



SUBMISSION TO THE COMMITTEE ON TRANSPORT, WORKS AND SUPPLY

ROAD FREIGHT TRANSPORT IN ZAMBIA

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Introduction

Since independence, railway was the most popular means of transportation for carrying heavy and bulky items, particularly to the mining products. But when Zambia's economy was liberalised in the early 1990s, all forms of transport had to compete for sustainability. Additionally, the Government gave the building of road infrastructure top priority while neglecting the rail subsector, making the road subsector the most favoured means of transportation (Ministry of Transport and Communications, 2017). Several foreign trucking companies operate extensively along Zambia's eight (8) main transport corridors. The ongoing usage of the route for the movement of bulk and large cargo has caused the road infrastructure to deteriorate quickly, causing damage to Zambia's roadways as well as congestion, safety issues, and environmental harm. Due to its landlocked status, Zambia mostly depends on road transport companies for the haulage of heavy goods and supplies across Zambia and to the import and export business with neighbouring countries. PMRC was requested by the committee to submit a written memorandum on the following:

- i. Appreciate the adequacy of the policy and legal framework governing the freight transport sector in Zambia;
- ii. Appreciate the transport investments in place to enhance road freight operations by locals;
- iii. Ascertain the cause for low participation levels of local freight transporters in comparison to foreign transporters in relation to total exports from Zambia;
- iv. Learn the challenges and opportunities for the local freight transporters in their operation and;
- v. Make recommendations on how to enhance participation of local freight operations in Zambia so as to be competitive in the region.

Appreciate the adequacy of the policy and legal framework governing freight transport sector in Zambia

To appreciate the adequacy of the policy and legal framework governing the freight transport sector in Zambia, the current regulatory environment in Zambia for freight transport is governed by various laws. These include;

The 2019 National Transport Policy

- The Policy provides the focus and framework for collaborative development of an integrated transport system that will be accessible, efficient and safe for all.
- The policy aims at enhancing the facilitatory role of the transport sector in social and economic development of the public and private sectors.

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- It seeks to promote private sector involvement in infrastructure development and service provision under a regulated environment.

Public Roads Act No.12 of 2002

- An Act to establish the Road Development Agency and to define its functions; to provide for the care, maintenance and construction of public roads in Zambia; to regulate maximum weights permissible for transmission on roads; and to provide for matters connected with and incidental to the foregoing.
- In addition, the Public Roads Act No.12 of 2002 legislative framework, gives the Road Development Agency (RDA) overall responsibility for all the public roads in Zambia while at the same time recognising Local Authorities as authorities for rural and urban roads.

The National Road Fund Act of 2002

- An Act to establish the National Road Fund Agency and to define its functions; to establish the National Road Fund; and to provide for matters connected with or incidental to the foregoing.

Zambia Chartered Institute of Logistics and Transport Act of 2014

- An Act to provide for the establishment of the Zambia Chartered Institute of Logistics and Transport and provide for its powers and functions; constitute the National Council for the Institute and provide for its functions and powers; provide for the qualifications for membership of the Institute; provide for the registration of members to practice as logisticians or transportants; provide for the constitution of the Disciplinary Committee and other committees of the Institute; and provide for matters connected with, or incidental to, the foregoing.

Public Roads (Amendment) Act No. 9 of 2022

- An Act to amend the Public Roads Act, 2002.
- This Act may be cited as the Public Roads (Amendment) Act, 2022, and shall be read as one with the Public Roads Act, 2002, in this Act referred to as the principal Act.
- Further, the Local Government Act Cap 281, also empowers local authorities to manage all urban and rural roads.
- Furthermore, Road Traffic Act, the National Road Fund Act, and the Transport and Communications Act also govern the freight transport sector as these

regulations lay the groundwork for the sector.

While these regulations lay the groundwork for the sector, challenges persist in their implementation and effectiveness. One issue is the enforcement of regulations because inadequate monitoring and enforcement of weight limits, vehicle standards, and road safety measures have led to a high incidence of overloading and accidents in the country.

Appreciate the transport investments in place to enhance road freight operations by locals

- Road development projects have been launched due to acceleration in the number of economic activities.
- One such project is Link Zambia 8,000, also known as Accelerated National Roads Construction Programme, aimed at improving the current situation of roads in Zambia by rehabilitating and constructing the road network.
- In addition, the Link Zambia 8000 project seeks to transform the country from land-locked to land-linked and it involves paving 8,201 km of road at an estimated cost of \$5.6 billion (International Trade Administration, 2022).
- Zambia is expanding collection of road tolls on major roads to fund road maintenance and broaden financing options for road infrastructure development, such as the Pave Zambia 2000 program, which is aimed at rehabilitation of 2000 km of urban roads; and the L400 project, which is constructing or rehabilitating 400 km of Lusaka urban roads at a cost of \$348 million (International Trade Administration, 2022).
- The Link Zambia 8000 and L-400 projects, have expanded and upgraded the road network, reducing transportation costs and transit times for local operators.
- The development of international highways and efficient road network will link Zambia to Zimbabwe, South Africa, Mozambique, Tanzania, Malawi, Congo and Namibia.
- This project is specifically targeting cost reduction of user and transit times across the country.
- However, the Road Development Agency did not record any progress on the upgrading projects under Link Zambia 8000 (LZ8000) Programme in 2022 compared to the 9.72 kilometres carried out in 2021. The majority of the projects were under termination due to limited budgetary allocation in the 2022 Road Sector Annual Work Plan (RSAWP). At the end of 2022, the

cumulative total length of roads that were surfaced stood at 841 kilometres representing a cumulative physical progress of approximately 16%. A total value of K14.6 billion had been certified as of the end of 2022 since the inception of the programme. Fewer projects under this programme will be implemented due to lack of local resources (RDA Annual Report, 2022).

- On 26th October, 2023, LANDLOCK Natural Paving Inc. a company from United States signed a five-year joint venture agreement with the Zambia National Service under the Ministry of Defence to build 5,000 km of road in Zambia that will run through all 10 provinces of the country. The construction is scheduled to begin in March or April of 2024 contingent on weather conditions (US Embassy in Zambia, 2023).
- The program is aimed at improving valuable transportation routes, provide safe and efficient road systems and accelerates growth and prosperity for all sectors.
- In addition, the Zambian Government is encouraging private sector to invest in toll roads construction based on sustainable revenue model in order to manage bulk of commercial traffic.
- According to 2023 RSAWP, K5 million from road fund was allocated to routine maintenance of weighbridges countrywide in 2023. This local funding was meant for the supply and installation of road signs on the network to be assessed by both RDA and Road Transport and Safety Agency (RTSA). In addition, some funds were allocated for Feeder Roads Programme to gravel 80Km of feeder roads to be done using the supplementary funding and a further 60km will be done using the K20M allocated in the 2023 RSAWP.
- In terms of technology, there is a growing trend in the adoption of digital solutions such as fleet management systems, which can improve the overall efficiency and competitiveness of local freight operations.

Cause for low participation levels of local freight transporters in comparison to foreign transporters

- The low market share of Zambian road freight operators is partly due to the practice of foreign ports favouring their local operators.
- Local transporters face stiff competition from foreign operators, who often have access to more advanced equipment and international networks, which has resulted in foreign companies being more competitive in terms of pricing and service quality.

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- The local transporters often face difficulties in meeting international standards and quality requirements for cross-border trade.
 - Zambian transport and logistics enterprises have limited capacities to deliver high quality and low-cost services that are capable of adding value to transit flows which are essential to transform the country into a regional transportation hub.
 - The number of foreign trucks operating in Zambia is high because Zambia is a net exporter in terms of freight volumes. Consequently, this makes it economically viable for South African companies to undertake turnaround trips. The South African fleet is the most important in the sub-region, benefiting from economies of scale. The Gauteng heavy truck fleet is about eight times larger than the Zambian fleet. Thus, some large South African trucking companies have taken over control of several large Zambian companies, which is also a specificity of Zambian trucking industry.
 - Foreign direct investment in the trucking industry has been the main solution South African companies found to bypass market/entry barriers. However, it is worth noting that although some large companies benefit from South African capital, they are run by Zambian management.

Challenges and opportunities for local freight transporters

Challenges

- According to the transport policy, Zambia has inadequate developed intermodal transport systems which increases the cost of freight handling, compromises safety, security and increases transit times.
- Road freight transport costs are high and could add up to 40% to the final cost of the product
- This negatively influence price levels in Zambia and the competitive position of Zambian products on international markets.
- In addition, due to long distances covered by transporters of bulk cargo from Zambia to various sea ports along transport corridors, the prices of goods are further influenced negatively.
- Additionally, disparities in infrastructure development between urban and rural areas persist, impacting the accessibility and affordability of transportation for local freight operators.
- Limited access to financing and capital for investment, inadequate infrastructure in certain regions, regulatory complexities, and competition from foreign companies compound the challenges faced by the local

transporters and hinder the growth of local freight companies.

- Moreover, inadequate access to credit, coupled with high interest rates, makes it challenging for local transporters to invest in modern and efficient equipment and expand their operations.

Opportunities

- The road freight transport provides various opportunities for local freight transporters
- Zambia is a member state of both Southern Africa Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA). Zambia has the advantage of being exposed to numerous import and export trade routes due to its central geographic location within the COMESA and SADC regions. The Regional Economic Communities of COMESA, SADC, and, more recently, the East African Community (EAC) under the Tripartite arrangement, have named these trade routes as regional development corridors (Tembo, 2019).
- The SADC regional Infrastructure Development Master Plan (2012 -2020) emphasised on the centrality of Zambia in their quest to accelerate regional infrastructure programmes and to address regional transit facilitation
- Therefore, Zambia needs to take advantage of its centrality by expediting and taking a lead in the development of more corridors and position itself as a hub of inter-regional trade as all key transport corridors in the SADC region.
- Collaborations with international logistics firms can provide local operators with access to global markets, technology, and expertise, potentially enhancing their competitiveness.
- The local freight operators should take advantage of the investments made under the Public Private Partnerships (PPPs) mode of financing for the development of roads in 2024.
- Road PPPs already in Zambia include the upgrading of the Lusaka – Ndola road to a dual carriageway and rehabilitation of the Chingola – Kasumbalesa road. The Lusaka – Ndola project covers the rehabilitation of Masangano – Fisenge – Luanshya roads and the Chingola – Kasumbalesa road will be completed before the end of 2023 as works have reached at more than 70 percent. The Lumwana – Kambimba road will connect Lumwana

with Kolwezi in the Democratic Republic of Congo (DRC) as concession agreement has been signed. In addition, the Government will upgrade the border infrastructure at the Sakania, Mokambo and Kipushi using PPPs mode of financing with the aim of easing congestion at Kasumbalesa border. These PPPs mode of financing present an opportunity to local operators to penetrate international road freight markets.

- Embracing innovation and technology is another key opportunity. By adopting modern fleet management systems, GPS tracking, and digital platforms, local transporters can improve their service quality, efficiency, and transparency.

Other Information

- Volume of Cargo Transported by Road (2019 – 2022)
- According to the 2023 Zambia Voluntary National Review on Sustainable Development Goal (SDG 9), the following is the volume of cargo transported by Road between 2019 and 2022.
- Cargo transported by road declined by 29.9 percent to 29,830,801.56 mt in 2020 from 42,577,910.26 mt recorded in 2019, and a further decrease of 5.5 percent to 28,187,396.8 mt in 2021.
- The decrease in the cargo movement was mainly attributed to the effect of logistics and supply chain disruptions from countries such as South Africa due to strict restrictions at border points as a result of the COVID-19 pandemic.
- In 2022, the volume of cargo transported by road increased by 8.2 percent to 34,308,418.58 mt from 28,187,396.8 mt recorded in 2021.
- The increase in the cargo movement was attributed to the resumption of normal operations of borders.

Comparison between volumes of cargo transported by road and other modes of transports

- The volume of cargo transported by water increased by 12.9 percent to 232,186 mt in 2021 from 205,589.38 mt in 2020.
- Cargo transported by rail increased by 8.6 percent to 1,422,091 mt in 2020 from 1,315,140 mt recorded in 2019.
- The volume of cargo and mail transported by air reduced by 18.5 percent in 2020 to 17,906.76 mt from 22, 046.42 mt recorded in 2019.

Table 1: volume of cargo transported by various modes of transports (2019 – 2022)

Year	Volume of Cargo per mode of transport (metric tonnes)			
	Road	Rail	Marine	Air
2019	42,577,910.26	1,315,140	181,747.47	22,046
2020	29,830,801.56	1,422,091	205,589.38	17,906.76
2021	28,187,397	1,355,504	232,186	19,463.00
2022	34,308,418.58	894,117	185,801.92	16,570.22
Total	134,904,527.20	4,986,852	805,324.77	75,985.98

Source: 2023 Zambia Voluntary National Review and 2019 Ministry of Transport and Communications Annual Report

- Despite the volume of cargo transported by road reducing by 29.9 percent in 2020, the volume of cargo transported remains greater than the combined total volume of cargo transported by rail, marine and air. This shows that road freight transport in Zambia is most used mode to transport cargo.

Conclusion

- According to the Ministry of Transport and Communications (2019), other Southern African road freight operators are competitors in Zambia's road freight market. Along Zambia's main transport corridors, a number of international trucking companies have a significant presence. As of 2019, Zambian trucking businesses had a market share of about 30% due to intense competition, surpassing the "real" market share of landlocked nations in other regulated systems. Because Zambia is a net exporter of freight volumes, there are a lot of international trucks working in Zambia. As a result, this makes turnaround trips for South African businesses financially feasible. Despite, the dominance of foreign trucks, the local trucking industry has the potential to grow capacity to able to transport Zambia's annual freight volumes.

Recommendations on how to enhance participation of local freight operations in Zambia

- There is a need for more comprehensive regulations specifically tailored to the freight transport sector, covering issues such as licensing, insurance, and taxation. A more holistic and sector-specific approach could help improve the overall regulatory framework and promote transparency and fairness in the industry.
- A reasonable rate of road user charges must be established for foreign trucks operating on local roads. Due to its geographic location, Zambia serves as a transit point for numerous Tripartite region corridors. As a result, Zambia has high traffic volumes, which cause the road infrastructure to deteriorate quickly and raise maintenance expenses.
- There's need for capacity building and skill development programs for local freight transporters to enhance their competitiveness and ability to handle international trade requirements. Investing in regular transporters training and implementing a robust performance monitoring system are crucial steps towards enhancing the efficiency of road freight operations as frequent training gives transporters the ability, they need to follow safety guidelines and handle unexpected road situations.
- Local freight businesses should embrace technology and innovation as it is crucial for their long-term success. Automation and digital transformation are not just trendy terms in the rapidly evolving road freight sector; they are vital strategies for survival and expansion. Due to increased productivity, better communication, and streamlined procedures, these technological advances are completely changing the sector.
- Investment efforts should continue to address regional imbalances and enhance connectivity (disparities in infrastructure development between urban and rural areas). Promoting adequate access to credit and lowering the cost of borrowing (interest rates) to spur investments in modern and efficient equipment.
- Promoting adequate monitoring and enforcement of weight limits, vehicle standards and road safety measures through more rigorous enforcement mechanisms is essential to ensure the safety and sustainability of the sector.

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