



REPUBLIC OF ZAMBIA
MINISTRY OF INFRASTRUCTURE, HOUSING AND URBAN
DEVELOPMENT

MINISTERIAL STATEMENT

BY

HONOURABLE ENG. CHARLES L. MILUPI, MP
MINISTER OF INFRASTRUCTURE, HOUSING AND URBAN
DEVELOPMENT

ON THE UPGRADING TO DUAL CARRIAGEWAY OF THE
LUSAKA TO NDOLA ROAD, INCLUDING REHABILITATION OF
THE LUANSHYA-FISENGE-MASANGANO ROAD USING
PUBLIC-PRIVATE PARTNERSHIP

TUESDAY 7TH MARCH 2023

MADAM SPEAKER;

1. ON THURSDAY 2ND MARCH, 2023, THE HONOURABLE MADAM SPEAKER DIRECTED THAT I ISSUE A MINISTERIAL STATEMENT ON THE AGREEMENT SIGNED ON TUESDAY, 28TH FEBRUARY 2023 FOR THE UPGRADING TO DUAL CARRIAGEWAY, OF APPROXIMATELY 327 KILOMETRES OF THE LUSAKA TO NDOLA ROAD, INCLUDING REHABILITATION OF 45 KILOMETRES OF THE LUANSHYA-FISENGE-MASANGANNO ROAD USING A PUBLIC PRIVATE PARTNERSHIP MODEL OF PROJECT PROCUREMENT AND FINANCING.

2. I AM GRATEFUL FOR THE OPPORTUNITY TO RENDER THE MINISTERIAL STATEMENT TO INFORM THIS AUGUST HOUSE AND THE NATION AT LARGE ON THE DETAILS OF THE PROJECT. IT IS MY SINCERE HOPE THAT THIS STATEMENT SHALL HELP CLEAR THE AIR ON THE PROJECT AND PUT TO REST ANY SPECULATION AND MISINFORMATION AROUND THE PROJECT.

MADAM SPEAKER;

3. IT IS A KNOWN FACT THAT THE DEMAND FOR QUALITY ROAD INFRASTRUCTURE IN ZAMBIA REMAINS HIGH, WHILE THE RESOURCE ENVELOPE IS NOT ADEQUATE TO BRIDGE THE FINANCING GAP. TO COVER THE GAP, THE NEW DAWN

GOVERNMENT HAS DECIDED TO USE PUBLIC PRIVATE PARTNERSHIP MODE OF FINANCING ON THIS PROJECT. SUCH PARTNERSHIPS ARE ANTICIPATED TO GENERATE JOBS, AS WELL AS SPUR SOCIAL AND ECONOMIC GROWTH.

4. FURTHER, THIS FINANCING MODEL WILL GUARANTEE INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY USING PRIVATE CAPITAL GIVEN THE CHALLENGING FISCAL POSITION OF OUR COUNTRY RESULTING FROM BOTH THE POOR PERFORMANCE OF THE ECONOMY, AND THE HUGE AND EXPENSIVE DEBT LEFT BY THE PREVIOUS REGIME.

MADAM SPEAKER;

5. I WISH TO TAKE THIS OPPORTUNITY TO REMIND THE HOUSE THAT GOVERNMENT OWES OUTSTANDING ARREARS TO CONTRACTORS AND CONSULTANTS AMOUNTING TO OVER ZMW 10 BILLION ACCUMULATED BY THE PREVIOUS GOVERNMENT, AND LOANS AMOUNTING TO ZMW 5.2 BILLION OBTAINED FROM NAPSA, NATSAVE AND INDO ZAMBIA BANK. THE LOAN TENURE FOR THE NAPSA LOAN ALONE IS 15 YEARS, AND SERVICING THESE COMMITMENTS IS CURRENTLY TAKING AWAY 40% OF THE ROAD SECTOR BUDGET ANNUALLY. UNFORTUNATELY, THE CURRENT DEBT

PORTFOLIO IS NOT MATCHING THE CURRENT CONDITION OF THE ROAD NETWORK. ONE WOULD EXPECT THE COUNTRY TO HAVE A VERY GOOD QUALITY ROAD NETWORK. HOWEVER, DESPITE THIS INDEBTEDNESS, 80% OF THE NETWORK REMAINS IN POOR STATE.

MADAM SPEAKER;

6. THE CURRENT STATE OF THE LUSAKA TO NDOLA ROAD REMAINS A SOURCE OF CONCERN TO ALL WELL-MEANING ZAMBIANS. THE ROAD IS THE BACKBONE OF OUR ROAD NETWORK AND CRITICAL IN STIMULATING THE MUCH-NEEDED ECONOMIC GROWTH THROUGH INCREASED TRADE WITHIN THE COUNTRY AND THE REGION AT LARGE.

7. THE ROAD IS CURRENTLY IN A DEPLORABLE STATE, WITH A NUMBER OF ACCIDENTS AND IN CERTAIN CASES FATALITIES HAVE BEEN RECORDED. IT IS WORTH MENTIONING THAT THE LATEST PERIODIC MAINTENANCE WORKS WERE UNDERTAKEN FOR THE KABWE TO KAPIRI MPOSHI SECTION IN THE YEAR 2013, WITH THE SECTION BETWEEN LUSAKA AND KABWE RECEIVING MAINTENANCE AS FAR BACK AS THE YEAR 2008.

8. PREVIOUS ATTEMPTS TO UPGRADE THE ROAD TO DUAL CARRIAGEWAY THROUGH A PUBLIC PRIVATE PARTNERSHIP MODEL AND CONTRACTOR FACILITATED INITIATIVE WERE MADE BY THE PREVIOUS GOVERNMENT. HOWEVER, BOTH WERE UNSUCCESSFUL.

MADAM SPEAKER;

9. THE PREVIOUS GOVERNMENT COMMENCED WITH THE PROCUREMENT FOR THE SAME ROAD USING THE PPP APPROACH IN 2015. THE PROCUREMENT PROCESS WAS THEN TERMINATED BECAUSE THE RECOMMENDED BID PRICE WAS US \$ 1,039,469,401.70 WITH A CONCESSION PERIOD OF TWENTY-FIVE YEARS. THIS WAS THEN DEEMED EXPENSIVE AND THUS THE PROCESS WAS DISCONTINUED. THEN THE SAME GOVERNMENT INVITED NEW PROPOSALS OUT OF WHICH THE RECOMMENDATION WAS MADE TO AWARD AT THE ESTIMATED COST OF US\$ 667, 800,068.00 WITH A CONCESSION PERIOD OF THIRTY- FOUR YEARS.

MADAM SPEAKER;

10. THIS PROCESS WAS AGAIN DISCONTINUED!! AND THE GOVERNMENT COMMENCED ANOTHER PROCESS THAT RESULTED IN THE AWARD OF THE CONTRACT AT AN EXORBITANT PRICE OF USD 1.245 BILLION USING THE CONTRACTOR FACILITATED INITIATIVE MODEL OF

FINANCING. THE PROJECT SCOPE OF THIS PRICE WAS AND I QUOTE:

"THE PROJECT IS FOR THE CONSTRUCTION OF APPROXIMATELY 321 KMS OF THE LUSAKA TO NDOLA DUAL CARRIAGEWAY INCLUDING BYPASS ROADS IN KABWE AND KAPIRI MPOSHI AND 45 KMS OF THE LUANSHYA-FISENGE-MASANGANO ROAD."

MADAM SPEAKER;

11. FIRSTLY THE US \$1.245 BILLION WAS THE BASE FIGURE AND IT WAS CONTRACTOR FACILITATED FUNDING COMMONLY REFERRED TO AS CFI. SO, IT WAS GOING TO BE A LOAN. THERE WAS GOING TO BE INTEREST OVER THE PERIOD AND MAINTENANCE WAS SUPPOSED TO BE DONE BY GOVERNMENT!

MADAM SPEAKER;

12. LET ME COME BACK TO THE CONCESSION AGREEMENT THAT WAS JUST SIGNED.

13. THE PPP PROCUREMENT PROCESS USED TO PROCURE THE CURRENT PROJECT IS PREMISED ON PRINCIPLES OF COMPETITION, TRANSPARENCY, FAIRNESS, EQUITY AND

COST-EFFECTIVENESS. THEREFORE, ALLOW ME TO HIGHLIGHT THE PROCUREMENT PROCESS THAT WAS ADOPTED IN THIS TRANSACTION. THE PROCESS CONSISTED OF THE FOLLOWING STAGES;

- i. PROJECT CONCEPT PREPARATION STAGE;
- ii. THE CALL FOR REQUESTS FOR EXPRESSION OF INTEREST;
- iii. THE ISSUANCE OF REQUEST FOR PROPOSALS
- iv. EVALUATION; AND
- v. NEGOTIATIONS

MADAM SPEAKER;

14. THE ROAD DEVELOPMENT AGENCY SUBMITTED THE PROJECT CONCEPT NOTE FOR THE PROJECT IN LINE WITH THE PPP ACT NO. 14 OF 2009 TO THE MINISTRY OF FINANCE AND NATIONAL PLANNING FOR REVIEW, CONSIDERATION AND APPROVAL IN 2021. SUBSEQUENTLY, AUTHORITY WAS GRANTED FOR THE ROAD DEVELOPMENT AGENCY TO PROCEED WITH THE PROCUREMENT OF THE PROJECT THROUGH THE SOLICITED APPROACH.

15. THEREAFTER, THE CALL FOR EXPRESSION OF INTEREST WAS PUBLISHED IN THE PRINT MEDIA ON FEBRUARY 16, 2022. SEVEN PROPOSALS WERE RECEIVED ON MARCH 11,

2022. THE PROPOSALS RECEIVED WERE EVALUATED FROM MARCH 11, 2022 TO MARCH 21, 2022 AND TWO FIRMS WERE RESPONSIVE TO THE STIPULATED EVALUATION CRITERIA AND WERE THUS SHORTLISTED. THE FIRMS SHORTLISTED WERE AS FOLLOWS:

- i. MACRO OCEAN INVESTMENT CONSORTIUM - REPRESENTED BY AVIC INTERNATIONAL PROJECT ENGINEERING COMPANY, ZHEJIANG COMMUNICATIONS CONSTRUCTION GROUP LIMITED AND CHINA RAILWAY SEVENTH GROUP LIMITED;
- ii. YAMENE REPRESENTED BY VELOS ENTERPRISES LIMITED, GRADUARE PROPERTY DEVELOPMENT LIMITED, YAMENE FINANCIAL SERVICES LIMITED AND HILLARY CONSTRUCTION PTY LIMITED.

MADAM SPEAKER;

16. IN LINE WITH THE PPP ACT, THE REQUEST FOR PROPOSALS WERE ISSUED TO THE SHORTLISTED FIRMS ON MAY 5, 2022 AND THE PROPOSALS WERE RECEIVED ON JULY 1, 2022. THE DIRECTOR AND CHIEF EXECUTIVE OFFICER OF THE ROAD DEVELOPMENT AGENCY USING POWERS VESTED IN HIM BY THE PROCUREMENT AND

PUBLIC-PRIVATE PARTNERSHIP ACTS CONSTITUTED AN EVALUATION COMMITTEE CONSISTING OF ABLE GOVERNMENT AND PRIVATE INDIVIDUALS TO CARRY OUT THE BID EVALUATIONS.

17. SUBSEQUENTLY, ON 24TH JULY 2022, THE PUBLIC-PRIVATE PARTNERSHIP COUNCIL CONSIDERED THE REQUEST FOR APPROVAL OF THE DUE DILIGENCE EXERCISE THAT INVOLVED VISITING THE BIDDERS' PAST PROJECT SITES BOTH LOCAL AND OUTSIDE THE COUNTRY, AND THE BID EVALUATION REPORTS FOR THE CURRENT PROJECT.

18. **MESSRS. MACRO OCEAN INVESTMENT CONSORTIUM** WERE THEN CONFERRED WITH THE PREFERRED BIDDER STATUS IN LINE WITH THE PPP ACT NO 14 OF 2009 AS AMENDED.

19. THEREAFTER, THE PERMANENT SECRETARY MINISTRY OF FINANCE AND NATIONAL PLANNING TOGETHER WITH THE ROAD DEVELOPMENT AGENCY SET UP AN INTER SECTORAL GOVERNMENT NEGOTIATION TEAM TO CONDUCT NEGOTIATIONS. THESE COMMENCED IN AUGUST 2022 AND WERE CONCLUDED IN FEBRUARY 2023.

20. FOLLOWING NEGOTIATIONS IN LINE WITH THE PROVISIONS OF THE PUBLIC PRIVATE PARTNERSHIP ACT NO. 14 OF 2009, AND HAVING ESTABLISHED THE TECHNICAL, FINANCIAL AND LEGAL CAPACITY OF THE PREFERRED BIDDER, THE GOVERNMENT AWARDED THE CONCESSION AGREEMENT TO **MESSRS. MACRO OCEANS INVESTMENT CONSORTIUM** FOR THE UPGRADING TO DUAL CARRIAGEWAY OF APPROXIMATELY 327 KILOMETRES OF THE LUSAKA TO NDOLA ROAD, INCLUDING REHABILITATION OF 45 KILOMETRES OF THE LUANSHYA-FISENGE-MASANGANO ROADS USING A PUBLIC PRIVATE PARTNERSHIP MODEL.

MADAM SPEAKER;

21. ALLOW ME TO HIGHLIGHT SALIENT FEATURES OF THE PROJECT. THE SCOPE OF WORKS INCLUDE DESIGN, ENGINEERING, FINANCING, PROCUREMENT, CONSTRUCTION, COMPLETION, OPERATION AND MAINTENANCE OF THE PROJECT INFRASTRUCTURE AS FOLLOWS:

- i. CONSTRUCTION OF 327 KM A DUAL CARRIAGEWAY FROM LUSAKA TO NDOLA;

- ii. CONSTRUCTION OF KABWE AND KAPIRI MPOSHI BYPASSES;
- iii. REHABILITATION OF 45 KILOMETRES OF THE MASANGANO-FISENGE LUANSHYA ROAD;
- iv. CONSTRUCTION OF TWO NEW TOLL PLAZAS;
- v. CONSTRUCTION OF TWO WEIGHBRIDGES; AND
- vi. EXPANSION AND IMPROVEMENT OF EXISTING BRIDGES ALONG THE ENTIRE ROUTE.

MADAM SPEAKER;

22. THE CONCESSION PERIOD WILL BE TWENTY-FIVE YEARS SPLIT AS FOLLOWS;

- i. THREE YEARS FOR CONSTRUCTION; AND
- ii. TWENTY-TWO YEARS FOR OPERATIONS AND MAINTENANCE. THE OPERATIONS AND MAINTENANCE WILL BE AT NO COST TO THE GOVERNMENT.

MADAM SPEAKER;

23. ALLOW ME TO ELABORATE ON THE FACTORS THAT LED US TO ARRIVE AT A CONCESSION PERIOD OF 25 YEARS. THE TWENTY-FIVE YEARS CONCESSION PERIOD WAS ARRIVED AT AFTER LOOKING AT THE LEVEL OF INVESTMENT AND PAYBACK PERIOD. IT ALSO TOOK INTO ACCOUNT WHAT THE PUBLIC CAN AFFORD IN TERMS OF TOLL CHARGES, AND THE

AGREED REVENUE SHARE MECHANISM BETWEEN GOVERNMENT AND CONCESSIONAIRE.

MADAM SPEAKER;

24. WE CAN SHORTEN THE CONCESSION PERIOD, BUT THAT WILL RESULT IN US INCREASING THE TOLL FEES. THIS WOULD IN ALL PROBABILITY MAKE THE TOLL FEES UNAFFORDABLE TO THE AVERAGE ZAMBIAN AND INCREASE THE COST OF DOING BUSINESS.

25. WE CAN ALSO CUT IN HALF THE INVESTMENT, SO AS TO KEEP THE SERVICE AT REASONABLE COST. THIS WOULD HOWEVER COMPROMISE THE QUALITY OF THE ROAD AND THE ROAD WOULD NOT LAST FOR TWENTY FIVE YEARS!! TO PROTECT THE INTEREST OF THE ZAMBIAN PEOPLE, THE NEW DAWN GOVERNMENT HAS PUT EMPHASIS ON DELIVERING PROJECTS AND SERVICES AT THE RIGHT PRICE, QUALITY AND WITHIN TIME.

MADAM SPEAKER;

26. IN VIEW OF OUR RESOLVE TO DELIVER PROJECTS TRANSPARENTLY, AT THE RIGHT PRICE, QUALITY AND TIMELINESS; THE CONCESSION AGREEMENT WAS SIGNED BASED ON THE FUNDAMENTAL FEATURES OF THE LEGAL

FRAMEWORK GOVERNING PUBLIC PRIVATE PARTNERSHIPS
IN INFRASTRUCTURE DEVELOPMENT, NAMELY;

- i. AFFORDABILITY TO THE PUBLIC; AND
- ii. VALUE FOR MONEY TO THE GOVERNMENT

MADAM SPEAKER;

27. ALLOW ME TO HIGHLIGHT SOME OF THE CONCESSION PERIODS IN PPP CONTRACTS THAT THE PREVIOUS GOVERNMENTS SIGNED:

- i. THE LUBURMA MARKET CONCESSION AGREEMENT SIGNED DURING THE MMD GOVERNMENT IN 2001; HOW MANY YEARS WAS IT? IT WAS 65 YEARS;
- ii. THE CHINGOLA TO SOLWEZI PPP CONCESSION AGREEMENT SIGNED BY THE PATROTIC FRONT GOVERNMENT WITH BERT MOTORS LIMITED IN 2021 IS FOR THIRTY (30) YEARS AND YET THE PROJECT IS FOR TURNING AN ALREADY REHABILITATED ROAD TO DUAL CARRIAGE WAY;
- iii. THE KASOMENO-MWENDA TOLL ROAD PROJECT SIGNED BY THE PF GOVERNMENT WITH GED AFRICA PROJECTS IN 2016 IS FOR TWENTY-FIVE (25) YEARS; AND
- iv. THE RESETTLEMENT INFRASTRUCTURE INVESTMENT AND ENTERPRISE SUPPORT (ARIISE) SIGNED BY THE

PF GOVERNMENT AND WITH NKHULU CONSORTIUM LIMITED ON 10TH AUGUST 2021 HAS A CONCESSION PERIOD OF TWENTY-FIVE YEARS.

MADAM SPEAKER;

28. THE INVOLVEMENT OF THE PRIVATE SECTOR IN THE DEVELOPMENT OF PUBLIC INFRASTRUCTURE USING PPP HAS BEEN EMPLOYED WORLDWIDE INCLUDING IN AFRICA. OUR FACT-FINDING MISSION HAS REVEALED THAT PPPS IN SUB SAHARAN AFRICA ARE STILL IN A DEVELOPMENTAL PHASE ALTHOUGH THERE ARE INDICATIONS THAT THEIR USE IS INCREASING.

29. SOME OF THE SUCCEFUL CONCESSIONS IMPLEMENTED IN AFRICA INCLUDE:

- i. THE N4 TOLL ROAD BETWEEN JOHANNESBURG AND MAPUTO WITH 30 YEARS CONCESSION PERIOD;
- ii. THE N3 TOLL ROAD BETWEEN DURBAN AND JOHANNESBURG WITH 30 YEARS CONCESSION PERIOD;
- iii. THE KAMPALA TO JINJA EXPRESSWAY PHASE I IN UGANDA WITH 30 YEARS CONCESSION PERIOD; AND
- iv. THE NAIROBI EXPRESSWAY WITH 30 YEARS CONCESSION PERIOD.

MADAM SPEAKER;

30. THE QUALITY OF THESE ROADS IS EVIDENTLY GOOD WITH ACCEPTABLE LEVEL OF SERVICE. THE NEW DAWN GOVERNMENT HAS ADOPTED THIS APPROACH TO DELIVER THE MUCH-NEEDED REGIONAL NETWORK TO BOTH LOCAL AND INTERNATIONAL TRAFFIC TO MATCH UP WITH INTERNATIONAL STANDARDS CONSIDERING THE CURRENT FISCAL POSITION.

31. THE USE OF THE PPP MODEL GUARANTEES QUALITY AS THE CONCESSIONAIRE IS KEEN TO PRODUCE A QUALITY ROAD AS FAILURE TO DO SO BY IMPLEMENTING THE PROJECT BELOW APPROVED SPECIFICATIONS WILL RESULT IN PREMATURE FAILURE OF THE ROAD, RESULTING IN COSTLY MAINTENANCE AND EARLY REHABILITATION AT THE COST OF THE CONCESSIONAIRE.

MADAM SPEAKER;

32. THE CONCESSION PERIOD OF TWENTY-FIVE YEARS WAS METHODICALLY ANALYSED TAKING INTO ACCOUNT AFFORDABILITY BY THE PUBLIC AND ALSO A QUALITY ROAD AT THE RIGHT PRICE AND DELIVERED ON TIME. THIS HAS RESULTED IN A WIN- WIN CONCESSION AGREEMENT.

MADAM SPEAKER;

33. AS PROMISED, THE NEW DAWN ADMINISTRATION IS UNDERTAKING ROAD INFRASTRUCTURE PROJECTS AT THE RIGHT PRICE, SPECIFIED QUALITY AND TIMELY DELIVERY AND AGAIN THIS IS ON THE UNDERSTANDING THAT ALL THE RISKS ASSOCIATED WITH THE FUNDING MECHANISMS ARE TO BE BORNE BY THE CONCESSIONAIRE, WITH NO ASSISTANCE AND AT NO COST AND RISK TO THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA.

MADAM SPEAKER;

34. THE TOTAL COST FOR THE LUSAKA-NDOLA DUAL CARRIAGEWAY PROJECT IS USD 649, 976, 167. THIS IS BROKEN DOWN AS FOLLOWS:

- i. USD 577, 383, 758.00 -CONSTRUCTION COST;
- ii. USD 1,000,000.00 -WORKING CAPITAL;
- iii. USD 1,849,500.00 -FINANCE COSTS; AND
- iv. USD 69,742,909.00-INTEREST DURING THE CONSTRUCTION PERIOD;

35. I MUST RESTATE THE POINT THAT THE GOVERNMENT IS NOT FUNDING THE PROJECT NOR IS THERE A REQUIREMENT FOR A SOVEREIGN GUARANTEE. FURTHER,

GOVERNMENT SHALL NOT BE RESPONSIBLE FOR ANY MAINTENANCE FOR THE TWENTY-TWO YEARS OF THE CONCESSION OPERATING PERIOD.

MADAM SPEAKER;

36. I WISH TO REMIND THE HOUSE AND THE COUNTRY AT LARGE THAT THE TIME FOR EXORBITANT TENDER PRICING IS LONG GONE. THIS WILL NOT HAPPEN AGAIN IN ZAMBIA DUE TO OUR RESOLVE AS NEW DAWN GOVERNMENT TO PROCURE PROJECTS AT THE RIGHT PRICE!

MADAM SPEAKER;

37. SINCE THE PROJECT WILL BE FINANCED USING THE PPP MODEL, THE CONCESSIONAIRE IS FREE TO ENGAGE AND PROPOSE WOULD BE FINANCIERS. IT IS ANTICIPATED THAT SUBSTANTIAL FUNDING FOR THE PROJECT WILL BE FINANCED THROUGH A COMBINATION OF DEBT AND EQUITY WHICH WILL BE MADE AVAILABLE BY LENDERS AND SHAREHOLDERS.

38. THE LUSAKA-NDOLA DUAL CARRIAGEWAY PROJECT WAS PROPERLY CONCEIVED WITH CONSIDERATION OF HOW THE FINANCIERS WOULD MAKE RETURNS ON THEIR INVESTMENTS.

MADAM SPEAKER;

39. WE HAVE HEARD FROM INDIVIDUALS WHO ARE AGAINIST PROGRESS STATING THAT "THIS IS NOT A PUBLIC-PRIVATE-PARTNERSHIP PROJECT BUT A RAIDING AND PLUNDER OF PUBLIC PENSION FUNDS USING PENSION FUNDS AS INTERMEDIARIES OF THE PLUNDER."

MADAM SPEAKER;

40. "IF WE ALLOW THESE PPPs TO BE FUNDED BY FOREIGN CAPITAL, THE PROFITS ARISING OUT OF THE PROJECT WILL GO OUT; 100 % PER CENT WILL GO OUT!! LET ME REITERATE THIS POINT.

'THE NEW DAWN GOVERNMENT WANTS ZAMBIAN INVOLVEMENT IN THE RUNNING OF THE COUNTRY'S ECONOMIC AFFAIRS. ZAMBIANS MUST GET USED TO INVESTING IN PRIVATE ENTERPRISES WITH HIGHER RETURNS. MANY YEARS AGO, A NUMBER OF PEOPLE, OVER 4,000 PEOPLE AND ENTITIES INVESTED IN COPPERBELT ENERGY CORPORATION, INCLUDING NAPSA. MAKING INVESTMENTS WITH HIGH RETURNS IS KEY FOR PENSION SCHEMES LIKE NAPSA BECAUSE NOT ONLY DOES PART OF THE PROFIT REMAIN IN ZAMBIA, BUT CONTRIBUTES TO GROWTH OF THE PENSION

SCHEME THUS SECURING THE LIVES OF CURRENT AND FUTURE PENSIONEERS'.

MADAM SPEAKER;

41. PENSION SCHEMES GET MONEY FROM ACTIVE MEMBERS WHO ARE ACTIVELY WORKING; THEY INVEST THAT MONEY AND MAKE A RETURN SO THAT THEY CAN LOOK AFTER THE PENSIONERS WHO ARE NO LONGER WORKING. WE BELIEVE THE RETURN ON THIS INVESTMENT IS AROUND 9%. THIS ON US DOLLARS IS VERY GOOD.

42. I AM SURE NAPSA HAVE EVALUATED THIS COMPARED TO OTHER INVESTMENT PORTOFOLIOS. BESIDES THAT, NAPSA ARE NOT THE ONLY ONES LIKELY TO BE APPROACHED FOR POSSIBLE INVESTMENT IN THE PROJECT. THEY ARE JUST PART OF THE POSSIBLE FUNDERS."

43. THE FUNDING MECHANISMS FOR THE PROJECT ARE ENTIRELY THE RESPONSIBILITY OF THE CONCESSIONAIRE, AND GOVERNMENT WILL NOT PROVIDE ANY ASSISTANCE OR SOVEREIGN GUARANTEE. THE TASK OF ATTAINING FINANCIAL CLOSE IS THE RESPONSIBILITY OF THE CONCESSIONNAIRE, AND HE IS FREE TO APPROACH ANY INTERESTED INVESTERS WITHIN

AND OUTSIDE ZAMBIA WITH THE APPETITE TO INVEST IN THE PROJECT.

MADAM SPEAKER;

44. ALLOW ME TO HIGHLIGHT HOW THE TOLL REVENUE COLLECTION WILL BE EXECUTED IN THIS PPP CONCESSION AGREEMENT. THE TOLLS ACT, NO. 14 OF 2011 IS THE PRINCIPAL ACT PROVIDING FOR THE OPERATION OF TOLL ROADS, THE CHARGING AND COLLECTION OF TOLLS AND PROVIDES FOR PRIVATE SECTOR PARTICIPATION IN THE TOLLING OF ROADS. UNDER SECTION 4 OF THE TOLLS ACT, THE ROAD DEVELOPMENT AGENCY IS MANDATED WITH THE FOLLOWING FUNCTIONS:

- a. REGULATE THE OPERATION AND MAINTENANCE OF TOLL ROADS;
- b. MONITOR COMPLIANCE OF CONCESSIONAIRES/ PRIVATE ENTITIES WITH THE TERMS AND CONDITIONS OF CONCESSION AGREEMENTS SIGNED;
- c. ADVISE THE MINISTER OF INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT ON THE DESIGN, CONSTRUCTION, SAFETY, REGULATION, OPERATION AND MAINTENANCE OF TOLL ROADS;

IN ADDITION TO THE ABOVE, SECTION 6 OF THE TOLLS ACT PROVIDES AS FOLLOWS:

- a. THE AGENCY MAY, ON SUCH TERMS AND CONDITIONS AS IT MAY DETERMINE, APPOINT ANY SUITABLE PERSON AS A TOLL COLLECTOR FOR PURPOSES OF THIS ACT AND TO PERFORM SUCH OTHER FUNCTIONS AS THE AGENCY MAY SPECIFY; AND
- b. A TOLL COLLECTOR SHALL REMIT TO THE AGENCY ANY TOLL COLLECTED IN SUCH MANNER AS THE MINISTER MAY PRESCRIBE.

MADAM SPEAKER;

45. THE ABOVE PROVISIONS CLEARLY GIVE THE ROAD DEVELOPMENT AGENCY TOLLING FUNCTIONS AND FURTHER ALLOW FOR THE APPOINTMENT OF VARIOUS PERSONS AT LAW AS TOLL COLLECTORS. IN THE PAST THOSE APPOINTED HAVE INCLUDED THE NATIONAL ROAD FUND AGENCY, ZAMBIA REVENUE AUTHORITY AND ROAD TRANSPORT AND SAFETY AGENCY. HOWEVER, WITH THE COMING OF PUBLIC PRIVATE PARTNERSHIPS PROJECTS, PRIVATE ENTITIES OR CONCESSIONAIRES WILL BE APPOINTED AS TOLL COLLECTORS ON PRESCRIBED TOLL ROADS.

MADAM SPEAKER;

46. IN LINE WITH PART III, SECTION 21 OF THE PUBLIC FINANCE MANAGEMENT ACT NO 1 OF 2018 AND THE CONCESSION AGREEMENT PROVISIONS, THE CONCESSIONAIRE SHALL DEPOSIT ALL TOLL FEES AND OTHER REVENUE COLLECTED FROM FACILITIES ON THE PROJECT HIGHWAY INTO AN ESCROW ACCOUNT TO BE MANAGED BY THE CONTRACTING AUTHORITY AND THE CONCESSIONAIRE.

MADAM SPEAKER;

47. TO ENHANCE TRANSPARENCY, UNDER THE CONCESSION AGREEMENT, THE GOVERNMENT SHALL HAVE THE RIGHT TO AUDIT ALL ACCOUNTS AND RECORDS AND EXAMINE ALL BOOKS, RECORDS PAPERS, REPORTS AND OTHER DOCUMENTS RELATING TO THIS AGREEMENT.

MADAM SPEAKER;

48. IT IS FOR THIS REASON THAT IN THIS CONCESSION AGREEMENT, THE GOVERNMENT AND CONCESSIONAIRE HAVE AGREED TO A REVENUE SHARE MECHANISM BASED ON GROSS REVENUE. THE PERCENTAGE SHARE TO

GOVERNMENT SHALL RANGE FROM 1.5% TO 15% OF THE GROSS REVENUES OVER THE CONCESSION PERIOD.

49. GOVERNMENT ENVISIONS TO ACCRUE USD 1,172,157,616.00 IN MONETARY BENEFITS FROM THIS PROJECT OVER THE CONCESSION PERIOD, BROKEN DOWN AS FOLLOWS;

- i. GOVERNMENT SHARE OF TOTAL GROSS REVENUES- USD 432,064,717.00
- ii. INCOME/CORPORATION TAX-USD 660,344,643.00
- iii. WITH HOLDING TAX ON DIVIDENDS-USD 79,748,256.00.00

MADAM SPEAKER;

50. THE CONSTRUCTION OF TWO ADDITIONAL TOLL PLAZAS WILL CREATE EMPLOYMENT OPPORTUNITIES FOR MORE TOLL COLLECTORS. THE OPPORTUNITIES WILL FURTHER BE MADE AVAILABLE BY THE INCREASED TRAFFIC VOLUMES PROJECTED OVER THE CONCESSION PERIOD.

MADAM SPEAKER;

51. THIS BRINGS ME TO ONE OF THE FUNDAMENTAL QUESTIONS ON PEOPLE'S MINDS.....

'WHAT ARE THE BENEFITS OF THIS PROJECT TO THE ORDINARY ZAMBIAN AND INDEED TO THE COUNTRY?'

52. THE ANSWER LIES IN THE UNIQUENESS OF THE ROAD SECTION. THIS SECTION CONNECTS THE CONTINENT, REGION AND DOMESTIC CORRIDORS TO THE WORLD. ONCE DONE, I HAVE NO DOUBT CITIZENS AND THE REGION'S SOCIAL AND ECONOMIC STATUS SHALL BE UPLIFTED.

53. AMONG KEY BENEFITS INCLUDE THE FOLLOWING:

- i. TRAVEL TIMES WILL IMPROVE BETWEEN LUSAKA AND THE COPPERBELT PROVINCE AS THERE WILL BE CONTINUOUS FLOW OF TRAFFIC BECAUSE OF THE ROAD BEING A DUAL CARRIAGEWAY AND IN GOOD CONDITION;
- ii. ENHANCED SAFETY AS A RESULT OF DUALIZATION;
- iii. OUR CITIZENS TRADING AND LIVING ALONG THE PROJECT ROAD WILL BENEFIT FROM INCREASED TRAFFIC VOLUMES THAT WILL BE GENERATED FROM THE REHABILITATED ROAD;
- iv. SERVICE BASED BUSINESSES SUCH AS SERVICE STATIONS, EATERIES AND RESTAURANTS AMONG OTHERS;

- v. THE IMPLEMENTATION OF THIS PROJECT WILL SERVE AS A SPRINGBOARD FOR VARIOUS YOUTHS IN THE COUNTRY, AS IT WILL RESULT IN THE CREATION OF ABOUT 3000 DIRECT JOBS DURING CONSTRUCTION AND MANY MORE IN THE PROJECT AREA DURING THE OPERATIONS AND MAINTENANCE PHASE; AND
- vi. BY LAW, ANY CONCESSION ON A PPP PROJECT IS MANDATED TO RESERVE ATLEAST 20% OF THE WORKS TO ZAMBIAN CONTRACTORS. THIS SHALL BE ENFORCED WITHOUT ANY COMPROMISE. I THEREFORE, URGE ALL LOCAL CONTRACTORS IN TO GET READY FOR SUB CONTRACTS; AND
- vii. GUARANTEED MAINTENANCE AT NO COST TO THE GOVERNMENT FOR TWENTY -TWO YEARS.

54. LASTLY MADAM SPEAKER, THE USE OF THE PPP MODEL OF FINANCING ON THIS ROAD AND OTHER HIGH-VOLUME ROADS (BOTH CURRENT AND POTENTIAL) THAT MAKE THEM ATTRACTIVE TO THE PRIVATE SECTOR MEANS GOVERNMENT CAN THEN DIRECT THE LIMITED RESOURCES AT ITS DISPOSAL TO MANY OTHER ROADS THROUGHOUT OUR COUNTRY, ESPECIALLY IN RURAL AREA THAT WOULD NOT NORMALLY ATTRACT PRIVATE INVESTMENT.

MADAM SPEAKER, I THANK YOU!