

Summary:

Review of the Zambia Road Sector Programme

This report has been prepared for NORAD – Norwegian Agency for Development Cooperation under an agreement for a Prospective Review and Final Assessment of the ZAM 0053 Road Sector Programme. The aim of the review has been to identify which initiatives have been successful and which aspects of the programme need modification and, further, to provide recommendations on future Norwegian support to the road sector.

The Institute of Transport Economics has been co-operating with Hifab International, Stockholm and Mr. T. Ngoma, an independent consultant, Lusaka for the purpose of the review.

The Current Road Sector Programme

The agreement on the current ZAM 0053 Road Sector Programme (RSP) was signed in September 1994. The programme is focused on institutional strengthening. It was initially planned for four years but has been extended twice. Two addenda to the agreement have been signed and it is anticipated that a third will be required shortly to provide bridging funding until a new agreement can enter into force.

The initial purpose of the programme was very ambitious but has recently been redefined. The programme's aim is now to be an integral part of the implementation of the Road Sector Investment Programme (ROADSIP) and the Public Service Reform Programme. The ultimate goal is to contribute to a more lean and efficient road sector, in order to optimise the utilisation of resources made available for road works.

The content of the programme has changed underway. It now includes two components. The first, Institutional and Human Resource Development comprises support to Roads Department Headquarters. The other, Roads Department Training School and Labour-based Techniques comprises support to the school and its labour-based section.

Main Conclusions of the Review

The review of achievements focuses on the last two years, that is the bridging period funded by the two addenda to the initial programme agreement. The review shows weaknesses in respect of the current institutional framework for the road sector in Zambia. These are to some extent reflected in progress, achievements and impacts of the programme.

Road Sector Reform

The current institutional set-up for the sector does not provide an adequate framework for the new Road Sector Programme. Reform of the sector policy and the institutional framework is therefore urgently required. Zambia is lagging behind other countries in the region. Many SADC member states, among them three neighbouring countries have already introduced the necessary new policy and implemented the corresponding institutional framework, including a road agency.

The assessment made by the ROADSIP Mid-term Review Mission in December 2000 clearly revealed that much remains to be done in respect of sector reform in Zambia. This situation creates serious uncertainties for further support to the road sector from the co-operating partners. It also raises serious questions about the possibilities for successful implementation of the planned NORAD supported programme.

Programme Effectiveness and Sustainability

Generally, the goals and objectives of the programme are relevant. It appears, however, that the definition of goals, objectives and expected outputs for the programme is not too clear leading to inconsistencies. Formulations in this respect have been changed frequently and such changes make it very difficult to manage the programme properly. In addition, too ambitious formulations are common, which makes it difficult to assess performance.

None of the components can be said to have achieved much in comparison with the expected outputs. Only a third of the planned outputs have been achieved or partly achieved as yet. Two thirds have not been achieved. Programme effectiveness, therefore, appears very low. It should, however, be taken into account that the level of ambition seems to have been high, and probably to a large extent unrealistically high, at the time of defining goals, purposes and expected outputs.

Some outputs have started to take effect, for instance the Strategic Corporate Plan for Roads Department for which implementation has now started. The same applies to the upgrading of the Roads Department Training School and the activities of the labour-based section of the school. Compared to the expected outputs for the whole programme, however, impacts have been limited so far.

Sustainability has been very limited and is regarded low for the first component, Institutional and Human Resource Development. Sustainability is also limited for the other component, Roads Department Training School and Labour-based Techniques, as a whole. The school's labour-based section is, however,

considered sustainable now. The school as such is not sustainable yet and will hardly become sustainable within its current institutional framework.

Financial Management and Progress

Financial management of the grant has not been optimal. Roads Department does not employ any accounting staff but has, in accordance with Government practise, accountants seconded by the Ministry of Finance and Economic Development. This is not a good solution for the department as competent staff is easily transferred to other assignments.

Auditing has also been a problem. The Auditor General's office works too slow to meet the requirements of the programme agreement. A private auditor is therefore used. The auditing of the 1998 accounts, which took place during the review mission, showed serious deficiencies in the accounts as prepared by the accountants seconded to Roads Department.

The budget for 1999 and 2000 was around NOK 12.7 million for the first component. Of this, NOK 7.5 million or 59 per cent had been spent up to end June 2000. Expenditure for 1999 corresponded well to the budget for that year, whereas expenditure for 2000 is somewhat lower than planned for most budget lines.

For the training school component, the NORAD budget for 1999 and 2000 was around NOK 18.1 million. Of this, NOK 11.3 million or 62 per cent had been spent up to end June 2000. Expenditure is lower than planned for the whole period. In 1999, expenditure only reached 70 per cent of the budget, whereas expenditure for the first half of 2000 was a little more than half of the budget for the year. Major reasons for this are that expenditure for investment in equipment and for technical courses and short courses was almost nil. The Government's budget for the component for 1999 and 2000 was set at NOK 5.7 million. So far, these funds have not been released.

Institutional Co-operation

Institutional co-operation between Roads Department and the Norwegian Public Roads Administration and the International Labour Organisation (ILO) respectively are important elements of the programme.

Institutional co-operation between the department and the Norwegian counterpart has not worked well. It is difficult to assess precisely why. A main reason may be that no proper framework was established from the beginning. Other reasons may be frequent changes of contact personnel and insufficient contact and communication between the two parties. Co-operation has remained at a very low level the last few years.

The institutional co-operation between the Roads Department Training School and the ILO has worked well. This has contributed to the achievements of the labour-based section of the school.

Recommendations on Further Support to the Road Sector

The review has revealed that there is a substantial need for further support to the road sector in Zambia. This includes support to institutional development of the road administration and support to strengthening the local construction and consulting industry. Development of sustainable systems for maintenance and addressing the maintenance and rehabilitation backlog are also important areas for further support.

The main recommendations presented below are based on the framework provided by NORAD's Mandate for Dialogue. The mandate proposes a budget of NOK 100 million for the new four years Road Sector Programme.

Programme Contents

It is recommended that the new programme comprise two main elements. The first is Institutional and Human Resource Development. The other is Possible Support to Upgrading of National Park Roads.

Institutional and Human Resource Development

There are many areas within institutional and human resource development that need support. The recommendations of the review mission are concentrated to two areas designated institutional development and road sector training.

Support to institutional development would comprise institution building in Roads Department and its successor with focus on the following five sub-components:

- Institutional and organisational development of the road administration
- Road maintenance
- Control of vehicle overloading
- Development of technical competence and quality control
- Financial management and human resource development

Road maintenance falls under the Provincial Roads Engineers and support in this field must therefore be directed at their offices. Support to all other fields will be directed towards Roads Department Headquarters.

The contents of the planned institutional reforms are not known at present. Five institutional development sub-components have been identified at this stage. When the contents of the reforms become clear, emphasis may have to be shifted somewhat among them and support to other elements may be needed.

The cost of support to institutional development has been estimated at NOK 36 million, of which NOK 27 million has been allocated to the five sub-components identified. In order to provide for flexibility in regard to needs, which may arise during the reform process, NOK 9 million or 25 per cent of the overall budget for institutional development has been left unallocated.

It is recommended that support to human resource development comprise road sector training. Such support will be a continuation of the current support to the

Roads Department Training School, including the labour-based section. It is, however, time to broaden the scope of training offered at the school to respond to the huge training need of the private and public sectors. It is recommended that the school be converted into a road sector institute organised as a trust. The cost of operating the new institute is estimated at NOK 48 million for the first four years, of which the support from the programme would be NOK 24 million. This is based on the assumption that half of the operating costs for the institute during the four years period is covered by the programme whereas the other half is covered by fees paid for courses.

Below follows an overview of the sub-components and the associated costs for the new Road Sector Programme.

Table 1: Cost of the Institutional and Human Resource Component by Sub-component

Sub-component	Estimated Cost NOK million
1 Institutional and Organisational Development	5
2 Road Maintenance	7
3 Control of Vehicle Overloading	5
4 Development of Technical Competence	6
5 Development of Financial Management & HRD Skills	4
- Unallocated Institutional Development	9
<i>Sub-total Institutional Development</i>	<i>36</i>
7 Road Sector Training	24
Total	60

The total cost of the component is NOK 60 millions, that is 60 per cent of the financial framework proposed by NORAD for the new programme.

Possible Support to Upgrading of National Park Roads

It seems too early to propose detailed recommendations on the possible support to upgrading of National Park roads. There is a need for support to such roads and tourist roads have been included as a component in a draft proposal for the second phase of ROADSIP. When assessing this component in more detail, support to access roads as well as to roads within the parks should be considered. The assessment should not only look at the possible road projects, but also include the parks in a wider context, taking into account among other matters their standard of wildlife management and the market potential.

Implementation Issues

The institutional framework for the new Road Sector Programme is weak. Delays in implementing the necessary reform of the road sector policy and institutional framework and delays in deciding on a new framework for the training school create uncertainties.

The concerns expressed by the recent ROADSIP Joint Mid-term Review Mission, which included NORAD, comprise road sector policy, institutional reform and

various other matters. They reflect issues that are of serious concern also for the new Road Sector Programme.

Certain conditions should therefore be introduced. Timeframes for the work and clear deadlines for decisions to be made by Government should be established for the new programme. Financing should only be released when such deadlines are met. Other international partners will most likely need to introduce similar conditions. It is, therefore, advisable to use the Donor Forum as co-ordinator in this respect.

The proposed future training activities can only succeed and become sustainable if the institutional framework for the Roads Department Training School is changed. Support by NORAD should, therefore, be subject to that necessary efforts are made to make the institution self-sustaining in its operations. It is recommended that a short feasibility study is carried out urgently and that specific conditions be met before NORAD embarks upon further support to the school. Key conditions in this respect are that the school is transformed into a trust with a board of trustees that reflects the market and that a professional manager is appointed and other staff employed under new conditions of service.