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Republic of Zambia

MINISTRY OF TRANSPORT

AND

COMMUNICATIONS

**PROGRESS ON THE IMPLEMENTATION OF THE VIENNA
PROGRAMME OF ACTION FOR LANDLOCKED
DEVELOPING COUNTRIES**

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1.0 Introduction

Zambia is centrally situated in south central Africa and is surrounded by eight neighbouring countries, namely, Angola, Botswana, Democratic Republic of Congo (DRC), Malawi, Mozambique, Namibia, Tanzania and Zimbabwe. The country has a land mass of 752,614 square kms with an estimated population of 17 million.

The country's central geographic position in the sub-region makes it strategically located and the Government of the Republic of Zambia is determined to develop and transform Zambia into a regional transport and communication hub to promote trade and development. Zambia has a number of regional transport development corridors traversing the country from north to south and from east to west and vice-versa. Therefore, Government has embarked on a mission to take advantage of its geographic position of being landlocked to become a land-linked country.

2.0 Economic Context

The Zambian economy has since time immemorial relied on copper and other base metals for exports, thereby exposing the country to volatile commodity prices. The economy grew at an average of 7% between 2010 and 2014. However, the majority of the people remained poor as this growth rate was not enough to benefit all segments of the population, especially those in rural areas. Further the growth fell from 2015 to an estimated 3% due to a slump in copper prices and low rainfall resulting in poor harvests and power outages.

With the development of the Seventh National Development Plan (7NDP, 2017 – 2021), the Government seeks to build a resilient and diversified economy in order to achieve the 2030 Vision of making Zambia a prosperous Middle-Income Country. The priority areas under the 7NDP are agriculture, manufacturing, tourism and mining. Great emphasis has been placed on economic diversification as well as heavily investing in ICTs and infrastructure development in energy and transport to promote trade and investment.

3.0 Zambia and the Vienna Programme of Action (VPoA)

As one of the members of the United Nations Group of Landlocked Developing Countries (LLDCs), Zambia has always taken keen interest in highlighting the special challenges faced by this group of countries and tries to seek ways of resolving these challenges in collaboration with other stakeholders. As Chairperson of the group from 2014 to 2016, Zambia played a key role in negotiating the VPoA for the decade 2014 to 2024. Further, the Zambian Government in conjunction with the United Nations Office for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) and Development Partners organised a follow up to the Second United Nations Conference on LLDCs in June 2015 in Livingstone. The mandate of the meeting was to ensure that specific goals and objectives of the Vienna Programme of Action for Landlocked Developing Countries were effectively translated into specific goals and objectives by all stakeholders and develop a roadmap for Monitoring and Reporting the implementation of the VPoA. The Livingstone Call to Action was a result of that meeting.

Furthermore, in November 2017, Zambia in collaboration with the Ports Management Authority of Eastern and Southern Africa (PMAESA) organised an African Ports and Maritime Conference in Livingstone. The theme of the Conference was, “Raising the Profile of Landlocked Countries in the Maritime Sector”. The UN-OHRLLS also participated in the Conference. The Conference looked at the pertinent issues of the blue economy and how LLDCs could participate more effectively in port management to promote competitiveness.

In line with the six priority areas of the VPoA, Zambia seeks to implement them in a holistic manner. This has been made easier due to the fact that the priority areas of the VPoA have been mainstreamed into the 7NDP.

The past few years though, have been turbulent for Zambia and this has affected the development agenda of the country. Low commodity prices, especially for copper, electricity deficits, high inflation rates and debt repayments contributed to the slow implementation of projects. This resulted in a constrained Treasury and hence, limited fiscal space. In response, Government designed an Economic Recovery Programme dubbed “Zambia Plus” in 2017. Through this Programme, domestic borrowing was to be maintained at no more than 7 percent of GDP on cash basis and domestic revenue mobilisation was to be enhanced, among other measures. In 2018, further austerity measures were introduced to reduce Government expenditure and rationalize project expenditures.

4.0 Status of Implementation of the Priorities of the VPoA

1) Fundamental Transit Policy Issues

Zambia is finalising the development of the new National Transport Policy that will see the transformation of the country into a land-linked country through the establishment of efficient, safe and competitive regional transport development corridors.

To this end, Zambia will continue developments on the North South Corridor; Dar-es-Salaam Road Corridor and TAZARA Railway Corridor linking Zambia to the Indian Ocean; Walvis Bay-Ndola-Lubumbashi Corridor linking Zambia and the DRC to the Atlantic Ocean; Lobito Bay Corridor linking Zambia to the Atlantic Ocean through Angola; the Beira Corridor linking Zambia, Zimbabwe and Mozambique to the Indian Ocean and the Nacala Road Corridor linking Zambia, Malawi and Mozambique to the Indian Ocean.

Zambia has constructed and is in the process of constructing One Stop Border Posts (OSBPs) to ease transit through the country. The OSBPs are at Chirundu, Nakonde, Kasumbalesa, Kazungula, Katimamulilo and Mwami. The Chirundu OSBP on the border with Zimbabwe was the first to be developed and has resulted in higher efficiency. Before its operationalisation, freight trucks would take 4 to 5 days at the border, but now this has been shortened to only take 3 hours.

Further, customs procedures have been streamlined and harmonised with other countries under the SADC and COMESA FTAs. Zambia is implementing the Single Window Customs System and is also involved in the negotiations for the COMESA SADC EAC Tripartite Free Trade Area. Additionally, Zambia signed the Continental Free Trade Area Agreement (CFTA) in February 2019. It is yet to ratify it. The CFTA will have a total combined population of one (1) billion people

from the 54 African Countries and will have a combined Gross Domestic Product of US\$3.4 trillion. The CFTA will result in the removal of tariffs on nearly all goods sold between African Countries. Once fully in place, the CFTA will also be the largest free trade region created since the establishment of the World Trade Organisation (WTO).

Furthermore, Zambia is implementing a number of international, regional and bilateral transport and trade agreements in an effort to harmonise policies with neighbouring countries and other stakeholders. However, there are instances when challenges are encountered, especially with the DRC which charges transit fees for foreign registered trucks that are higher than the agreed fees in the region, and with Tanzania on the axle-load limits.

2) Infrastructure Development

2.1 Roads

The dominant mode of transport in the country is the road transport mode, although road freight costs are high and add up to 40% more of the final cost of the product. This makes Zambian products uncompetitive on the international markets.

The total estimated road network is 67,671 kms, though maintenance efforts are concentrated on the 40,554 kms that are deemed as the Core Road Network (CRN).

The implementation of the Link Zambia 8000, Lusaka 400 and Copperbelt 400 has continued. Priority has been given to road projects that are deemed to support economic growth and foster regional trade. These include the Lusaka-Ndola, Chingola-Solwezi, Kitwe-Chingola dual carriageways, Lusaka-Chirundu Link 4, Mpika Chinsali, Chinsali Nakonde and Solwezi Kipushi roads.

The Kasomeno-Mwenda road connecting Zambia to the DRC will be constructed through the PPP model and the contract has already been awarded. Construction of the Kazungula Bridge between Zambia and Botswana has advanced. The bridge will enhance trade on the North South Corridor and promote other sectors such as tourism. The Kafue Hook Bridge in western Zambia will enhance trade with Angola.

Road Safety

Coupled with the need for physical infrastructure is that of promoting road safety. The number of deaths due to road traffic increased by about 50% from 2008 to 2014, making Road Traffic Accidents a major concern for Government. The main causes of accidents were identified as mis-judgement of clearance distance, over-speeding, lack of proper markings and signage as well as inadequate road safety designs. To promote road safety, the Zambian Government has increased road safety awareness campaigns and increased the use of technology, such as speed cameras, to enhance road safety. Further, an amendment of the 2002 Road Traffic Act is underway together with development of the Road Safety Strategy.

2.2 Aviation sub-sector

Government has commenced the modernisation and upgrading of airport infrastructure that includes provincial and strategic airports, and international airports.

The upgrading of Provincial and Strategic Airports will include upgrading of cargo handling facilities to encourage exports from Provinces. Additionally, fueling facilities will be built to reduce the cost of aviation in the country. Further, the Government is in the process of developing an Aviation Strategy.

Upgrade of Infrastructure at Kenneth Kaunda International Airport (KKIA).

Works to transform Zambia's first international airport, the KKIA into an ultra-modern airport have advanced and reached 88% completion. The project includes construction of a new terminal Building, new Rescue and Fire Service Stations, Air Traffic Control Tower, Presidential Pavilion, Hotel facilities, Fuel Farm, Cargo Terminal, Shopping Mall and Office Complex.

Construction of the Copperbelt International Airport (CIA)

The Construction of the greenfield Copperbelt International Airport in Ndola commenced on 16th October 2017 and works are at 34%. The airport will have a capacity of one (1) million passengers per annum. The infrastructure includes a new ultra-modern Terminal Building, Rescue and Fire Service Station, Air Traffic Control Tower, Hotel, Fuel Farm, Cargo Terminal, road network and office complex.

Operationalisation of the National Airline

Government through the Industrial Development Corporation (IDC) entered into a partnership with Ethiopian Airlines and signed a Shareholders Agreement. The Board of Directors and the Chief Executive Officer for the Zambia Airways (2014) Limited have since been appointed. The Permanent Secretary (MTC) is one of the Board Member. The first meeting of the Board was held on 7th February, 2019.

Transformation Plan for the Zambia Air Services Training Institute (ZASTI)

Government is in the process of developing a Transformation Plan for ZASTI aimed at making the institution a sub-regional centre for excellence.

2.3 Railways

The Zambian railway sector is dominated by two railway companies, Zambia Railways Limited (ZRL) on the traditional line of rail running from Livingstone in the south to Chililabombwe on the Copperbelt Province and the Tanzania Zambia Railway Authority (TAZARA) from Kapiri Mposhi to the port of Dar-es-Salaam.

Zambia Railways Limited

The Zambia Railways network needs rehabilitation, especially re-sleeping with the aim of transferring heavy cargo from road to rail. The recapitalisation and rehabilitation of ZRL is of urgency with the coming into effect of Statutory Instrument (SI) No. 7 of 2018: Railways

Transportation of Heavy Goods Requiring 30% Heavy and Bulk Cargo to be transported on rail. This will save roads from the pressure of heavy bulk cargo.

ZRL benefitted from US\$120 million of Eurobond funds in 2013, resulting in 355 km out of a railway line of close to 1000 km being among the rehabilitations. More funds are required to improve operations, rehabilitate the rest of the railway network as well as improve the communication system.

TAZARA

The designed capacity for freight for TAZARA is 5 million metric tonnes per year while that for passenger traffic is 3 million passengers per year, although these capacities have never been achieved from inception of the railway in 1975.

Over the years performance of the railway declined drastically. We have however witnessed some improvement in the recent past due to a change in management and release of funds by the TAZARA shareholding Governments of Zambia and Tanzania.

Overall, TAZARA faces challenges such as dilapidated infrastructure, lack of spares and materials, inadequate re-capitalisation and high indebtedness.

TAZARA needs to be recapitalised and operations improved at an estimated cost of US\$ 430 million (estimates done by TSDI China).

Greenfield Railway Spurs

Plans are underway to develop nine railway spurs to diversify the country's access to various ports in order to reduce the cost of logistics and transport for importers and exporters. The various railway spurs are at various stages of feasibility and the Ministry's preference is to be feasibility ready on all the routes.

The Railway Projects are:

- 1) Chipata-Petauke-Serenje Railway Project 388 km (4 years): EPC contract signed;
- 2) Nseluka-Mpulungu Railway Spur – (192 km) (3 years): Feasibility Studies, Preliminary and Detailed Engineering Designs completed;
- 3) Livingstone – Kazungula – Sesheke – 200 km (3 years): Feasibility Studies, Preliminary Engineering Designs completed;
- 4) North – Western Rail – 570 km (5 to 6 years): Cabinet approved the Government acquisition of 30% shares in North-Western Railway Company Limited. The contribution is through the railway reserve land;
- 5) Kafue to Lion's Den (Zimbabwe) Railway Project. - 304 km (4 years): The Concept Paper, Implementation Plan and the draft Terms of Reference (ToRs) have been prepared. Evaluation for the firm to carry out the feasibility studies is underway.

2.4 Maritime sub-sector

Water transport is the most underdeveloped mode of transport in Zambia. The sector has lagged behind other sectors, although this is the only source of transport for some parts of Luapula and Western Provinces. Zambia has recently procured modern passenger and cargo vessels as well as patrol and dredging equipment to clear canals.

To help modernise the sector and attract investment, Government's main focus in this sector is to review two obsolete pieces of legislation; the Inland and Waters Shipping Act Cap 466 and the provisional Shipping Act Cap 468.

Zambia's main inland Port is Mpulungu Harbour. The Port provides a critical gateway to the Great Lakes Region from Burundi, West Tanzania, East Congo DRC and beyond to Rwanda, Uganda and Kenya. Zambia is working with neighbouring countries and the process of upgrading and modernising Mpulungu Port is underway. Feasibility studies for the modernisation of the Port of Mpulungu were completed in 2018. And negotiations with the African Development Bank have been initiated to finance the modernisation of the Port. The other infrastructure being developed with Angola is the Shangombo-Rivungu Canal which will see the promotion of trade between the two countries.

Harbour Infrastructure across the country will also be developed countrywide to help in the promotion of tourism and trade. A firm has since been engaged to design nine (9) harbours and they have completed the work.

2.5 Communications Infrastructure

In line with the Smart Zambia Master Plan, Zambia is implementing the **Communications Towers Phase II Project**. The Project started in October 2017 in unserved and underserved areas to bridge the digital divide between urban and rural areas.

The Project objective is to construct and upgrade 1009 Communications Towers. Works on 656 sites have started of which 580 towers have been erected and 338 towers are functional.

With the completion of this Project in 2020, the country will achieve a telecommunications coverage of 95 %. Universal telecommunications coverage will open doors for socio-economic development countrywide.

Telecommunication Traffic Monitoring System (TTMS)

This project is important as it is a revenue assurance system for the mobile networks and is poised to improve and raise revenue collection and will therefore, be a great tool in enhancing domestic revenue collection for the Treasury. The TTMS is at 95% implementation.

2.6 Energy Infrastructure

Zambia is endowed with many sinuous rivers making hydropower its main source of energy. However, the power outages experienced due to low rainfall in the recent past has necessitated the country to diversify its power sources to solar, wind, thermal, bio-gas and nuclear to guarantee nationwide power and to be a net exporter to the Southern African region. In March 2019, the

President of the Republic of Zambia commissioned a 54 megawatts solar power plant. This is the largest solar renewable energy project constructed at a cost of US\$60 million by Neoen and First Solar, a French American Independent Power Producer consortium.

To increase investment in the sector, Zambia implemented a tariff that allows all industry players to recover the cost of doing business while making an attractive return on the investment. However, the lifeline tariff to protect poorer households has been maintained.

3.0 Trade Facilitation

As a state party to the World Trade Organisation (WTO) Agreement on Trade Facilitation, Zambia ratified the Agreement in 2016. As part of the implementation, Zambia in collaboration with other countries is thus, expediting the movement, release and clearance of goods through effective cooperation between customs and other border agencies on trade facilitation and customs compliance issues. The National Trade Facilitation Committee established in 2016 is also fully functional.

Zambia has continued to operationalise Bilateral, Regional (SADC, COMESA) and Multilateral (WTO, ACP-EU) Trade Agreements in goods and services to facilitate trade. Zambia has been actively participating in the negotiations for the SADC, COMESA, EAC Tripartite negotiations and recently signed the Continental Africa Free Trade Area. Additionally, Zambia has established a One Stop Trade Centre at the Kasumbalesa border post with DRC and is in the process of establishing one at Kipushi which is also on the border with DRC. Trade Centres will also be established at other border points.

4.0 Structural Economic Transformation

Zambia is determined to structurally change and stop being over-dependent on copper exports. Through the Seventh National Development Plan, Zambia has prioritised the development of agriculture, tourism and diversified mining. Diversification to cash crops such as cotton, cashew nuts, soya beans, cassava and rice is being done. Further, drought resistant crops are being encouraged and new seed varieties are being promoted. The Government has also embarked on the construction of dams to promote all year-round agriculture. Livestock and aqua farming are also being promoted.

In mining, Zambia has continued with the mining of copper, but focus is also on the exploitation of gemstones and other precious stones, gold, nickel, manganese and iron as well as low value, but voluminous minerals such as cement and limestone. In tourism, infrastructure is being developed and products are being diversified to attract both foreign and local tourists.

The 7NDP has also taken up a Cluster Approach and emphasis has been placed on the enablers of development in the priority areas such as the development of ICTs, transport, logistics, energy and Industrialisation. Additionally, to promote trade and value addition, the Industrialisation Policy which is in line with regional initiatives was launched in 2018, and among others looks at the integrated value chain. The Industrialisation Strategy also seeks collaboration between the Ministry of Commerce, Trade and Industry and the Ministry of Higher Education to enhance the

curriculum to promote technical and entrepreneurial skills as well as innovative ideas and approaches.

5.0 Means of Implementation

The number of projects being implemented are many involving huge amounts of money as well as capacity building. The Government has in 2019 concentrated on finalising projects that are at 80% completion point.

Resource mobilisation at both domestic and international levels has been intensified. To this end, the tax base has been increased and the tax on copper has been revised in order for the country to benefit more from its minerals.

Government has also engaged Development Partners to increase the level of assistance to the country. Further, Zambia is working hard to achieve debt sustainability and ensure that debt levels are within sustainable levels.

6.0 Conclusion

Zambia is committed to the implementation of the Vienna Programme of Action and has made progress in the implementation of the six priority areas. Zambia has also mainstreamed the priority areas of the VPoA into the Seventh National Development Plan which is a stepping stone to achieving the Vision 2030 to become a prosperous Medium Income Country.