imprest	800,502	802,672
	Salary advances	350,138	474,570
	Staff material loans	5,398,533	5,840,018
	Staff receivables-motor vehicle disposals	-	3,006
	Prepayments	679,669	418,340
	Grants receivable- MIHUD	22,603,370	-
	Other debtors	22,922,195	22,025,281
	Amounts payable to contractors in debit	<u>77,847,237</u>	<u>36,070,126</u>
		130,601,644	65,634,013
	Less impairment provision on other debtors	<u>(46,225,837)</u>	<u>(20,159,927)</u>
	Net other debtors	<u>84,375,807</u>	<u>45,474,086</u>
	At the beginning of the year	20,159,927	25,099,569
	Charge for the year	<u>26,065,910</u>	<u>(4,939,642)</u>
		<u>46,225,837</u>	<u>20,159,927</u>

The average credit period on Trade receivables is 30 days. No interest is charged on outstanding trade receivables. The expected credit loss (ECL) is mainly based on the ageing of the receivables balance and historical experience. The receivables are assessed on an individual basis or grouped into homogenous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case by case basis if deemed not to be collectable on the assessment of the underlying facts and circumstances.

The Agency uses a provision matrix to measure the expected credit loss of receivables. Based on the environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

Receivables from employees

The receivables from employees are loans and advances that are recovered through the payroll. The loans and advances carry an interest charge of 10% and 0% respectively. The loans and advances are given to employees as part of the Agency's conditions of service. The repayment terms vary based on the purpose of the loan or advance. Any Mark to Market adjustment regarding staff loans would result in an immaterial impact.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

14. Cash and bank balances

Cash and cash equivalents include cash in hand and cash held in the Agency's bank accounts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Statement of Financial Position as follows:

	2024	2023
	K	K
Bank account balances	198,223,762	479,872,143
Cash in hand	<u>7,225</u>	<u>1,380</u>
At 31 December	<u>198,230,987</u>	<u>479,873,523</u>
Of which:		
Operating funds	198,190,400	479,832,936
Project funds	<u>40,587</u>	<u>40,587</u>
At 31 December	<u>198,230,987</u>	<u>479,873,523</u>

15. Trade payables

	2024	2023
	K	K
Amounts payable to contractors	13,442,344,731	11,792,670,823
Retention payable	<u>1,497,002,077</u>	<u>1,650,884,736</u>
	<u>14,939,346,808</u>	<u>13,443,555,559</u>

Trade payables consist of amounts payable to contractors and retentions. The carrying amounts equate fair value due to the low impact of discounting.

16. Other payables

	2024	2023
	K	K
Accrual - interest due to contractors	4,825,000,469	3,123,585,573
Provision - legal	1,102,320,343	1,007,174,692
Leave pay	39,030,553	34,333,309
Other payables	7,695,883	135,544
NAPSA	6,506,318	47,608,685
PAYE	9,707,719	2,723,925
VAT	3,724,378	1,937,036
Ministry of Infrastructure, Housing and Urban Development (MIHUD)	-	50
Sundry creditors	<u>36,959,148</u>	<u>24,276,264</u>
	<u>6,030,944,811</u>	<u>4,241,775,078</u>

Other payables mostly consist of provisions for possible interest that would accrue on amounts payables to contractors and legal provisions made for various legal cases against the Agency.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

17. (a) Retirement benefits

	2024 K	2023 K
At the beginning of the year	326,425,079	285,081,011
Charge for the year	54,855,954	46,811,876
Payments during the year	<u>(14,930,470)</u>	<u>(5,467,808)</u>
At 31 December	<u>366,350,563</u>	<u>326,425,079</u>
Non-current portion	335,582,811	299,330,651
Current portion	<u>30,767,752</u>	<u>27,094,428</u>
At 31 December	<u>366,350,563</u>	<u>326,425,079</u>

18. Gratuity benefits

At the beginning of the year	15,022,222	18,158,858
Charge for the year	21,628,453	12,293,289
Payments during the year	<u>(13,065,400)</u>	<u>(15,429,925)</u>
At 31 December	<u>23,585,275</u>	<u>15,022,222</u>
Non-current portion	9,510,045	4,474,850
Current portion	<u>14,075,230</u>	<u>10,547,372</u>
At 31 December	<u>23,585,275</u>	<u>15,022,222</u>

19. Capital grants

Balance at the beginning of the year	42,477,629,807	42,666,002,841
Capital grants received (works)	3,204,705,225	1,278,642,239
Capital grants received (advance payments)	172,362,244	162,343,861
Capital grants received (operations)	7,993,001	21,290,127
Adjustment	(2,216,360)	-
Impairment of capital grants (note 8)	(104,380,880)	-
Amortisation of capital grants (note 10)	<u>(2,599,555,153)</u>	<u>(1,650,649,261)</u>
At 31 December	<u>43,156,537,884</u>	<u>42,477,629,807</u>

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

20. Financial instruments – Risk management

The Agency has exposure to the following risks from its use of financial instruments:

- credit risk;
- market risk; and
- liquidity risk.

Risk management framework

The Board Members have overall responsibility for the establishment and oversight of the Agency's risk management framework. The Agency's risk management policies are established to identify and analyse the risks faced by the Agency, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Agency's activities. The Board Members oversee how management monitors compliance with the Agency's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Agency.

Categories of financial instruments

The carrying amount of the Agency's financial instruments by classification is as follows:

Financial assets

	Note	2024 K	2023 K
Cash and bank balances	14	198,230,987	479,873,523
Amounts advanced to contractors and suppliers	12	3,351,557,985	3,433,391,773
Amounts receivable from National Roads Fund Agency (NRFA)	12	15,176,377,108	13,443,555,559
National Roads Fund Agency (NRFA) other receivables (refer to note 26)		4,852,633,034	3,154,471,700
Amounts receivable from MIHUD	13	22,603,370	-
Special imprest	13	800,502	802,672
Salary advances	13	350,138	474,570
Staff material loans	13	5,398,533	5,840,018
Staff receivables-motor vehicle disposals	13	-	3,006
Other debtors	13	22,922,195	22,025,281
Amounts payable to contractors in debit	13	77,847,237	36,070,126
		<u>23,708,721,089</u>	<u>20,576,508,228</u>

Financial liabilities

Amounts payable to contractors	15	13,442,344,731	11,792,670,823
Retention payable	15	1,497,002,077	1,650,884,736
Accruals- interest to contractors	16	4,825,000,469	3,123,585,573
Provisions-legal	16	1,102,320,343	1,007,174,692
Employee benefits	17	366,350,563	326,425,079
Leave pay	17	39,030,553	34,333,309
Gratuity	16	23,585,275	15,022,222
Other payables	16	7,695,883	135,544
Sundry creditors	16	36,959,148	24,276,264
		<u>21,340,289,042</u>	<u>17,974,508,242</u>

20. Financial instruments – Risk management (continued)

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Agency. The Agency has adopted a policy of only dealing with creditworthy counterparties and obtaining advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults. Financial assets which potentially subject the Agency to concentrations of credit risk, consist principally of trade receivables and cash balances.

The Agency's exposure to credit risk is influenced mainly by individual characteristics of each customer or counterparty. The demographics of the Agency's customer base, including the default risk does not have a significant influence on credit risk. Geographically there is no concentration of credit risk.

No collateral is required in respect of financial assets. Management has a policy in place and the exposure to credit risks is monitored on an on-going basis.

The Agency holds security over its financial assets in respect of receivables from employees. The receivables from employees in respect of material loans are recoverable from source through payroll by the Agency over a period of 36 months for management and 48 months for the rest of the employees.

The Agency establishes an allowance for doubtful debts on a specific basis which represents its estimate of expected losses in respect of trade and other receivables. The Agency is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2024	2023
	K	K
Cash and cash equivalents	198,230,987	479,873,523
Trade and other receivables (refer to notes 12 & 13)	<u>20,919,915,773</u>	<u>17,466,440,871</u>
	<u>21,118,146,760</u>	<u>17,946,314,394</u>

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

20. Financial instruments – Risk management (*continued*)

(i) Credit risk management (*continued*)

Trade and other receivables

Ageing of trade receivables

The ageing of trade receivables at the reporting date was:

	31 Dec 2024	31 Dec 2024	31 Dec 2024	31 Dec 2023	31 Dec 2023	31 Dec 2023
	Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
	K	K	K	K	K	K
1-3 months	2,991,550,391	(325,637,082)	2,665,913,309	2,429,565,384	(337,997,869)	2,091,567,515
3 months to 1 year	3,169,752,068	(345,034,741)	2,824,717,327	1,763,112,018	(92,676,553)	1,670,435,465
More than 1 year	<u>17,219,265,668</u>	<u>(1,874,356,338)</u>	<u>15,344,909,330</u>	<u>15,838,741,630</u>	<u>(2,179,777,827)</u>	<u>13,658,963,803</u>
	<u>23,380,568,127</u>	<u>(2,545,028,161)</u>	<u>20,835,539,966</u>	<u>20,031,419,032</u>	<u>(2,610,452,249)</u>	<u>17,420,966,783</u>

The Agency uses a general approach to determine the expected credit losses on Government related receivables due to their sovereign nature. This is based on the Probability of Default (PD) and the Loss Given Default (LGD) of Government receivables. Based on Zambia's sovereign rating of 'In default with little prospect for recovery', the Agency used PD and LGD rates of 12.02% and 90.60% (2023: 14.63% and 89.08%) respectively.

The following table provides information about the exposure to credit risk and ECLs for GRZ institutions' trade receivables as at 31 December.

31 December 2024

Probability of default	Loss given default	Life expected loss rates	Gross carrying amount (K)	Impairment loss allowance (K)
<u>12.02%</u>	<u>90.60%</u>	<u>10.89%</u>	<u>23,380,568,127</u>	<u>2,545,028,161</u>

31 December 2023

Probability of default	Loss given default	Life expected loss rates	Gross carrying amount (K)	Impairment loss allowance (K)
<u>14.63%</u>	<u>89.08%</u>	<u>13.03%</u>	<u>20,031,419,032</u>	<u>2,610,452,249</u>

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

20. Financial instruments – Risk management (*continued*)

(i) Credit risk management (*continued*)

Expected credit loss assessment

Loss Allowance

31 December 2024	Weighted average losses	Gross carrying amounts K	Loss Allowance K	Credit impaired
1 to 3 months	10.89%	2,991,550,391	325,637,082	Yes
3 months to 1 year	10.89%	3,169,752,068	345,034,741	Yes
More than 1 year	10.89%	<u>17,219,265,668</u>	<u>1,874,356,338</u>	Yes
		<u>23,380,568,127</u>	<u>2,545,028,161</u>	

31 December 2023	Weighted average losses	Gross carrying amounts K	Loss Allowance K	Credit impaired
1 to 3 months	13.91%	2,429,565,384	337,997,869	Yes
3 months to 1 year	5.26%	1,763,112,018	92,676,553	Yes
More than 1 year	13.76%	<u>15,838,741,630</u>	<u>2,179,777,827</u>	Yes
		<u>20,031,419,032</u>	<u>2,610,452,249</u>	

The following table provides information about the exposure to credit risk and ECLs for other receivables as at 31 December.

31 December 2024	Weighted average losses	Gross carrying amounts K	Loss Allowance K	Credit impaired
1 to 3 months	90.84%	24,882,851	22,603,370	Yes
3 months to 1 year	0.00%	43,868,058	-	No
More than 1 year	38.19%	<u>61,850,735</u>	<u>23,622,467</u>	Yes
		<u>130,601,644</u>	<u>46,225,837</u>	

31 December 2023	Weighted average losses	Gross carrying amounts K	Loss Allowance K	Credit impaired
1 to 3 months	0.00%	5,083,192	-	No
3 months to 1 year	70.95%	28,553,718	-	No
More than 1 year	63.00%	<u>31,997,103</u>	<u>20,159,925</u>	Yes
		<u>65,634,013</u>	<u>20,159,925</u>	

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

20. Financial instrument- Risk management (*continued*)

(i) Credit risk management (*continued*)

Exposure to credit risk (*continued*)

Expected credit loss assessment (continued)

The loss allowance for financial assets as at 31 December reconciles to the opening loss allowance as follows:

Movement in impairment provisions-trade debtors	2024	2023
	K	K
Balance at the beginning of the year	2,610,452,249	2,076,404,328
(Reduction)/provision for the year	<u>(65,424,088)</u>	<u>534,047,921</u>
Balance at 31 December	<u>2,545,028,161</u>	<u>2,610,452,249</u>
Movement in impairment provision-other debtors		
Balance at the beginning of the year	20,159,925	25,099,569
Increase/(reduction) in impairment of other receivables for the year	<u>26,065,912</u>	<u>(4,939,644)</u>
Balance at 31 December	<u>46,225,837</u>	<u>20,159,925</u>
Total (credit)/charge to statement of income and expenditure	<u>(39,358,176)</u>	<u>529,108,277</u>

Financial risk management objectives

(ii) Market risk

The Agency's activities expose it primarily to the financial risk of changes in foreign currency exchange rates (see below). The Agency does not trade any derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk.

There has been no change to the Agency's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Agency undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

20. Financial instruments- Risk management (*continued*)

(ii) Market risk (continued)

Exposure to currency risk

The Agency incurs currency risk as a result of transactions in USD, EUR and GBP. The Agency ensures that the net exposure is kept to an acceptable level by transacting in foreign currencies at spot rate where necessary to address short term imbalances. The currency risk expressed in Kwacha at reporting date was as follows:

December 2024	USD Exposure	Pound Exposure	Euro Exposure	K Total
Financial assets				
Cash and bank balances	<u>6,253,375</u>	<u>-</u>	<u>-</u>	<u>6,253,375</u>
Financial liabilities				
Amounts payable to contractors	<u>(9,618,747,464)</u>	<u>(145,197)</u>	<u>57,908,784</u>	<u>(9,560,983,877)</u>
Net exposure	<u>(9,612,494,089)</u>	<u>(145,197)</u>	<u>57,908,784</u>	<u>(9,554,730,502)</u>
December 2023	USD Exposure	Pound Exposure	Euro Exposure	K Total
Financial assets				
Cash and bank balance	<u>8,854,098</u>	<u>-</u>	<u>-</u>	<u>8,854,098</u>
Financial liabilities				
Amounts payable to contractors	<u>(7,293,736,255)</u>	<u>(145,197)</u>	<u>(80,951,615)</u>	<u>(7,374,833,067)</u>
Net exposure	<u>(7,284,882,157)</u>	<u>(145,197)</u>	<u>(80,951,615)</u>	<u>(7,365,978,969)</u>

The Agency's foreign currency obligation represents Government approved roads infrastructure with commitment to dismantle it in subsequent years

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

20 Financial instruments- Risk management (*continued*)

(ii) Market risk (*continued*)

Exposure to currency risk (continued)

The following significant exchange rates were applied during the year:

	Spot rate at reporting date					
	Opening	2024 Average	Closing	Opening	2023 Average	Closing
USD	25.74	26.81	27.88	18.10	20.26	25.74
EUR	32.72	30.77	28.81	19.33	21.91	32.72
GBP	28.46	31.57	34.68	21.78	25.20	28.46

Sensitivity analysis

A 10 percent strengthening/weakening of the USD, GBP and EUR against the Kwacha at 31 December and vice versa would have increased accumulated funds and income expenditure by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Accumulated fund 10% increase	Accumulated fund 10% decrease	Income and expenditure 10% increase	Income and expenditure 10% decrease
31 December 2024				
USD	(961,249,409)	961,249,409	(961,249,409)	961,249,409
EUR	(5,790,878)	5,790,878	(5,790,878)	5,790,878
GBP	(14,520)	14,520	(14,520)	14,520
	Accumulated fund 10% increase	Accumulated fund 10% decrease	Income and expenditure 10% increase	Income and expenditure 10% decrease
31 December 2023				
USD	(728,488,216)	728,488,216	(728,488,216)	728,488,216
EUR	(8,095,162)	8,095,162	(8,095,162)	8,095,162
GBP	(14,520)	14,520	(14,520)	14,520

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

20. Financial instruments- Risk management (*continued*)

(iii) Interest rate risk

The Agency is not exposed to interest rate risk on its bank accounts and does not hold any interest-bearing financial instruments.

(iv) Liquidity risk management

Liquidity risk is the risk that the Agency will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Agency's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Agency's reputation.

The Agency aims to maintain a sufficient level of liquidity to meet its contractual repayments.

Ultimate responsibility for liquidity risk management rests with the Board Members, who have established an appropriate liquidity risk management framework for the management of the Agency's short, medium and long-term funding and liquidity management requirements. The Agency manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

	Note	1 to 3 months K	3 months to 1 year K	More than 1 year K	Total K
31 December 2024					
Liabilities					
Amounts payable to contractors	15	434,610,557	13,007,734,174	-	13,442,344,731
Retention payable	15	4,585,725	(149,950,653)	1,642,367,005	1,497,002,077
Accruals- interest to contractors	16	-	-	4,825,000,469	4,825,000,469
Provisions-legal	16	-	-	952,184,446	1,102,320,343
Terminal benefits	17(a)	-	150,135,897	335,582,811	366,350,563
Leave pay	16	-	30,767,752	-	39,030,553
Gratuity	18	-	39,030,553	-	23,585,275
Other payables	16	7,695,883	14,075,228	9,510,047	7,695,883
Sundry creditors	16	36,959,148	-	-	36,959,148
		<u>483,851,313</u>	<u>13,091,792,951</u>	<u>7,764,644,778</u>	<u>21,340,289,042</u>
31 December 2024					
Assets					
Cash and bank balances	14	198,230,987	-	-	198,230,987
Trade receivables	12	2,991,550,391	3,169,752,068	17,219,265,668	23,380,568,127
Special imprest	13	800,502	-	-	800,502
Salary advances	13	350,138	-	-	350,138
Staff material loans	13	883,080	1,657,038	2,858,415	5,398,533
Staff receivables-motor vehicle disposals	13	-	-	-	-
Other debtors	13	679,669	-	-	679,669
Receivable from MIHUD	13	22,603,370	-	-	22,603,370
Amounts payable to contractors in debit	13	77,847,237	-	-	77,847,237
NRFA other receivables	13	22,922,195	-	-	22,922,195
		<u>3,315,867,569</u>	<u>3,171,409,106</u>	<u>17,222,124,083</u>	<u>23,709,400,758</u>
Net exposure		<u>2,832,016,256</u>	<u>(9,920,383,845)</u>	<u>9,457,479,305</u>	<u>2,369,111,716</u>

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

20. Financial instruments- Risk management (*continued*)

(iv) Liquidity risk management (continued)

	Notes	1 to 3 months K	3 months to 1 year K	More than 1 year K	Total K
31 December 2023					
Liabilities					
Amounts payable to contractors	15	2,412,976,499	9,379,694,324	-	11,792,670,823
Retention payable	15	289,860,577	1,338,970,955	22,053,204	1,650,884,736
Accruals- interest to contractors	16	-	-	3,123,585,573	3,123,585,573
Provisions-legal	16	-	534,180,929	472,993,763	1,007,174,692
Terminal benefits	17(a)	-	27,094,428	299,330,651	326,425,079
Leave pay	16	-	34,333,309	-	34,333,309
Gratuity	18(b)	-	10,547,372	4,474,850	15,022,222
Other payables	16	135,544	-	-	135,544
Sundry creditors	16	<u>24,276,264</u>	<u>-</u>	<u>-</u>	<u>24,276,264</u>
		<u>2,727,248,884</u>	<u>11,324,821,317</u>	<u>3,922,438,041</u>	<u>17,974,508,242</u>
31 December 2023					
Assets					
Cash and bank balances	14	479,873,523	-	-	479,873,523
Trade receivables	12	4,192,677,402	15,838,741,630	-	20,031,419,032
Special imprest	13	802,672	-	-	802,672
Salary advances	13	474,570	-	-	474,570
Staff material loans	13	331,705	935,938	4,572,375	5,840,018
Staff receivables-motor vehicle disposals	13	1,503	1,503	-	3,006
Other debtors	13	8,681,767	-	-	8,681,767
Prepayments	13	128,478	289,862	-	418,340
Amounts payable to contractors in debit	13	36,070,126	-	-	36,070,126
NRFA other receivables	13	<u>13,343,514</u>	<u>-</u>	<u>-</u>	<u>13,343,514</u>
		<u>4,732,385,260</u>	<u>15,839,968,933</u>	<u>4,572,375</u>	<u>20,576,926,568</u>
Net exposure		<u>2,005,136,376</u>	<u>4,515,147,616</u>	<u>(3,917,865,666)</u>	<u>2,602,418,326</u>

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

21. Related party transactions

The Agency undertakes to disclose the nature of related party relationships, and types of transactions necessary for the understanding of the annual financial statements.

In the context of the Agency, related party transactions include any transactions carried out with any of the following:

- Government of the Republic of Zambia;
- Ministry of Infrastructure, Housing and Urban Development;
- National Road Fund Agency
- Board members; and
- Executive management personnel.

The transactions to be reported are those that affect the Agency in making financial and operating decisions.

i) Transactions during the year

	2024	2023
	K	K
(a) <i>Revenue grants received from related parties</i>		
National Road Fund Agency	2,239,059,572	2,140,518,554
Ministry of Infrastructure, Housing and Urban Development	<u>135,620,520</u>	<u>135,620,466</u>
	<u>2,374,680,092</u>	<u>2,276,139,020</u>

Government grant represents funds receivable from Government in respect of grant income allocation for the year.

	2024	2023
	K	K
<i>Capital grants received from related parties</i>		
National Road Fund Agency	<u>3,385,060,470</u>	<u>1,462,276,227</u>
	<u>3,385,060,470</u>	<u>1,462,276,227</u>

(b) Compensation of Directors and Key Management personnel

The remuneration of Directors and Executive Management is determined by the Board having regard to funding and market trends.

The remuneration of the Board and Executive Management during the year was as follow:

	2024	2023
	K	K
Salaries and other short-term benefits to management	<u>4,139,455</u>	<u>2,496,712</u>
Directors' remuneration	<u>1,352,923</u>	<u>1,273,732</u>

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

21. Related party transactions (*continued*)

(ii) Balances due to/from related parties	2024	2023
	K	K
(a) Balances due from the National Road Fund Agency (NFRA)- refer to note 12	<u>20,029,010,142</u>	<u>16,598,027,259</u>

This amount is represented by trade receivables of K15,176,377,108 (2023: K13,443,555,559) and other receivables of K4,852,633,034 (2023: K3,154,471,700) due from NRFA.

(b) Balances due (to)/from Executive Management:	2024	2023
	K	K
• Loans due from Executive Management personnel	<u>-</u>	<u>1,102,525</u>
• Gratuity and leave due to Executive Management personnel	<u>964,304</u>	<u>4,559,436</u>

22. Contingent liabilities

As at 31 December 2024, there were contingent liabilities in respect of various legal claims made against the Agency amounting to K185 million (2023: K84 million). These amounts are not recognised in the annual financial statements as Management has assessed that there is a low risk of the matters being decided against the Agency.

23. Capital commitments

As at 31 December 2024, the Agency had entered into a number of contracts for works. Capital expenditure contracted for at the reporting date but not recognised in the annual financial statements is as follows:

	2024	2023
	K	K
Roads and bridges	<u>6,802,592,766</u>	<u>1,700,999,813</u>

The Agency is certain that all such commitments will be fully financed from Government grants through the National Roads Fund Agency and from cooperating partners.

24. Termination of Projections

As at the end of the Financial Year the Agency had identified 120 projects for termination on which works had generally stalled owing to fiscal constraints. Negotiations for final accounts are in various stages. The Agency has not yet determined the termination costs as at year end and therefore no provision has been included in the annual financial statements.

25. Events after the reporting date

As at the date of signature of these annual financial statements, there were no material facts or circumstances that occurred between the accounting date and the date of approval of the annual financial statements which may require adjustment to or disclosure in these annual financial statements.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

26. Restatement arising from reclassifications/ Correction of errors

26.1 Reclassification of Acrow bridges from Inventory to property plant and equipment

In periods prior to 2023, the Road Development Agency classified Acrow bridges as inventory and were only capitalized as Property, Plant, and Equipment (PPE) when they were mounted. This was an error. Consequently, management reclassified the Acrow bridges as capital work in progress under PPE, in accordance with IAS 16 provisions. According to the standard, Property, Plant, and Equipment are tangible items that are held for use in production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used for more than one period.

Statement of financial position	31 December 2022	Increase/ (Decrease)	1 January 2023	31 December 2022	Increase/ (Decrease)	31 December 2022
	restated	(Decrease)	Restated	As previously stated	(Decrease)	Restated
	K	K	K	K	K	K
Property Plant and Equipment	41,293,364,914	-	41,293,364,914	40,672,795,836	620,569,078	41,262,364,576
Inventory	2,181,775	-	2,181,775	622,750,853	(620,569,078)	2,181,775

26.2 Recognition of grant income

In periods prior to 2023, the Road Development Agency recognized interest accrued on interim payment certificates due to contractors and consultants when the obligation is past due. However, the Agency did not recognize the corresponding income to match the interest expenses, as required by IAS 20 - Accounting for Government Grants. This was an error. Management restated the financial statements to recognize the income and a corresponding receivable from NRFA.

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

26. Restatement arising from reclassifications/ Correction of errors (continued)

26.2 Recognition of grant income (continued)

	31 December 2022 As previously stated K	Increase/ (Decrease) K	31 December 2022 Restated K
Statement of Income and Expenditure and other comprehensive Income			
Grant income	774,720,347	595,097,196	1,369,817,543
Statement of financial position			
Trade receivables	14,129,410,677	2,026,642,665	16,156,053,342
Statement of Changes in Accumulated Funds			
Accumulated Expenditure over income	2,371,319,640	(2,026,642,665)	344,676,975
Statement of cashflows			
Excess income over expenditure	965,066,429	(595,097,196)	369,969,233

ROAD DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

26. Restatement arising from reclassifications/ Correction of errors (continued)

26.3 Adjustment to impairment of Property Plant and Equipment

In periods prior to 2023, the Road Development Agency had recognised an impairment of Property plant and equipment. However, in computing this impairment value the Agency did not take into account the recoverable value as per the requirements of IAS 36 which states that, an asset is impaired when its carrying amount exceeds its recoverable value. The Agency therefore recomputed the recoverable value of the PPE and found that the carrying value was less than the recoverable except for the Mbala-Nakonde road project whose carrying value was more than the recoverable amount. Consequently, an impairment derecognition adjustment was effected to correct the understatement in PPE as at 31 December 2022.

	31 December 2022 As previously stated K	Increase/ (Decrease) K	31 December 2022 Restated K
Statement of Income and Expenditure and other comprehensive Income			
Amortisation of Capital Grant	<u>3,502,383,782</u>	<u>(1,854,384,660)</u>	<u>1,647,999,122</u>
Impairment of CWIP- roads and Bridges	<u>1,940,221,679</u>	<u>(1,854,384,660)</u>	<u>85,837,019</u>
Statement of financial position			
Property Plant and equipment	<u>39,438,980,254</u>	<u>1,854,384,660</u>	<u>41,293,364,914</u>
Capital Grant	<u>40,811,618,181</u>	<u>1,854,384,660</u>	<u>42,666,002,841</u>
Statement of Changes in Accumulated Funds			
Capital Grant	<u>40,811,618,181</u>	<u>1,854,384,660</u>	<u>42,666,002,841</u>
Statement of cashflows			
Impairment of PPE	<u>1,940,221,679</u>	<u>(1,854,384,660)</u>	<u>85,837,019</u>
Amortisation of capital grants on impairment	<u>(1,940,221,679)</u>	<u>1,854,384,660</u>	<u>(85,837,019)</u>

ROAD DEVELOPMENT AGENCY

SUPPLEMENTAL FINANCIAL INFORMATION

Appendix 1: Unaudited Detailed Statement of Comprehensive income

	Notes	2024 K	2023 K
Income			
Amortisation of capital grants	19	2,703,936,033	1,650,649,261
Project grant from National Roads Fund Agency (NRFA)	4	2,239,059,572	2,140,518,554
Revenue grants from GRZ	4	<u>135,620,520</u>	<u>135,620,466</u>
		<u>5,078,616,125</u>	<u>3,926,788,281</u>
Other income			
Abnormal load fees		13,982,155	10,790,055
Bill boards		670,420	1,103,220
Equipment hire		106,131	192,206
Profit on disposal of plant and equipment		1,574,172	-
Liquidated damages		42,016,735	1,150,379
Private Public Partnership		-	1,780,736
Rental income		88,775	186,650
Road infringement charges		2,047,035	2,305,650
Quarry royalties		1,790,620	513,149
Soil testing analysis fees		661,231	826,063
Routeway inspection fees		4,035,573	3,923,853
Tender document sales		5,841,277	2,282,938
Other		<u>315,580</u>	<u>740,880</u>
Total other income		<u>73,129,704</u>	<u>25,795,779</u>
Total income		<u>5,151,745,829</u>	<u>3,952,584,060</u>

ROAD DEVELOPMENT AGENCY

SUPPLEMENTAL FINANCIAL INFORMATION

Appendix 1: Unaudited Detailed Statement of Comprehensive income (continued)

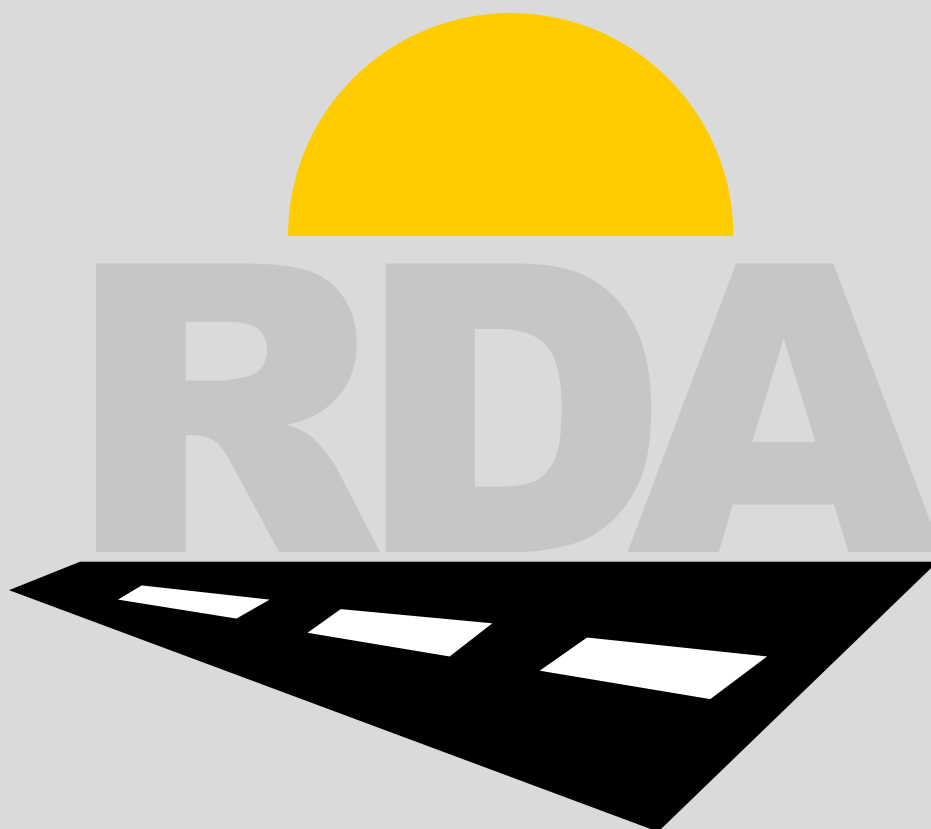
	2024	2023
	K	K
Expenditure		
Accommodation and meals	1,768,765	2,191,566
Audit fees	816,665	440,800
Bank charges	557,457	518,407
Board expenses	3,372,360	5,196,395
Civil maintenance	3,339,141	(785,041)
Cleaning materials and toiletries and sanitary services	871,671	647,129
Computer expenses	3,433,724	1,057,635
Amortisation of intangible assets	507,124	174,129
Depreciation	2,599,048,029	1,650,475,131
Electricity, water and sewerage	1,119,400	1,180,329
Equipment service and repair	669,403	1,172,297
Insurance	1,915,736	1,843,738
Internet services	52,800	59,615
Labour day celebrations	689,963	750,476
Legal fees	8,174	74,730
Loss on disposal of plant and equipment	-	371,427
Motor vehicle expenses	15,546,790	12,297,490
Newspapers	64,143	67,535
Office beverages and refreshments	674,269	633,511
Other costs	1,048,859	1,224,275
Printing and stationery	1,959,877	2,575,265
Bad debt charge	(39,358,176)	529,108,277
Public relations and advertising	8,996,838	5,795,958
Recruitment costs	418,586	473,893
Routeway inspection costs	338,893	327,438
Security services	3,281,988	3,150,092
Staff costs	266,170,969	219,974,014
Staff training	3,863,925	4,802,498
Staff welfare	808,648	610,848
Subscriptions	534,004	521,997
Office rentals	60,000	88,000
Telephone and postage	278,740	292,368
Travelling expenses	1,677	85,070
Miscellaneous expenses	26,984	60,743
Workshops and seminars	2,745,298	1,494,960
	<u>2,885,632,724</u>	<u>2,448,952,995</u>

ROAD DEVELOPMENT AGENCY

SUPPLEMENTAL FINANCIAL INFORMATION

Appendix 1: Detailed Statement of Comprehensive income (continued)

	2024 K	2023 K
Detailed analysis of routine repairs, maintenance works and project related costs		
Environmental costs	742,743	9,190,476
Interest on long outstanding contractor debts	1,796,490,696	1,129,161,814
Impairment Cost-Roads Bridges & Buildings	104,380,880	-
Project procurement costs	14,522,326	5,165,469
Routine maintenance - roads and bridges	110,993,152	113,216,006
Routine maintenance - force accounts	414,955,407	383,729,782
Supervision expenses - roads and bridges	27,515,542	28,844,566
Supervision expenses - routine maintenance	890,555	756,082
Technical assistance and other consultancy costs	13,637,900	17,044,080
Information and communication technology costs	4,161,318	4,806,088
Legal costs and arbitration awards	<u>156,144,681</u>	<u>207,453,758</u>
	<u>2,644,435,200</u>	<u>1,899,368,121</u>



<p>The Provincial Roads Engineer RDA - Lusaka Plot No. 1612 Sheki Sheki Road P.O Box 30918 LUSAKA Tel: 211 241765</p>	<p>Road Development Agency Headquarters P.O. Box 50003, LUSAKA Tel: 211 253801/254838/253088 Email: RDA_HQ@roads.gov.zm</p>		<p>The Provincial Roads Engineer RDA - Copperbelt Plot 4084, Mosi - o - Tunya Road P.O Box 71517 NDOLA Tel: 212 650264/650497</p>
<p>The Provincial Roads Engineer RDA - Central Plot 486, Buntungwa Road P.O Box 80180 KABWE Tel: 215 222263/224662</p>	<p>The Provincial Roads Engineer RDA - North Western Former Roads Department next to ESCO, Independence Road P.O Box 110094 SOLWEZI Tel: 218 821196</p>	<p>The Provincial Roads Engineer RDA - Luapula PACU Building, Mansa Kawambwa Road P.O Box 710007 MANSA Tel: 212 821702/821973</p>	<p>The Provincial Roads Engineer RDA - Northern Plot 2847, Mukulumpe Road Central Town P.O Box 410720 KASAMA Tel. 213 221290/230046</p>
<p>The Provincial Roads Engineer RDA - Muchinga Plot ZD 160, Chama Complex Nambuluma Road CHINSALI Tel: 214 565088</p>	<p>The Provincial Roads Engineer RDA - Eastern PWD Building, Umodzi Highway Private Bag 18 CHIPATA Tel: 216 221033/ 222026</p>	<p>The Provincial Roads Engineer RDA - Western Plot 164, Mongu – Senanga Road Private Bag Mongu MONGU Tel: 217 222036</p>	<p>The Provincial Roads Engineer RDA - Southern Plot 1313, Kapondo Street Mochipapa CHOMA Tel: 213 221610</p>