



Improved Rural Connectivity Project



2019 ANNUAL IMPLEMENTATION PROGRESS REPORT

Country	Zambia
Program Name:	Improved Rural Connectivity Project (P150)
Reporting period (Start-End date)	1 st January 2019-31 ST December 2019
Project Number:	P159330
Major Partners Organizations	MHID, MTC, MLG, RDA, RTSA, NRFA & NCC
Geographic Coverage (Provinces/Districts)	World Bank Financed Provinces: Central, Eastern, Northern, Luapula, Southern & Muchinga GRZ Financed Provinces: Western, Copperbelt, North western & Lusaka Provinces

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LIST OF ABBREVIATIONS

CEO	Chief Executive Officer
CPS	Country Partnership Strategy
IEC	Information, Education and Communication
IRCP	Improved Rural Connectivity Project

GRZ	Government of Zambia
LBT	Labour Based Policy
LRA	Local Road Authority
MCA	Multi Criteria Analysis
MHID	Ministry of Housing and Infrastructure Development
MLG	Ministry of Local Government
MTC	Ministry of Transport and Communication
NAPCO	National Project Coordination Office
NCC	National Council for Construction
NIAC	National Implementation Advisory Council
NDP	National Development Plans
NPC	National Project Coordinator
NRFA	National Road Fund Agency
NTP	National Transport Policy
OP	Operational Policy
OPRC	Output and Performance Based Road Contracting
PAD	Project Appraisal Document
PDO	Project Development Objective
PER	Public Expenditure Review
PFR	Primary Feeder Road
PIM	Project Implementation Manual
PIU	Project Implementation Unit
PMU	Project Management Unit
RDA	Road Development Agency (RDA)
RTSA	Road Transport and Safety Agency
TA	Technical Advisor
ToR	Terms of Reference
WB	World Bank

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Implementing institutions include
Ministry of Housing and Infrastructure Development
Ministry of Transport and Communication
Ministry of Local Government
National Construction for Council
Roads Development Agency
National Road Fund Agency
Road Transport & Safety Agency

**PROJECT
FACTSHEET**

Project Title: Improved Rural Connectivity Project

Project Number: P159330

Practice Area: Transport & IT

1. EXECUTIVE SUMMARY

Improved Rural Connectivity Project (IRCP) is a road sector developmental project being implemented by the Government of Zambia (GRZ) with financing from IDA-World Bank. The project became effective on 15th February 2018 and is expected to be completed on 31st December 2025. The World Bank funds finance six (6) provinces, namely Central, Eastern, Luapula, Northern, Muchinga and Southern Provinces while the remaining provinces of Western, North Western, Copperbelt and Lusaka provinces are financed by funds from the Government of the Republic of Zambia (GRZ) under the project.

The IRCP is structured in three Components. Component one (1), worthy a budget of USD **180 Million** is the major component of the project and deals with the rehabilitation and maintenance of the feeder roads. Component two (2) worthy a budget of USD **20 Million** deals with Institutional Strengthening and Capacity Building to the Road sector institutions while component three (3) deals with crisis emergency responses and no specific budget attached to it.

This document is the annual progress report for FY 2019. The report highlights the various activities that were implemented during FY19 (1st January 2019-31st December 2019). The report also highlights results achieved as a result of implementing project activities, challenges encountered during activity implementation, lessons learnt and key project implementation issues that need guidance from NIAC for enhanced activity implementation and subsequent achievement of tangible results in FY20.

1.1 KEY ACHIEVEMENT IN THE YEAR 2019

In the 2018 annual report, we reported that most part of the year 2018 was about laying the base for the project implementation. Most part of the year was spent in refining the project and understanding it fully. It was also dedicated to sensitising stakeholders as well as building a dedicated team of staff across all the implementing agencies for successful implementation. 2019 was all systems go.

Under component one, three OPRC contracts (packages) were concluded. Two contract packages were awarded and the third was concluded (all procurement processes) but remained only with clearance formalities at Attorney General Chambers for final award and signing of the contract. Under component two, the construction of Material testing laboratory and the rehabilitation of students abolishing block at Kanakantapa training camp under NCC were successfully completed, handed over and operationalised. Making it the first two physical deliverables scored under IRCP.

1.2 KEY POINTS

1. Component 1 – Rehabilitation and Maintenance of primary feeder roads

- Preparations of OPRC bidding documents for five Provinces (Nine packages) completed (Four Bank financed and one GRZ financed Provinces)
- Bidding documents for five provinces (eleven packages) is currently on hold awaiting final decision on whether to revise them to accommodate concerns of various stakeholders (Two Bank financed and three GRZ financed provinces)
- Two contracts (package 1 and 2) in Central province concluded and awarded to successful bidders. Package three contract (Eastern Province) procurement process concluded awaiting clearance from Attorney General to award the contract to the successful bidder
- Rehabilitation works under package 1 commenced in December,2019
- Rehabilitation works under package 2 awaits clearance of the C-ESMP and partial detailed design to commence works
- Five works contract tenders at final stage of Evaluation for possible awards in the first quarter of 2020 (Northern Province, Packages 7&8, Luapula Province packages 9 &10 and Western Province package 16)
- EPB for all the ten Provinces concluded and cleared by ZEMA
- Grievance Redress Mechanism for Mkushi and Chibombo Districts establishment

2. Component 2 – Institutional Strengthening Support to the Road Transport Sector

2.1 Sub-component 2.1 (a) (iii) Project Coordination and Implementation

2.2 Sub-component 2.1 (a) (iii) Project Coordination and Implementation -MHID

- Project officially launched in July,2019
- M&E Specialist recruited
- The M&E framework for the project developed
- The M&E framework for MHID developed
- The Project Socio-Economic baseline survey halfway completed
- Eight (8) people trained in short-term programmes abroad and 105 officers trained in various short-term trainings locally

2.3 Sub-component 2.1 (a) (iii) Project Coordination and Implementation -MLG

- 31 Motor vehicles procured for distribution to Districts
- Mobile laboratory equipment for road testing procured for participating Districts
- Technical Advisor (Consultant) recruited
- Two training programmes for capacity building to the local road authorities conducted

2.4 Sub-component 2.1 (a) (iii) Project Implementation -MTC

- Procurement of Consultant to undertake institution mandate review for the road sector institutions completed, consultant recruited, and study commenced.
- Recruitment of experts to assist with the implementation of the National Transport Policy still under procurement process

2.5 Sub-component 2.1 (a) (iii) Project Implementation -NRFA

- Cost table for the project developed, and all quarterly financial reports prepared and submitted to the Bank
- Procurement Plan prepared and submitted in STEP
- Procurement progress implementation status report developed
- Procurement for consultancy services to carry out the Public Expenditure Review in the road sector still under discussion
- Enhancement of the financial system for NRFA in progress
- Procurement of Tractors and Tractor towed equipment on behalf of NCC completed.

2.6 Sub-component 2.1 (a) (iii) Project Implementation-RDA

- Highway Management System upgrade- under procurement progress
- Road condition survey motor vehicles-under procurement process
- Road reclassification study TOR's under development stage
- Recruitment of Environmental and Social Safeguard Specialists under procurement process
- Engagement of a firm to manage gender-based violence reporting mechanism under procurement process.

2.7 Sub-component 2.1 (a) (iii) Project Implementation -RTSA

- Development of materials for Rural roads safety campaigns completed
- Development of rural roads safety strategy halfway completed
- Engagement of consultant to carry out road safety design reviews for the IRCP project roads process completed and consultant commenced work.

2.8 Sub-component 2.1 (a) (iii) Project Implementation -NCC

- Construction of the Material testing laboratory completed and operationalized
- Rehabilitation of students' ablution block at Kanakantapa training camp completed and operationalized.
- Engagement of experts to assist in the development of labor-based initiatives mainstreaming strategies completed. Process is at contract award stage
- Trainings in the use of the newly procured tractor towed equipment in Kanakantapa camp by NCC commenced.

3. Component 3 – Contingency Emergency Response

- No activity was engaged on this component.

PROGRESS AGAINST PLANNED ACTIVITIES AS REFLECTED IN THE ANNUAL WORKPLAN

60% of the planned activities were executed in the target year. Most other activities could not be implemented on time because the annual workplan was finally submitted and cleared in June, 2019, therefore, affecting the pace of its implementation. Further most of the road rehabilitation contracts and consultancy works could not take off as per the planned time because the procurement processes took longer than was anticipated. However, generally, the plan was, to a large extent executed accordingly.

See annex-2

DETAILED REPORT

(for detailed project background refer to 2018 annual progress report)

2. PROJECT DESCRIPTION AND OVERVIEW

2.1 PROJECT DESCRIPTION/INTRODUCTION

Improved Rural Connectivity Project (IRCP) is a road sector developmental project. The project complements the objectives of the World Bank Country Partnership Strategy (CPS) for Zambia¹, which aims to support Government's development priorities as reflected in the National Development Plans and Vision 2030. The project is designed to contribute to the two pillars of the Country Partnership Strategy (CPS), namely the reduction of poverty and vulnerability of the poor, improving the competitiveness, and providing infrastructure for growth and employment in line with the development priorities of the GRZ as reflected in the National Development Plans (NDP) and Vision 2030.

The objectives of this project primarily stem from Government of the Republic of Zambia (GRZ)'s deliberate effort to develop agriculture, the most prominent economic activity in rural Zambia, and its relevance for the rural poor. Studies show that modest but significant positive association exists between increased market accessibility and local cropland expansion. The effects of reduced transport costs on agricultural prices—both input and output prices as a result of improved road network which directly benefits farmers, is a primary contributor towards reducing poverty which this project aims to achieve.

The project is supported by the World Bank through International Development Association (IDA). The total credit amount is USD\$200 Million and this funds finance six (6) provinces, namely Central, Eastern, Luapula, Northern, Muchinga and Southern Provinces. The remaining provinces of Western, Lusaka, North Western and Copperbelt provinces are financed by funds from the Government of the Republic of Zambia (GRZ) under the project. The project was approved by the World Bank in May 2017 and became effective in February 2018. It is expected to be completed on 31stDecember, 2025.

The Project is implemented by the National Roads Funds Agency through seven Road Sector Ministries and Agencies. These are Ministry of Housing and Infrastructure Development (MHID), Ministry of Transport and Communication (MTC), Ministry of Local Government, Road Development Agency (RDA), National Roads Fund Agency (NRFA), National Council for Construction (NCC), and Road Safety Agency (RATSA).

2.2 PROJECT OBJECTIVES

The development objective of the project is to improve rural road accessibility for communities in selected areas in Zambia and to strengthen institutional capacity for sustainable management of rural roads, and, in the event of an Eligible Crisis or Emergency, to provide immediate and effective response to such Eligible Crisis.

2.3 PROJECT BENEFICIARIES

The primary beneficiaries of the project are road users, estimated at over 460,000 whose travel time and transport cost will be reduced as a result of infrastructure improvements. The other direct beneficiaries are GRZ road sector institutions and the construction industry who will benefit through institutional capacity building initiatives supported by the project. The Ministry of Housing and Infrastructure Development (MHID) is being supported to coordinate, monitor and evaluate the performance of the road sector, Ministry of Transport and Communications (MTC) is being supported to implement the National Transport Policy, and Ministry of Local Government (MLG) is being supported to build capacity in the Local Roads Authorities across the country. Road Transport and Safety Agency (RTSA) is being supported to deepen its involvement in road safety on rural roads. National Council for Construction (NCC) is being supported to implement the Labour Based Technology Policy aimed at job creation in the construction sector. National Road Fund Agency (NRFA) is also being supported to enhance its financial management system for better management of the road funds. Road Development Agency (RDA) is being supported to enhance its management of the road asset of the country.

3. PROJECT STRUCTURE

The project is structured in three (3) components.

Component 1: Improvement of Feeder Roads. The component supports the upgrading, rehabilitation and maintenance of priority feeder road infrastructure in six provinces i.e. Central, Eastern, Northern, Luapula, Southern and Muchinga Provinces. It will finance about 4,300 km of feeder roads comprising mainly of roads improved to gravel wearing course standards. The Project would also finance road improvement to low cost seal standards where a ten-year projected vehicular traffic would be in excess of 100 vehicles per day (VPD). Further, the project would also finance the construction of support infrastructure such as maize storage facilities, Market shelters, and boreholes among others in the communities where the road works will be implemented. The amount of money allocated to Component one is US\$180 Million

Component 2: Institutional Capacity Strengthening is supporting two thematic areas: (i) Institutional capacity for project coordination and implementation estimated at US\$ 14.3 million; and

(ii) Strategic institutional capacity enhancements, estimated at 5.7 million. The component is supporting seven government institutions three-line ministries and four agencies, based on the roles played by each one of them. The amount of funds allocated is US\$20 Million

Component three 3: Response to Emergency. This component for responding to emergencies that may occur in the country as declared by the borrower. It is only triggered if there is crisis of a National Disaster nature and an emergency has been declared as such.

4. SPECIFIC RESPONSIBILITY OF IMPLEMENTING INSTITUTIONS

The MHID performs the overall coordination role through the project coordination office to ensure successful implementation of the project. The Ministry is also expected to develop an Agency Performance Framework which will enable the Ministry to enter performance agreements with the RDA. The framework will require RDA to enhance some of its corporate functions including planning and budgeting, technical audits and reporting. The ministry will also develop an M&E system to enable it to monitor the performance of its road sector institutions, and guide policy development. The system will also be used to monitor the project. M&E support also includes acquisition of the necessary hardware and software.

The Ministry of Transport and Communication (MTC) responsibility is in implementing the newly developed National Transport Policy as well as supervising the study to review the Institutional mandates of the road sector agencies. The support to MTC towards the implementation of the Transport Policy is in form of engagement of appropriate experts to assist in the implementation process of the NTP, whereas in the intuitional mandate review, MTC is expected to engage a consultancy firm to undertake the study.

MLG's responsibility is to coordinate the activities of participating Local Road Authorities (LRA). Its support includes that of the LRAs, the priority LRA's being on those located in participating districts. The support to MLG is in form of Technical Advisor stationed at the Ministry head office who responsibility is to assist in building the necessary internal capacity at the head office and at the LRAs. The role of NRFA includes oversight, monitoring, and reporting on the utilization of the credit on behalf of Government. NRFA is being supported to upgrade its financial reporting systems to enable it better capture and provide strategic information on road funding, and also manage the study on Expenditure and Financial Accountability (PEFA) for the roads sector agencies.

The RDA under component two is being supported to undertake the road reclassification study, procure and manage conditional survey motor vehicles and associated equipment. it is also supported for

overall responsibility of oversight management of the environmental and social safeguard on the project. It is further being supported to enhance its highway road management system.

NCC's support is towards construction of the material testing laboratory and mainstreaming labour-based technology in the construction sector for the purpose of increasing employment opportunities for citizens in the sector.

RTSA is being supported to enable it enhance its road safety within the project areas, but also for improved road safety in the rural Zambia generally. For the project areas, RTSA's responsibility is to carry out a safety audit of selected roads in each province to determine vulnerabilities that could be introduced by the new road improvements. RTSA is also responsible for auditing all OPRC conceptual designs and assess their compliance with the safety requirements. It further supported to perform awareness creation campaigns and provide post-construction audit services along the roads. For general road safety in rural Zambia, the project's support is towards the review of the agency's strategy on rural road safety.

5. ACTIVITY IMPLEMENTATION

This section of the report highlights the various activities that were implemented by the project team on each of three components of the project during and up to the end of the reporting period.

The project made substantial progress in the procurement and award of contracts for works and monitoring consultants, and general activity implementation under all components in the period under review.

5.1 COMPONENT 1: IMPROVEMENT OF FEEDER ROADS.

Component 1 supports GRZ's ten-year national OPRC Roll-out program. The component supports the upgrading, rehabilitation and maintenance of the priority feeder road infrastructure in all the ten provinces. Six provinces are financed by the Bank i.e. Central, Eastern, Northern, Luapula, Southern and Muchinga Provinces while the four remaining provinces are GRZ financed. The bank is expected to finance about 4,300 km of feeder roads comprising mainly of roads improved to gravel wearing course standards. Alternate road improvement options would be considered where 10 year projected vehicular traffic volumes would be high. Each participating province will have two OPRC packages; the actual number of packages depending on the total length of candidate roads in each province. A typical package would comprise about 300 km of roads at an estimated cost of US\$15 million. A set of community infrastructure in support of agriculture and related activities along some of the roads would be also be constructed.

According to the initial plan as reflected in the Project Appraisal Document (PAD), as at the end of 2019, the project should have successfully tendered and awarded four OPRC contracts (packages). However, during the actual implementation, several factors necessitated changes to the initial plan. The roll out plan was revised twice between 2018 and 2019 to suit the realities on the ground.

The project team worked round the clock to ensure that no major diversion to the set time plan was registered in the tendering of the works and overall implementation progress. As such, at the end of 2019, two contracts (packages) were successfully awarded, one contract was successfully procured just remained with signing of the contract of award, and four contracts were at final stage of evaluation for possible award in the first quarter of the year 2020 , hence, registering a huge stride against the initial set plan.

During the year under review RDA finalized the evaluation of OPRC packages 1 and 2 and awarded the contracts to Sino Hydro and China CAMC respectively, to rehabilitate and maintain a total road network of 501.9 Km (254 KM by Sino Hydro & 247.9 by CAMC) of selected feeder roads in Chibombo and Mkushi Districts in Central Province. The evaluation of bids for package 3 for Eastern Province was also completed remained only with the contract clearance process at the Attorney General's Chambers before awarding of the contract to the successful bidder. Evaluation process for packages 7&8, 9&10 and 16 for Northern, Luapula and Western Provinces respectively were in the final stages of evaluation (Financial evaluation stage). The process is expected to be concluded, and contracts awarded to successful bidders in the first quarter of 2020. Package 16 under Western Province would be the first contract to be awarded under GRZ financing on the project.

The contract for the Monitoring Consultant for Central Province was awarded to AIC Progetti while the procurement process for the award of contract for the Monitoring Consultant for Eastern Province was concluded only awaited clearance from the Attorney General's chambers before the contract could be signed and awarded. Procurement process for the award of contracts for the Monitoring Consultant for Northern, Luapula and Western Province Were at the final evaluation stage. It is estimated that all the monitoring consultants' contracts except for Western province will be signed before the end of the first quarter of 2020. Monitoring Consultant procurement process for Western provinces was annulled due to procurement irregularities, and the process has been ordered to be re-started.

Tenders for award of contracts in the five remaining Provinces (two Bank- financed and three GRZ- financed) have been put on hold until the decision whether to revise the scope of works of the remaining contracts to accommodate local contractors submissions is concluded. Over the past two years many local contractors have presented several petitions to Government regarding the set

conditions for the award of the OPRC's under IRCP which they argued disadvantaged many local contractors. Among the many sources of complaints is that the financial requirements for a contractor to stand a chance for award of the contract was too excessive and only favoured foreign contractors who have huge financial capital base, and further, the minimum number of kilometres included in each package was too much and therefore, required to be revised downwards among others.

Government tasked RDA and the World Bank to look into the local contractors concerns and determine whether an acceptable approach could be found to take care of some of the presented complaints. Several discussions were conducted in the course of the year to reach at an amicable position acceptable to all parties without violating the rules of fairness, accountability and international competitive bidding among others.

Arising from the discussions held, a decision was made to delay the tendering of the works in the remaining provinces to allow for rescoping of the current works requirements contained in the bidding documents. The rescoping exercise is aimed at reducing the initially set service levels of the roads, reduce the amount of works to be executed, which in turn will increase savings on the project to be applied to increase the overall number of kilometres of roads to be rehabilitated. The financial requirements expected for a contractor to successfully bid for the contract of works will be reduced, which will in turn allow many local contractors participate in the bidding process. To arrive at this decision, Government was consulted at Cabinet level to get their input on the matter. Government supported the proposal to undertake the rescoping exercise.

This decision entails delayed tendering of works in the affected Provinces for not less than fifteen (15) months. RDA will be expected to procure consultants to undertake the rescoping study in the five provinces and thereafter, prepare the revised bidding documents, a process that will take more than nine (9) months taking into account that the engagement of the consultants in itself, will be subjected to the procurement process which will take not less than three months. The earliest estimated time that the commencement of works in the remaining provinces under discussion is September, 2021. The draft implementation plan is at [annex-3](#)

The project will be expected to carry out many stakeholder engagement meetings in the five provinces to explain the reasons for the delayment of works as well as explain the proposed reduced road services levels on the to be rehabilitated under the new plan. The purpose of the stakeholder engagement would be to reach an understanding with stakeholders and make them appreciate the new approach to lessen complaints and resistance among the beneficiaries once the works commence.

During the year under review, substantial progress was made in the development and implementation of the safeguards. The Environmental Project Brief (EPB) and Abbreviated Resettlement Action Plan (ARAP) reports for Central Province were finalised in May 2019 and were officially approved by the Zambia Environmental Management Agency (ZEMA) through a Decision that was made on 29th August 2019. The reports were disclosed on the World Bank and the Road Development Agency (RDA) websites in October 2019. Later ARAP addendum for Package I in Central Province was prepared on 25th November 2019 to include affected properties that had been omitted in the ARAP report of May 2019. Draft Contractor-Environmental and Social Management Plan (C-ESMP) for Packages I and II in Central Province were prepared during the period under review. The Bank cleared the draft C-ESMP for Package I for signing on November 22, 2019 on condition that the Contracting Entity (CE) committed in writing to incorporating the World Bank comments of 22 November in the updated C-ESMP by 31 January 2020.

By the end of the reporting period the EPB and ARAP reports for the other nine (9) provinces were at various stages of reviews which reviews were being undertaken by the World Bank, the Road Development Agency (RDA) and ZEMA.

The Grievance Redress Mechanism (GRM) was developed and approved by the Bank on 26 August 2019. The GRM is an instrument that will be utilised on the project to timely address grievances that shall arise from the affected stakeholders during the implementation of the project. Mkushi and Chibombo Council Officials were engaged in October 2019 and the communities in Package I were engaged in December 2019 to sensitize them about the GRM process. These engagements are part of the implementation process of the GRM.

The procurement process to engage Consultants for Gender Assessment and Gender Based Violence (GBV) were initiated in 2019. The service provisions will commence in 2020. RDA was in active engagement to contract child Help Line, the sole non-governmental organization involved in the provision of electronic information services in reporting cases of gender-based violence (GBV) to provide similar services under the project areas of IRCP.

The procurement of the full time Environmental and Social Experts was commenced in December 2019 to enhance the human resource capacity of RDA to handle the many safeguard issues on the project. The two experts are expected to be recruited in the first quarter of 2020.

The process for the commencement of construction of the support infrastructure along the project roads has also started. Mkushi and Chibombo District councils have officially submitted the lists of preferred infrastructures for consideration.

Community sensitization meetings about the IRCP project were held at six (6) locations covering the road network in the four (4) selected districts of Kaoma, Lukulu, Senanga and Mongu in Western Province in April 2019. The overall objective of the meetings was to disseminate information about the IRCP to the district stakeholders and the local community members with a focus also on the environmental and social safeguard issues associated with the project.

5.2 COMPONENT 2: INSTITUTIONAL STRENGTHENING IN ROAD SECTOR

This component supports two thematic areas: (i) Institutional capacity for project coordination and implementation; and (ii) Strategic institutional capacity enhancements. The component is supporting seven government institutions – three-line ministries and four agencies, based on the roles played by each one of them. Activities implemented on this component are described below:

5.2.1 PROJECT COORDINATION

OFFICIAL LAUNCH OF THE PROJECT.

The official launch of IRCP took place on 12th July, 2019, one year after the project became effective. The launch was planned to take place when at least one contract had been signed so that the launch would signify the commencement of the actual road works. The first two contracts under the project that is for packages one and two respectively were signed in June, 2019, and consequently the project launch was set for 12th July, 2019 in Mkushi District, Central Province. Mkushi District was picked as a launch point of the project because of its central location as compared to the other project sites, and also this is where the first contract (package 1) had been signed and was almost ready for execution.

The objectives of launching the IRCP was firstly to bring awareness to the public regarding the national project that is expected to bring about positive impact to a significant population of the country. Secondly, it was to seek political and Government support at the highest level for successful implementation. Thirdly, the launch was to act as the bigger platform to sensitise the communities on the positive and negative impacts of the project which the public especially the beneficiary communities needed to be aware of such as the environmental and social safeguard issues which, if the communities are not well informed about them, the project may be a disaster to the people it was intended to serve.

The project was officially launched at Fiwila Mission in the outskirts of Mkushi District by the Republican President and Head of State, his Excellence Mr Edgar Chagwa Lungu. Fiwila mission is along one of the project road sites under package one. In attendance were the World Bank officials represented by Mr Ben Gericke, the IRCP task team leader who stood in for the Country Director who was unable to attend due to other commitments. Several Cabinet Ministers, Members of Parliament, Chiefs, Council Chairpersons for the Districts where the road rehabilitation works will be executed among many other dignitaries.

During the launch the President handed over 30 motor vehicles, single cab 4x4 Land cruisers that were procured under the project (through MLG) to support the District Councils that are under the beneficiary project sites across the six provinces being financed by World Bank. The vehicles are to be used for effective project monitoring and inspections by the technical teams at the District level.

It was estimated that about 2000 people attended the event which comprised mostly of the local people drawn from the various surrounding areas of Mkushi and the farm blocks as well as those who travelled from Lusaka and the other parts of the Country to witness the launch.

Five official speeches were delivered at the launch. These include;

1. The presidential official launch speech read by his Excellency the Republican President
2. Welcoming remarks by the Minister of Housing and Infrastructure Development
3. World Bank speech read by the IRCP task team leader
4. Speech by the area member of Parliament
5. Vote of Thanks speech by his Royal Highness Chief Shaibila

WORK PLAN & BUDGET DEVELOPMENT

PMCU coordinated the input of implementing institutions in the development of the realigned Project Budget, 2019 Annual Work Plan and Budget, and Project Cost Table for 2018 and 2019. The realigned Project budget, 2019 Annual Work Plan and Budget were approved by NIAC and further submitted to the Bank together with Project Cost Table for 2018 and 2019 for clearance. Additionally, the PMCU submitted the semi-annual progress report to both the NIAC and world Bank for approval and guidance where necessary.

STEERING COMMITTEE MEETINGS

Two steering committee meetings for the National Implementation Advisory Council (NIAC) were held during the year under review. The first was on 13th February 2019 at which the Annual Progress Report for 2018, realigned project budget and the proposed 2019 Annual Work Plan and Budget were

approved with further technical and overall project management guidance provided to the team. The NIAC also approved the establishment of the Project Implementation Unit with full time staff whose emoluments would be paid from the proceeds of the project in line with the Bank procurement framework. The second meeting was held in October,2019. The purpose of the meeting was to get progress update for quarter one and two and approve the semi-annual progress report. The Ministry of National Developing Planning was representing at the meeting. The attendance of the meeting was generally poor as most of the NIAC members either did not attend completely or sent proxies who were not mandated to make decisions on behalf of the sending officers. As such, minutes and resolutions of the previous minutes for the meeting held on 13th February could not be confirmed due to lack of forming the quorum. Further, the NIAC could also not deliberate on the proposed TOR'S for Public Expenditure Review in the road sector due to lack of appropriate numbers to deliberate on the matter. The TOR'S were referred to the NIAC by the Project National Coordinator for their review and endorsement before submitting them to the Bank for further review, and later procurement of the consultant to undertake the study. The discussion on the pending matters were deferred to the next meeting that was planned to be called at short notice as an adhoc meeting. Due to many other engagements by most NIAC members, all arranged dates for the planned rescheduled meetings were repeatedly rescheduled and the year closed without the planned meeting being held.

BANK SUPERVISION MISSION VISITS

The World Bank conducted two supervision missions led by the project Task Team Leader during the reporting period. In each of the two supervision missions, the overall project implementation progress was reviewed, and guidance was provided where it was found necessary. Deliberations and decisions made during each of the missions are contained in the ad memoirs released at the end of each mission and are at annex 1

Overall, the project recorded an improved rating for implementation progress to satisfactory from Moderately satisfactory in the year under review signifying significant gains in the pace of activity implementation. Though progress slowed down later in the year due to the implementation plan revision and procurement and tender evaluation process, the pace picked up towards the end of the year, hence remaining on course with the plan.

COORDINATION MEETINGS WITH THE BANK

Six (6) monthly project level coordination meetings and one top level meeting were held with the Bank. The Project level coordination meetings were held in January, March and June, August, October,

and December,2019 via video conference. These meetings were for review of implementation progress. The top-level coordination meeting was held on 18th February 2019. The Bank was represented by the IRCP Task Team Leader while the Government was represented by the PS-MHID and senior officials from the MHID, MLG and RDA. The meeting discussed cost-budget variances and possibilities of the project facing a budget overrun specifically on the works for package four in Eastern Province. The meeting resolved not to tender works for package four until adequate savings were realized from the other first three packages (two from Central and one from Eastern Province). The other option considered was to reduce the Kilometers in each package to bring the budget within the allocated 25 million (for Eastern Province) with a possibility to increase the number of kilometers subject to savings made on the other contract of works.

HUMAN RESOURCE DEVELOPMENT

The Human Resource Development Plan for 2019 was developed with considerations of lessons learnt on the implementation of the 2018 Human Resource Development Plan and guidance from the Bank for the programme to be cost-effective, sustainable and benefit more staff. The Human Resource Development Plan for 2019 therefore focus more on local group trainings and less on short term training abroad.

Eight (8) officers were trained in short-term courses abroad, and ninety (90) members of staff drawn from all the seven implementing institutions benefited from short-term training arranged locally. The local group trainings were in Environmental and social safeguards, Procurement Management, Contract and Project Management. Details are in the training report.

CREATION OF PROJECT IMPLEMENTATION UNIT AND SECONDMENT OF STAFF TO THE UNIT

The project created the PIU consisting of full-time staff drawn from MHID and RDA. The staff have been seconded on fulltime basis to work under the project for effective implementation of the project activities. MHID formally seconded the National Coordinator to head the Project, and RDA seconded five staff which included the project manager and four project engineers.

PARTICIPATION IN NATIONAL PORTIFOLIO REVIEW OF PROJECTS FUNDED BY THE BANK

The project attended the first quarter GRZ/World Bank portfolio review meeting of the Bank funded projects in Zambia in Siavonga. The project was represented by the National Coordinator and four other project team members. The purpose of the meeting was to identify challenges faced by

implementing ministries, risks likely to impede project implementation and results, and develop corrective actions for addressing identified challenges and mitigating identified risks.

Due to the set of austerity measures adopted by the Government, all projects that had the counterpart funding were directed to engage the Bank to discuss possibilities of restructuring the project to address the counterpart funding issue. IRCP presented among others, concerns regarding GRZ financing towards the works under the Government financed provinces as per the agreement, urging the Ministry of Finance and Ministry of National Planning to take up the challenge and ensure that the required funds are made available when required. The issue of financing of the RAPS by GRZ was also presented and it was agreed that the Project through the mother Ministry should initiate a letter to the Ministry of Finance who would in turn engage the Bank on the Matter.

5.2.2 ROAD DEVELOPMENT AGENCY (RDA).

Under component two, RDA is mandated to execute the Highway Management System upgrade and procure the Road Condition Survey motor vehicles.

a) Highway Management System upgrade (RDA)

During the reporting period, the consultancy for the Highway Management System was tendered, technical evaluation completed and cleared by the Bank and was awaiting final clearance from the Attorney General.

b) Road Condition Survey motor vehicles

RDA tendered the supply of equipment and completed evaluations. The vehicles were ordered from UNOPs and already arrived in the country. The contract for the supply of equipment was awaiting clearance from Attorney General before the contract could be signed.

5.2.3 MINISTRY OF HOUSING AND INFRASTRUCTURE DEVELOPMENT

(a) Labour based policy adoption process

In the seventh National Development Plan, Government aims to significantly reduce unemployment rates especially among the youths significantly to manageable levels. Various strategies are being employed in this regard. One of such strategy is the development and adoption of the labour based technology (LBT) that will encourage many actors in the construction industry to adopt the increased use of labour based technology (LBT) so as to allow for many people to be engaged in the execution of construction works hence creating employment opportunities for many citizens. To this end,

Government through the National Council for Construction, with the assistance of the World Bank developed a draft white paper on the labour based technology (LBT). The draft white paper was subsequently submitted to Cabinet Office in FY 18 for adoption as Government's national guiding policy in the construction sector.

During the reporting period, MHID further engaged Cabinet Office on the white paper and alternative options of adopting LBT. Further, PMCU submitted its concerns to the NIAC on delays by Cabinet Office to respond on the proposed policy request and its implication on activity implementation for guidance. The NIAC in turn guided the project to use the National Transport Policy to implement labour-based technologies whilst waiting for the Cabinet Office to adopt the LBT. Later in the year, Cabinet responded guiding the Ministry to engage the Ministry of Labour to look at the various existing related policies with the view to incorporate the proposals as a strategy into the existing policies to minimize duplication of policies. The Ministry further engaged Cabinet Office on the matter as it strongly felt that enacting a standalone policy on Labour based technologies would attract the right attention and focus from the targeted stakeholders. As at the end of the reporting period, MHID was still waiting for response from Cabinet Office

b) Monitoring and Evaluation Activities

The project recruited the Monitoring and Evaluation Specialist in January 2019. During the reporting period, the M&E specialist initiated a participatory process of developing the M&E system for the project and the Ministry (MHID). Three workshops were held with various stakeholders in the development process of the two separate M&E frameworks. By the end of the reporting period, both draft M&E frameworks were developed. The draft M&E framework of the project was shared with the Bank and the MHID one was shared with the Ministry for reviews and comments.

c) Socio-Economic Baseline Survey

The Ministry is coordinating the implementation of the baseline survey to establish benchmarks on performance indicators of the project prior to the commencement of the rehabilitation of road works under the project. These benchmarks will provide a basis for assessing the anticipated short-term and long-term impacts of the project in annual surveys, mid-term review and end of project evaluation. The baseline survey will also lay the foundation for assessing the impacts of multiple treatments (policy choices) in order to provide useful policy lessons for future operations in the road sector. The preparations for the actual survey such as development of questionnaires and training of the trainers and supervisors was conducted in December,2019. The actual survey will be conducted between January and March,2020.

c) Agency Performance Framework (APF)

The initial plan was for MHID to develop a performance framework to assist it in monitoring of the performance of its road agent-RDA. However during the course of the project implementation, different views were raised to the effect that developing the system may be a duplication of work considering that Cabinet office and the Ministry of National Developing Planning were also in the process of developing them frameworks for various Government Sectors. Therefore, the Agency Performance Framework has not yet been developed. Consultations whether to abandon this activity and rely on the performance framework being developed by Cabinet and Ministry of National Development Planning which has not yet been developed is still on going

5.2.4 MINISTRY OF LOCAL GOVERNMENT

Capacity Building to Local Roads Authorities

The Ministry of Local Government is expected to play a key role in the implementation of the Rehabilitation and Maintenance of the Roads under IRCP through the Local Roads Authorities at the Districts Councils. Capacity at the Local Road Authorities will be enhanced to improve the competency levels to handle road projects. Technical officers under the LRAs will actively be involved in the supervision and monitoring of progress during the period of the project execution in the respective Districts of jurisdiction as part of capacity building initiative.

The Ministry has recruited a Technical Advisor responsible to build capacity in the stated LRA'S. The task of the TA will be training the technical and other related staff in all LRA's to empower them with the right skills and knowledge to carry out the roles they are expected to play in the road sector competently. The capacity building efforts will not only be restricted to gaining knowledge enough for the purpose of executing the IRCP, but adequate to empower local authorities to undertake road works contracts even beyond the IRCP life cycle. During the reporting period, the capacity building training methodology was developed and approved. Two training workshops were conducted targeting officers from Central and Eastern Provinces respective Local Road Authorities.

The 30 motor vehicles which were procured in FY18 for strengthening the LRA'S capacity in effective monitoring and supervision of road works arrived in the country during the reporting period. The Vehicles were handed over to the beneficiary District Councils by the Republican President during the official launch of the project in Mkushi District. The vehicles were distributed to all the participating districts as per initial plan. Further, District Councils 20 mobile laboratory equipment to be used to

assess the quality of road works by contractors during routine road inspections were procured and delivered. The mobile laboratory equipment have since been distributed to the beneficiary Districts.

5.2.5 MINISTRY OF TRANSPORT AND COMMUNICATIONS

a) Implementation of the National Transport Policy

Initially, MTC planned to engage the services of Technical Assistant (Consultant) to assist the Ministry with the implementation of the National Transport Policy. The procurement for consultant services in this regard progressed up to the evaluation stage, when the Ministry realized that engaging a single person may not adequately satisfy the demands of the various transport modes that needed to be addressed. As such, a proposal which was later accepted by all parties which agreed that the Ministry instead should engage short term experts in each of the transport modules reflected in the NTP to get the best output from the consultancy.

During the reporting period, MTC developed new TOR's specifically for the short-term experts planned to be engaged to provide consultant services in each transport module. The TOR's were shared with the Bank. The engagement of the short-term experts will be implemented in the first quarter of 2020.

b) Review of the Road Sector Institutional Mandates

MTC is expected to spearhead the review of the institution mandates of the road sector institutions which is aimed at providing GRZ and all interested parties an insight overview of how the institutions have operated since the road sector reforms of the early 1990's, and how their operations can be further strengthened.

During the reporting period, the consultancy firm was successfully engaged to conduct a review of the institutional mandates of the four road sector agencies namely, RDA, NRFA, RTSA and NCC. The consultant commenced work in December,2019. Therefore, the review process will be carried out in the year 2020.

5.2.6 NATIONAL ROAD FUND AGENCY (NRFA)

The National Road Fund Agency is the designated Project Implementing Agency of the IRCP as the custodian of the project funds. Its major role is to manage the credit and maintain all financial records for accountability of the project proceeds. It is also mandated to spearhead the Public Expenditure Review of the Road Sector, as well as enhancing its current financial management system

a) Financial Management and reports

During the year, quarterly financial reports were prepared in accordance with both GRZ and the Bank's reporting requirements and were submitted to the Bank. The project was audited by GRZ external auditors for the financial year 2018. The audit report was shared with the Bank.

The Procurement process of engaging an audit firm to carry out future audit works for the project were finalized and the audit reported in December, 2019 to commence auditing of the 2019 books of accounts for the project.

b) Public Expenditure Review

During the reporting period, NRFA completed preparing the draft TOR's for the engagement of a consultant to undertake the Public Expenditure Review exercise. The draft TOR's were reviewed internally and submitted to the National Implementation Advisory Council (NIAC) to approve the scope of the assignment to be undertaken by the consultant. As at the end of 2019, NIAC had not yet deliberated on the TOR's. The meeting that was scheduled to deliberate on the matter could not take off due to other pressing responsibilities. The process will be speeded up once NIAC approves the TOR'S.

c) Enhancement of Financial system

Initially NRFA wanted to link the institutions' financial system to IFMIS. However, due to delays resulting from several factors out of its control. It was decided to focus on enhancing and integrating the Financial Management Information System and Contract Management System. This proposal was discussed and agreed with the Bank later in the year. As the end of the year 2019, NRFA had commenced preparations of the TOR'S accordingly.

d) Procurement of tractors and tractor towed equipment for NCC

NRFA completed the procurement of Tractors and Tractor towed equipments on behalf of NCC. Two (2) 75HP tractors bought locally from SARO Equipment and twenty-five (25) pieces of equipment bought from Rogue Agriculture Company Limited of South Africa were procured and delivered to Kanakantapa NCC training camp. The equipment will be under the custody of NCC and will be used by RDA to fulfil its objectives under AfCAP as well as for training students undertaking training in road construction and maintenance courses at the institution. The equipment will further empower local contractors with necessary knowledge on how they can acquire cheap but effective technology to be used in road maintenance works.

e) Development of the Procurement monthly progress status report

NRFA developed the procurement monthly progress status report, a tool which is expected assist the project management team to affectively monitor the procurement progress of the project. For example, the developed tool will provide signals of items that are in yellow (warning) and those in red (behind in implementation) in STEP to timely remind implementing institutions regarding such matters.

5.2.6 ROAD TRANSPORT AND SAFETY AGENCY (RTSA)

RTSA is expected to execute its road safety oversight function in the project through spearheading road safety inspections and audits whose outcomes are expected to be incorporated in the conceptual and detailed designs respectively, to ensure that the constructed feeder roads are safe for all road users

a) Road Safety Audit

RTSA completed the procurement process and engaged a consultant to carry out the Road Safety Audits for feeder roads selected under the project. However during the year it was realized that assignment that the consultant was expected to carry out was already included in TOR's of the Road contractors who in turn hire the consultant to carry out the road safety component.

As at the end of the reporting period the matter had not yet been exhausted as regards to either terminating the services of one consultant or changing TOR'S for either of the two consultants to include and or remove certain aspects from the initial contract.

Pre-Construction Road Safety Inspections

During the reporting period, pre-construction road safety inspections were carried out on the project roads in all the ten provinces. Inspection's findings reports were prepared and submitted to RDA for possible consideration of the recommendations in the conceptual designs on matters to do with road safety.

b) Development of a Rural Safety Strategy

The Rural Roads Safety strategy was developed through the engagement of the consultant. As the end of the reporting period the strategy was awaiting approval of the RTSA Board before it could be shared officially.

5.2.7 NATIONAL COUNCIL FOR CONSTRUCTION (NCC)

a) Construction of Material Testing Laboratory

During the reporting period, NCC completed the construction of the Materials Testing Laboratory and the Contractor handed over the Project. The facility will enhance the quality of construction materials to be used in the Sector in two ways: by using it as a

training laboratory for Materials technicians who will be the frontline personnel on sites for quality assurance; and a referral laboratory for compliance verification of materials on sites.

The Laboratory was equipped with furniture and various appropriate Lab equipment and is now fully functional.



b) Mainstreaming of Labour intensive initiatives in the construction sector

NCC, will support the mainstreaming of labour intensive initiatives in the construction sector to support Government's effort aimed at employment creation in accordance with the Seventh National Development Plan. NCC depended on Governments' approval of the LBT Policy for it to commence the process of mainstreaming the implementation activities in the sector. Therefore, the delay in approving the proposed Labour Based Technology Policy by Cabinet Office as reported above (under MHID) slowed down the implementation of the planned activities.

In order not to lose much time on this aspect, NIAC guided the project team to use the provisions as contained in the National Transport Policy to implement labour-based technologies whilst waiting for Cabinet Office to adopt the LBT. Discussions were held in the course of the year with Ministry of Transport and Communication and it was agreed that NCC should develop the labour based initiatives mainstreaming strategy and submit it to the Ministry so that it is adopted as part of the NTP implementation strategy on the aspect of how the Ministry through the policy would implement issues of job creation through labour based initiatives. As at the end of the reporting period, the strategy by NCC was still being developed.

However, NCC following the NIAC guidance, proceeded to engage consultants to commence works on various aspects on the mainstreaming agenda. The preferred Individual consultant with regards to support NCC with the initial aspects of the mainstreaming activities was selected, negotiations

concluded, and draft contract submitted to Attorney-General's Chambers for clearance. The consultant is expected to commence the assignment in the first quarter of 2020.

5.3 COMPONENT 3: RESPONSE TO EMERGENCY

During the reporting period, the bank revised its approach on matters dealing with emergency responses, and as such, the project was asked to revise its Emergency Response Manual. The project successfully revised the Emergency Response Manual (ERM) for Component -3, providing the mechanism for responding to declared eligible crisis in the country in line with the Bank's new requirements. However, no activity was undertaken on this component as no event of emergency nature was triggered.

6.0 ACHIEVEMENT OF PROJECT RESULTS ON RESULT MATRIX

The project is committed to report on key performance indicators in the result matrix. However, at the current level of implementation, very few activities that could generate results in the result matrix were significantly under implementation. The project team however gained enough ground to start generating results in the year 2020. With the coming on board seven contracts (packages) in 2020, the project will start achieving and recording substantial progress on key performance indicators in the result matrix in FY 20.

The updated results matrix showing progress on each of the KPI is attached to the report as annex 4.

7.0 CHALLENGES

The major challenge being faced in the implementation of the project is mostly concerned with the long process it takes for a single OPRC contract to be successfully procured, signed and works commence. Most stakeholders do not appreciate the length of time it takes for just one contract to be successfully procured.

The process starts with the client engaging the consultants to develop the bidding documents. The process of engaging the consultant takes not less than three months. The engaged consultants take not less than six months to carry out a physical survey of the roads of interest country wide for them to develop the bidding documents. Once the bidding documents are developed and acceptable to all parties, the flotation period for the tenders is not less than three months (90 days). The process of evaluation of the bids takes not less than three months (90 days). Once a successful bidder is selected, contract negotiations, contract clearance by both the Attorney General and the Bank and finally contract signing does not take less than three (3) months. Finally, once after the contract is signed, the contracting entity (CE) has three (3) months to mobilize his equipment and personnel to site before

commencement of works. Further, works only commences once safeguards issues are complied with such as the environmental management issues, compensation of all the project affected people and establishment of the grievance redress mechanism among others.

Therefore, assuming that all the processes as highlighted above proceeded without any encumbrance, and the bid document(s) is ready for floatation, the bare minimum time it takes for a single OPRC contract to be executed is nine (9) months starting from the first day of tender floatation up to the expected final day of mobilization by the CE. Managing this process to ensure that all processes take place within the planned time has been the biggest challenge of IRCP, because in reality so many factors come into play during the actual implementation, hence, affecting the time of execution and ultimately, taking the completion time process of a single OPRC contract more than nine (9) months in some cases. .

Other challenges related to the main challenge highlighted above (in summary) and generally to the other components of the project include the following;

1. Delayed Procurement of OPRC Contracts under component-1 for road works due to three major reasons.
 - (a) Delays by Consultants engaged to develop the bidding documents to produce the required documents within the agreed time. – the consultants could not produce the required documents within the agreed time frame for various reasons among them is, lack of comprehension of the given assignment, delayed payments by the client to the consultant, lack of adequate capacity to carry out the assignment and changes by the Client's demands to the consultants regarding the scope of the assignment.
 - (b) delays in the internal tender procurement processes of the client (RDA) – appointment of people to sit on the evaluation panels and the actual commencement of the evaluation processes itself in most cases took longer than expected.
 - (c) Protracted clearance process between the Bank and the Client (RDA). Process of getting clearance from the Bank in most cases took longer than anticipated due to the protracted process of sending documents back and forth on matters regarding seek clarity of the submitted documents or suggesting additional information demands.

2. Delayed clearance of contract documents at Attorney General Chambers- in most cases it has been taken more than one month to get clearance on submitted documents from the attorney General's Chambers, hence delaying planned progress on some of the contracts.
3. Delayed preparation and clearance of the AWP and Budget for FY 19. It was the first time that the project team was preparing the Annual Work Plan, therefore it took time to prepare the document in a format acceptable to all parties. The AWP was cleared for implementation in June,2019. This delay affected timely implementation of activities as implementing institutions could not start implementation of activities until clearance of the AWP was given.
4. STEP- Working with the upgraded STEP system was still a challenge to the procurement team, as such, by the end of the reporting period some of the procurement items in the system were flagged red due to misunderstandings of what exactly needed to be done. This is mainly due to the slow pace of some of the Procurement officers attached on the project in appreciating the Bank's procurement electronic system (STEP) as well as lack of adequate time for them to work on procurement issues in the system. Except for one, all the procurement officers executing the procurement function on the project work on part time basis, therefore lack of adequate time to master and competently work on the system continue to pose a clearance challenge for the project in the STEP, hence even in cases where the procurement process has already been executed successfully, the system still shows RED giving an impression that the project is lagging behind when in it is not the case.
5. Failure of the National Implementation Advisory Council (NIAC) to meet regularly. The project team has had problems in the year to call for the NIAC meetings as stipulated. It is either the council members have been too busy, or where the meeting has been convened, the attendance has not been good enough to form a quorum. As such, approving certain required decision to allow the project team to proceed with implementation properly has been a challenge.
6. Delayed processing of payments. - Low staffing levels at NRFA to deal with the increasing volume of project transactions and an apparent bureaucratic system affected the timeliness of processing of transactions. Currently the project does not have a fulltime dedicated accountant responsible for the project's financial transactions. The project relies on the accounting staff of the Agency who are also assigned other responsibilities. As such, the pace of processing submitted project documents is affected. Further, the process through which documents submitted for payments go through is quite long and also affects the timeliness of payment procession.

8.0 LESSONS LEARNT

During the reporting period, the project gathered several lessons learnt. Some of these lessons have already been incorporated in the project while others require the attention of other stakeholders to change the project approach for enhanced activity implementation and achievement of sustainable results.

1. **Local Contractor Participation in OPRC.** Both GRZ and the Bank support competition in the bidding for the works through International competitive bidding (ICB). While the project stands to benefit from this regarding awarding the contract to the best quality bids, local contractors cannot however effectively compete and hence have limited opportunities for participation which works against the claimed capacity building aspect for local contractors the project intends to achieve. Therefore preparation of bidding documents should not pay a blind eye to the realities of capacities of local contractors and how their participation in the bidding process could be enabled to avoid such cases like the one the project is now currently going through of attempting to re-scope the works to accommodate local contractors participation.

2. **Capacity building for local consultants**

Some of the identified reasons why some consultants were not able to prepare all the required documents in time border on lack of in-depth knowledge of the OPRC's concept and inadequate capacity to deliver. It therefore important Government through the road sector institutions should develop a deliberate approach to enhance capacities in various skills in the sector to avoid over reliance on outside firms to carry out works that can be locally sourced.

3. **Human Resource Development.** Sending a big number of officers for training abroad to various destinations with varying training durations, tuition fees and per-diem payments in the year 2018, proved costly to the project and unsustainable in the long run especially given the limited budget for this purpose. The approach adopted in the year 2019 of encouraging group training proved beneficial as many members of staff benefitted from the short training opportunities at the affordable cost.

4. Attempts to conduct evaluation processes for works bids as well as for consultants in-house have not been effective. Conducting these activities far away from the offices to encourage attendance and avoid disturbances to officers proved effective and faster for the project to implement its programmes on time. In 2018 most evaluations lagged, however, in 2019 most of the evaluation

moved faster and engagement for most consultancy services by the majority of the implementing institutions were concluded and the consultants commenced executing the assignments.

9.0 SOLUTIONS TO IDENTIFIED CHALLENGES

The challenge regarding delayed submissions by consultants was resolved in the course of the year, and most of the works expected from them has been concluded.

- 1b) RDA has since devised a strategy to ensure that IRCP assignments such as evaluation of bids and consultancy services are attended to as a matter of priority since funding for the works is assured, through such strategies like calling for Procurement Committee seating more than once a per week to clear outstanding matters on IRCP in order to quicken up the procurement process.
- 1c) Meetings were held during the year between the Bank and the project team aimed at reducing the time it takes to get clearance on submitted documents mainly attributed to delays through the back and forth communication. It was resolved that utmost it should take two weeks to have any submitted matters to the Bank to be cleared provided that the client should make sure that the submitted documents are in current order to avoid the bank issuing main comments as additions or points of clarification which has been attributed as one of the major causes of the delays.
2. The matter regarding delays to get clearance from the attorney General's Chambers has been brought to the attention of higher authorities to engage the office to find a permanent solution to this matter. It is proposed that the Attorney General's office should allocate one specific officer (legal counsel) to be in charge of RDA contract submissions in order to speed up the clearance of documents.
3. Delayed preparation of the 2019 annual workplan was because it was the first time the project was preparing it as well as preparing the cost table. This is no longer a challenge.
4. Efforts have been stepped up to ensure that Procurement officers meet regularly as a sub-committee to be deliberating on matters pertaining to procurement matter as a continuous refresher programme to ensure that all the officers are conversant with the STEP. Further arrangements have also been made to retrain the officers in STEP to improve competency levels.

5. The matter of not having regular meetings of the NIAC is being handled by the Chairperson of the Council. The project team was assured that the chairperson would personally call all the members in advance to ensure improved attendance for the future meetings.
6. NRFA, the project team and the Bank have all agreed to employ a fulltime accountant (through secondment from NRFA) to be dedicated to handle financial transactions of the project in order to improve operations efficiency in terms of timely financial payments and preparations of financial report among others.

10.0 MAJOR CHANGES TO THE PROJECT DURING THE YEAR

1. PROJECT RESTRUCTURING

Under the initial project financing agreement, GRZ was expected to finance the RAPS. However, during the year 2019, GRZ applied to the Bank to vary this condition so that RAPS could be financed from the proceeds of the project. The Bank agreed to GRZ's request and the financing agreement was amended to accommodate this development.

ABANDONMENT OF THE ACCELERATED IMPLEMENTATION PLAN

In 2018 GRZ revised the implementation plan in order to accelerate the pace of rehabilitation and maintenance of the project roads in all the ten Provinces. The plan was to ensure that by early 2020 all the planned packages were tendered. To support this plan, GRZ through the Ministry of Finance was required to commit funds at much earlier time and higher amount as compared to the initial plan. However, during the reporting period, the Government of Zambia adopted a set of austerity measures to restore the macroeconomic stability and debt sustainability to ensure that economic growth is restored on an upward trajectory for the benefit of Zambians. As a result of these measures, the project received communication from MOF that GRZ was unable to finance the accelerated roll out program developed by the project in FY 18. The implementation plan was therefore revised accordingly and reverted to the initial plan with few modifications to improve its implementation.

REVISED NUMBER OF KILOMETERS

The revised number of kilometers expected to be rehabilitated and maintained under World Bank financed Provinces are given in Table-1 while the list is shown in Annex-1.

11.0 GRZ CONTRIBUTION

Apart from its commitment to finance road works in four Provinces, Government contributes a grant towards administrative operations of the project that mainly go towards payment of personal emoluments of support staff recruited to support the operations of the project at the Secretariat. In the year 2019, a grant contribution equivalent to US\$150,000.00 was allocated for the project.

12.0 FINANCIAL REPORT

During the year, the project projected to spend US\$ 21,995,000.00. However, only US\$ 10,430,309.00 was utilized. The main reasons for the underutilization are attributed to the challenges highlighted above which mostly slowed down the pace of implementation, hence affecting the absorption rate. The absorption of funds is expected to rise in the year 2020 following the successful conclusion of five packages which will add to the already signed two contract packages where works are expected to heighten during the year 2020.

The financial report is presented in form of a cost table in a separate report.

13.0 RISKS AND MITIGATION ACTIONS

1. The downturn in the national economy placed extreme stress on Government resources. To address this stress, the Government adopted a set of austerity measures to restore the country's macroeconomic stability and debt sustainability. This situation has the potential to affect Government's commitment to finance works in the four Provinces it committed itself under IRCP.
2. The cost estimates used at the development stage of the project were mostly used on historical data that has significant variations with the current prevailing situation on the ground, and continues to affect the allocated budget for project activities, especially for the works, resulting in cost estimate variance which posed a major risk of project budget overrun. To mitigate against this, the project held a high profile coordination meeting with the Bank, discussed the cost-budget variance on Eastern Province and possibilities of the project overspending on the works, and resolved to reduce the number of Kilometers to be initially considered for works in each package to bring the budget within the allocated amounts with a possibility to increase the number of the kilometers on the affected packages once savings are realized during the works execution period. The reduced kilometers has the potential to make stakeholders lose

confidence in the project due to the fact during the stakeholder engagement meetings held the communities were already informed of the beneficiary roads.

14.0 CONCLUSION

Overall, the IRCP activity implementation progressed well during the reporting period. There was a huge progress registered in 2019 as compared to the year 2018, a sign that implementing institutions were now familiar with what was expected from them and how to go about it. Two tangible deliverables namely, the Materials testing Laboratory at NCC HQ and the rehabilitation of the ablution block in Kanakantapa were successfully delivered. Two works contracts for the road rehabilitation and maintenance for packages 1 and 2 were successfully completed and signed, with works under package 1 commencing in December,2019. Five contracts (for five packages) had all the procurement processes concluded and remained with clearance of the contracts in readiness for signing. The procurements of various consultancy services under the various implementing institutions were finalized with some commenced works while others were generally, at advanced levels and will be finalized in the first quarter of 2020. It has been indeed a successful year for the project.

The year 2020 will see more accelerated implementation progress now that the project has gained the necessary experience arising from the lessons learnt in the past two years.

15.0 ANNEXES

ANNEX 1: LIST OF REVISED ROADS SELECTED IN THE SIX BANK FUNDED PROVINCE FOR THE IRCP

**CENTRAL PROVINCE
Package 1 (Mkushi District)**

DISTRICT	ROAD NUMBER	LENGTH (Km)
Mkushi	U4	31.0
Mkushi	U5	20.4
Mkushi	U6	82.8
Mkushi	RD208	27.1
Mkushi	U17	47.2
Mkushi	RD212	30.2
Mkushi	D673	15.3
	Total	254.0

**CENTRAL PROVINCE
Package 2 (Chibombo and Mumbwa District)**

DISTRICT	ROAD NUMBER	LENGTH (Km)
Chibombo	R128	65.4
Chibombo	R127	100.3
Chibombo	R134	49.7
Mumbwa	R185	32.5
	Total	247.9

**EASTERN PROVINCE
Package 3 (Nyimba and Petauke North and South-West)**

District	Road ID	Length (km)
Nyimba	R166	49.30
Petauke/Nyimba	RD140	52.60
Nyimba	RD143	30.20
Petauke/Nyimba	RD418	34.05
Petauke	RD418b	3.30
Petauke	RD510	13.74
Nyimba	RD144	9.44
Petauke	RD414	22.48
Petauke	RD416	23.13
Petauke	RD508	36.38
Petauke	RD509	12.38
Petauke	RD415	17.18
Petauke	D414	20.68
	Total	324.84

**NORTHERN PROVINCE
Package 7**

Province, District	Road No.	Length (km)
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Mungwi	RD4-1	21.64
Senga	RD4-1	48.31
Senga	R61	49.66
Mbala	RD2	23.55
Mbala	U6-7	61.21
Total		204.36

**NORTHERN
PROVINCE
Package 8**

Province, District	Road No.	Length (km)
Luwingu	RD429A	35.80
Luwingu	R340	37.14
Luwingu	R5	49.66
Luwingu	R337	15.00
Luwingu/Kasama	U18	61.25
Total		198.85

**LUAPULA
PROVINCE
Package 9**

Province, District	Road No.	Distance (km)
Chipili	R80	37.41
Chipili	U14	30.16
Chipili	RD759	29.00
Mwense	RD727	24.00
Mwansabombwe	R70	16.85
Kawambwa	U16	14.31
Kawambwa	U15	15.25
Kawambwa	U10-2	37.22
Total		204.20

**LUAPULA
PROVINCE
Package 10**

Samfya	U11/RD728	47.06
Samfiya	U12-2	18.90
Chifunabuli	R84	30.14
Chifunabuli	R85	10.66
Chifunabuli	R82	37.08
Chifunabuli	U1-3	43.10
Total		186.93

**SOUTHERN
PROVINCE**

**Package 11 (Monze, Mazabuka and Chikankata
Districts)**

District	Road Name	Length/Km
Monze	U4a	23.40
Monze	U45	31.10
Monze	U21	26.20
Mazabuka/Chikankata	U10	33.60
Chikankata	U9	18.70
Total		133.00

**SOUTHERN
PROVINCE**

Package 12 (Kalomo, Zimba and Kazungula Districts)

District	Road Name	Length/Km
Zimba	U4K	45.70
Kalomo	R207	51.80
Kalomo	U5K	57.50
	Total	155.00

**MUCHINGA
PROVINCE
Package 14**

Province, District	Road No.	Length (km)
Muchinga, Chinsali 28	RD60	60.002
Muchinga, Chinsali	R33	53.2
Muchinga, Chinsali	RD64-U6	26.2
Muchinga, Shiwang'andu	RD39	47.351

186.753

**MUCHINGA
PROVINCE
Package 15**

Province, District	Road No.	Length (km)
Muchinga, Isoka 29	U16-2	24.899
Muchinga, Isoka 29	U15-2	28.524
Muchinga, Mafinga	U18-2	47.346
Muchinga, Mafinga	U34-1	11.275
Muchinga, Isoka 29	RD68	26.021
Muchinga, Mafinga	R317	8.882
Muchinga, Isoka 29	U43-1	32.097
Muchinga, Mafinga	U4-2	18.425
	Total	197.469

ANNEX 2: PERFORMANCE AGAINST ANNUAL WORKPLAN ACTIVITIES

ANNEX 3: SUMMARY OF STATUS UPDATE ON RESULTS MATRIX

SEE EXCEL SHEET

