



TRACKING THE UTILIZATION OF TOLL FEES

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actionaid



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Editorial

Mr. Isaac Mwaipopo

Executive Director

Centre for Trade Policy and Development

Mr. Ibrahim Kamara

Coordinator

Zambia Tax Platform

Design and Layout

Mr. Matthews Lungu

Communications Specialist

Zambia Tax Platform

Executive Summary

The improvement and maintenance of road infrastructure is critical for Zambia. This is not only because Zambia is a land-locked copper producer, and thus relies heavily on its road network to ship mine inputs and exports overseas, but also because the country has recently invested heavily in road infrastructure. In 2012, the Government of the Republic of Zambia embarked on the Link Zambia 8,000 project, aimed at rehabilitating and constructing an efficient road network and international highways linking Zambia to South Africa, Zimbabwe, Mozambique, Malawi, Tanzania, the Democratic Republic of Congo, and Namibia. The cost of constructing about 8000 kilometres of high-quality dual lane roads throughout the country was about US\$3 billion over the 5-year implementation period.

In order to mitigate against loss of road infrastructure investment, the Zambian government introduced road tolling as part of the strategy to improve funding towards road maintenance. Following the enactment of the Tolls Act No. 14 of 2011, Phase I of National Road Tolling Programme (NRTP) was launched on November 1, 2013. 2 years later, Zambia implemented the Treasury Single Account (TSA) System, a unified structure of bank accounts which gives a consolidated position of Government's cash resources. The funds collected from Toll stations by NFRA began to be deposited into the consolidated account before being allocated to RDA for road maintenance. This new public finance management system increased the risk of resource diversion into other government projects.

The Zambian Government currently has a tightened fiscal position owing to external debt interest payments, requiring in excess of US\$759 million as external debt servicing in 2018 alone, equivalent to the total tolls collected during the past 4 years. By 2020, Zambia's annual external debt servicing costs had gone up to more than US\$1 billion. Thus, there is cause for concern on how the revenues from tolls are being managed in Zambia. This study therefore sought to track the utilization of revenue from tolls fees in Zambia from the point of collection to use. The paper also sought to establish whether the toll fees collected under the NRTP are being managed in accordance with the existing legal framework.

In order to achieve these objectives, the study employed desk review to determine the legal and operational structure used in the management of toll fees in Zambia. Furthermore, key informant interviews were also utilised to collect information from RDA, NRFA, and various line ministries. We also interviewed various managers at selected toll stations across the country. Taxpayers at these toll stations were also requested to provide their perception

about the collection and management of revenue from toll stations. Finally, the study also incorporated views from local councils, civil society organizations, the business community and the general public.

It has been established that the collection, management and utilization of toll fees in Zambia follows a complex legal and operational framework, in as far as tracking is concerned. Upon collection, all funds are transmitted to the central treasury's consolidated account while NRFA and RDA only keep records of how much has been collected and transferred. Thereafter, the ministry of finance remits the funds to NRFA for management and consequent allocation to different road projects. Government collected a total of K1.9 billion between 2013 and 2017, and an additional K926 million in 2018 and K1.2 billion in 2019. This means over K4 billion has been collected from tolls between November 2013, when the programme started, and December 2019. However, the outbreak of coronavirus in 2020 adversely affected revenue collections from tollgates; the NRFA recorded a deficit of close to 20 percent between actual collected revenue (K777 million) and targeted revenue (K952 million) by end of July 2020. By end of December 2020, a total of K1.551 billion in tolls revenue was collected in 2020 against the budgeted collection of K1.641 billion representing a collection performance of 94%.

In terms of utilization, a number of stakeholders believe that the funds are not being correctly utilized because a number of roads are not being maintained or rehabilitated. Some other stakeholders also raised concerns about the quality of road construction and maintenance. Furthermore, it has also been observed that NRFA does not state when a road is being constructed or rehabilitated using toll fees. This makes it difficult for taxpayers to appreciate the benefits of paying toll fees. The current management of funds, though within the legal provisions, presents a limitation to establishing whether the funds have indeed been utilized for road maintenance and rehabilitation.

Considering these findings, CTPD and ZTP urges the government to increase public sensitisation on the management of toll fees in Zambia and to clearly separate the revenue collected from toll fees for improved management. There are several other variants of the TSA system which would enhance the management of tolls revenue in Zambia instead of a single consolidated account. Furthermore, there is a need to amend the Tolls Act and NRFA Act in order to exclusively dedicate tolls revenue to road maintenance and rehabilitation projects. Under the current legal framework, revenue collected from tolls can also be used for road construction. NRFA should also prioritize the maintenance and rehabilitation of roads where tolls are being collected in order to encourage public compliance and ownership.

Mr. Isaac Mwaipopo
Executive Director
Centre for Trade Policy and Development

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1. The Infrastructure Challenge!

Africa's infrastructure networks increasingly lag behind those of other developing countries and are characterized by missing regional links and stagnant household access. If African countries are to make significant developmental progress, there is a need to address the infrastructure gap. According to the World Bank¹, infrastructure development has been responsible for more than half of Africa's recent improved growth performance and has the potential to contribute even more in the future. There is however a huge funding challenge. It has been estimated that the cost of addressing Africa's infrastructure needs is around \$93 billion a year, about one-third of which is for maintenance. The infrastructure challenge varies greatly by country type-fragile states face an impossible burden and resource-rich countries, like Zambia, lag despite their wealth¹.

Infrastructure development is one of the Government of Zambia's priority areas and is upheld in both the country's Fifth National Development Plan, and the Sixth National Development Plan, as well as in the National Vision 2030. Zambia has therefore been pushing an infrastructure development agenda, but the Government has increasingly become aware that resources from the public sector and development partners are limited and can only cover part of the financing needed². It was estimated that Zambia would need to spend an average of \$1.6 billion a year over the decade 2006–2015 to develop the infrastructure found in the rest of the developing world. This is equivalent to 20 percent of Zambia's GDP (similar to what China invested in infrastructure in the mid-2000s) and is about double the country's rate of investment in recent years.

Since Zambia is a land-locked copper producer, the nation relies heavily on its road network to ship mine inputs and exports overseas through its eight neighbouring countries. Therefore, the improvement and maintenance of road infrastructure is critical for Zambia. In 2012, The Government of the republic of Zambia embarked on the Link Zambia 8,000 project, themed "Accelerated National Roads Construction Programme" and aimed at rehabilitating and constructing an efficient road network and international highways linking Zambia to South Africa, Zimbabwe, Mozambique, Malawi, Tanzania, the Democratic Republic of Congo, and Namibia. The cost of constructing about 8000 kilometres of high-quality dual lane roads throughout the country was about US\$ 5-6 billion over the 5-year implementation period³.

¹ National Road Fund Agency (2020) Media Briefing on the 2019 Annual Report: Lusaka
World Bank (2010) Africa's Infrastructure: A Time for Transformation: The International Bank for Reconstruction and Development / The World Bank, Washington

² Zambia Development Agency (2019) Infrastructure Sector Profile, retrieved from (<http://www.zda.org.zm/?q=download/file/fid/216>)

³Zambia Development Agency (2013) Infrastructure Sector Profile <https://ab-network.jp/wp-content/uploads/2014/07/Infrastructure-Sector-Profile.pdf>

2. Toll Fees for Road Maintenance in Zambia: brief historical perspective

In order to mitigate against loss of road infrastructure investment, The Zambian government introduced road tolling as part of the strategy to improve funding towards road maintenance. Following the enactment of the Tolls Act No. 14 of 2011, Phase I of National Road Tolling Programme (NRTP) was launched on November 1, 2013, with inland tolling operations targeting Heavy Goods Vehicles with a Gross Vehicle Mass of at least 6,500 Kilograms. During this Phase, collections of toll fees were restricted to 10 ports of entry or border toll sites and eight (8) Weighbridges across the country.

For the period November 2013 to end of December 2015, the Road Development Agency (RDA) was in charge of Toll Collections . However, the government proposed the separation of RDA's functions in order to allow it to focus on actual road construction and maintenance. Therefore, on 1st September 2015, the RDA appointed the National Road Fund Agency (NRFA) as the Lead Tolls Agent to operate all toll collection points in the country. Following this appointment, on 16th January 2016, toll operations at the first inland toll plazas covering all vehicle classifications at Manyumbi and Kafulafuta were commissioned under the management of NFRA. Under Phase II, more inland toll stations have been constructed. Currently, the Inland Toll Stations stand at 10 and it is envisioned that the Agency will expand the Road Tolling footprint to 40 Toll Stations across the country according to Traffic Volumes.⁴ By the end of July 2020, the collected revenue recorded by NRFA was aggregated from 35 tolling stations countrywide. By the end of 2020, the total number of operational collection points was thirty-six (36), made up of twenty-six (26) inland toll stations and ten (10) ports of entry.

3. Public Finance Concern

Zambia implemented the Treasury Single Account (TSA) System in 2015. This System is a unified structure of bank accounts which gives a consolidated position of Government's cash resources and has been informally termed 'control 99.' The funds collected from Toll stations by NFRA are therefore deposited into the consolidated account before being allocated to RDA for road maintenance. This new public finance management system increases the risk of resource diversion into other government projects. Government currently has a tightened fiscal position owing to external debt interest payments, requiring in excess of US\$759 million as external debt servicing in 2018 alone. By 2020, external debt service costs were in excess of US\$1 billion, roughly equivalent to the country's international reserves. Since government annual spending

towards external debt service in 2018 was equivalent to the total tolls collected during the past 4 years, there is cause for concern. With already rising external debt service costs, compounded by a rapidly depreciating Kwacha against the US Dollar, there are questions around internal resource mobilisation and resource allocation. How much of the funds collected through tolls have really been used for road maintenance across the country? Furthermore, since the NRFP is expected to be expanded to as many as 40 toll stations in the near future, there is a need to evaluate the performance of the programme.

4. Objectives and Methods

4.1 Objectives

This paper seeks to achieve the following key objectives:

- To track the utilization of revenue from tolls fees in Zambia from the point of collection to use from 2013 to 2019.
- To establish whether the toll fees collected under the NRTP are being managed in accordance with the legal framework.
- To establish the perception of the general public i.e., civil society organisations, local councils and business community on the NRTP program

4.2 Methodology

The study employed desk review to determine the legal and operational structure used in the management of toll fees in Zambia. Sources of information included Acts of Parliament, Regulations and Annual Reports from the Ministry of Finance and the National Road Fund Agency, among others. Furthermore, key informant interviews have also been utilised to collect information from RDA, NRFA, and various line ministries. These stakeholders were requested to provide information concerning the management and use of toll collections covering the period 2013 to 2019.

In order to gather views on the challenges encountered in collection and management of toll fees in Zambia, we interviewed various managers at selected toll stations across the country. Taxpayers at these toll stations were also requested to provide their perception about the collection and management of revenue from toll stations. Finally, the study also incorporated views from local councils, civil society organizations, the business community and the general public.

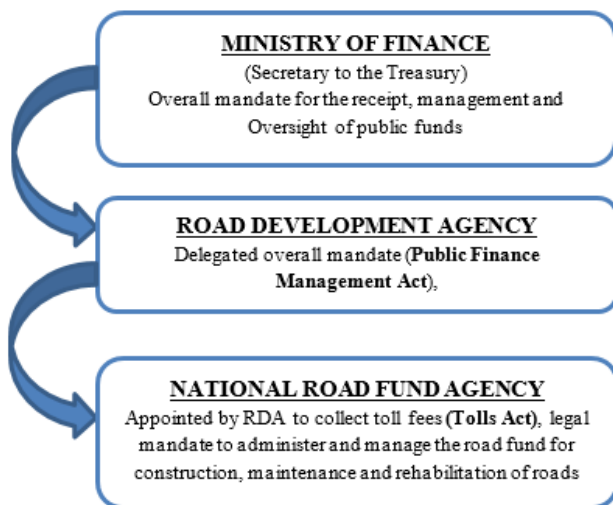
5. The Legal Framework governing road tolls in Zambia

5.1 Legal Framework

The Ministry of Finance in general and the Secretary to the Treasury in particular, has the overall mandate for the receipt, management and oversight of all public funds and monies through the Public Finance Management Act No 1 of 2018. Since toll fees fall within the definition of public monies and wider definition of public funds, they fall under the charge of the Secretary to the Treasury. It should however be noted that the Public Finance Management Act, provides for the delegation of this charge to government agencies and other entities. The Road Development Agency (RDA) therefore has both delegated authority and legal mandate to collect funds or monies from all toll gates throughout the country as stipulated by the Tolls Act No 14 of 2011.

It is public knowledge that the proceeds from toll gates are currently being collected by the National Road Fund Agency (NRFA). Given that the statutory mandate to collect toll fees falls on the RDA, the RDA exercised its powers under the Tolls Act and granted a concession to NRFA to collect the tolls proceeds.⁴ The National Road Fund Agency was established through the NRFA Act no 13 of 2002 for the administration and management of road funds and allocating of resources for the construction, maintenance and rehabilitation of old roads. This gives the NRFA fairly wide and discretionary powers to use the funds as it sees fit, provided there is approval from the central government.

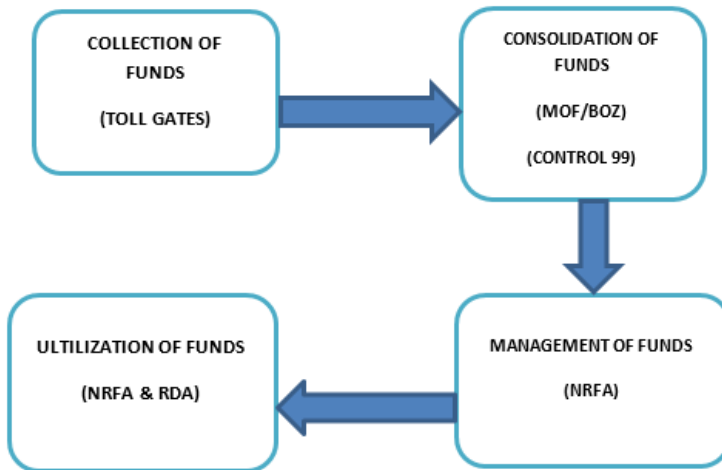
Figure 1: Legal Framework for the Management of Toll fees



5.2 Operational Framework

The collection, management and utilization of toll fees in Zambia follows a complex operational framework, in as far as tracking is concerned. Upon collection, all funds are transmitted to the central treasury's consolidated account while NRFA and RDA only keep records of how much has been collected and transferred. Thereafter, the ministry of finance remits the funds to NRFA for management and consequent allocation to different road projects. Since RDA is in charge of actual road construction and rehabilitation, these funds are therefore utilized under its supervision in accordance with its annual work programme. Consider the figure below.

Figure 2: operational framework for toll fees in Zambia



6. Tracking of Toll fees collection and Utilization

This section considers the flow of revenue from toll fees through the different government entities such as the Ministry of Finance and NRFA, in line with the operational framework above. It has been established that the revenue flows into two consolidated accounts, one at the ministry of finance and another at the NRFA, before being utilized by the RDA.

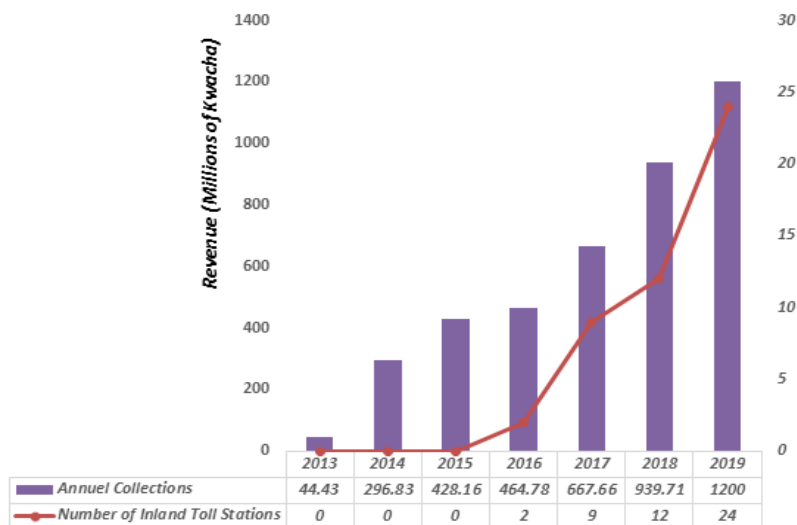
Stage 1: Collection of Funds (Toll Gates)

There are three (3) revenue centres for tolls under the National Road Tolling Programme: ports of entry, weighbridges and inland toll stations. Even though

the revenue from tolls is a combination of all these sources, the revenue collected from ports of entry and weighbridges remained relatively low before the introduction of toll stations and the turning of some weighbridges into tolling points. Inland toll stations have therefore become the primary source of revenues for the NRTP⁷. As at December 2018, there were a total of twelve (12) inland toll stations, namely; Chongwe, Shimabala, Katuba, Mumbwa, Manyumbi, now called the Frederick Titus Chiluba Tollgate, Kafulafuta, Chembe, Kalense, Kakonde, Kateshi, Humphrey Mulemba and the recently commissioned Michael Chilufya Sata⁸. By end 2020, NRFA was recording aggregated revenue from 36 tolling stations countrywide.

Government collected a total of K1, 901.9 million between 2013 and 2017, and an additional K926 million in 2018 and K1.2 billion in 2019⁹. This means over K4 billion has been collected from tolls between November 2013, when the programme started, and December 2019. Figure 3 shows the revenue collected from tolls between 2013 and 2018. A total of K1.551 billion in toll revenue was collected in 2020 against the budgeted collection of K1.641 billion representing a collection performance of 94%.

Figure 3: Annual Revenue from Tolling and number of inland toll stations, 2013 to 2019



Source: Ministry of Housing and Infrastructure (2019) & NFRA (2020)

⁷ Government of the Republic of Zambia (GRZ) (2019) Eng. Mushota Outlines Toll Fees Collection, Retrieved from <https://www.mhid.gov.zm/eng-mushota-outlines-toll-fees-collection/>

⁸ Government of the Republic of Zambia (GRZ) (2019) Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2018, http://www.ago.gov.zm/reports/Main/Main%20Report_27_09_2019.pdf

⁹ National Road Fund Agency (2020) Media Briefing on the 2019 Annual Report: Lusaka

The data shows that as the number of tolling stations increased, so too did the aggregate revenue. Figure 3 shows that toll revenue was only K44.4 million in 2013 at the commencement of the programme. For the period 2013 to 2015, when tolls were being collected by the RDA, the revenue collected was less than K450 million per annum. In 2016, the RDA appointed the NRFA to collect tolls, the revenue collected from tolls increased to K464.78 million, after the operationalization of 2 inland toll plaza. In 2017 and 2018, the government scaled up to 9 inland stations and 12 inland toll stations respectively. Annual revenue increased from K667.66 million in 2017 to K939.71 million in 2018. In 2019 alone, the government increased the number of collection points to 34, including 10 ports of entry and 24 inland toll stations. This increased the revenue to K1.2 billion in 2019⁹

By end of December 2020, 36 tolling stations, comprising 26 inland toll stations and 10 ports of entry, contributed to toll fees revenue. A press statement by NRFA indicates that, representing a collection performance of 94 percent, a total of K1.551 billion in tolls revenue was collected in 2020 against the budgeted collection of K1.641 billion. The discrepancy between the budgeted amount and actual collections is explained largely by the effects of the Covid-19 pandemic when containment measures which reduced traffic flows were implemented. Nevertheless, the collected amount represented a year-on-year growth of 28% growth in tolls revenue compared to the K1.212 billion collected in 2019 mainly due to commissioning of new toll stations and the implementation of the statutory instrument 74 of 2020 which provides for collection of tolls at inland toll stations from foreign registered vehicles. The immediate revenue impact of SI 74 has been an increase in toll revenue of about K20 million per month.

While toll fees collected have risen substantially since the intensification of the National Road Tolling Program, a perspective on their contribution to the national budget in general, and the road sector allocation in particular, is instructive. For 2020, the Government envisaged to spend K106 billion as its National budget, of which K10.5 billion (about 9.9 percent of the National Budget) was allocated towards Road infrastructure. The total revenue from tolls is equivalent to only 1.5 percent of the National Budget and only about 15 percent of the budgetary allocation to Road Infrastructure. This type of analysis brings context and can inform perspectives laden with ignorance about the contribution of tolls to the National Budget.

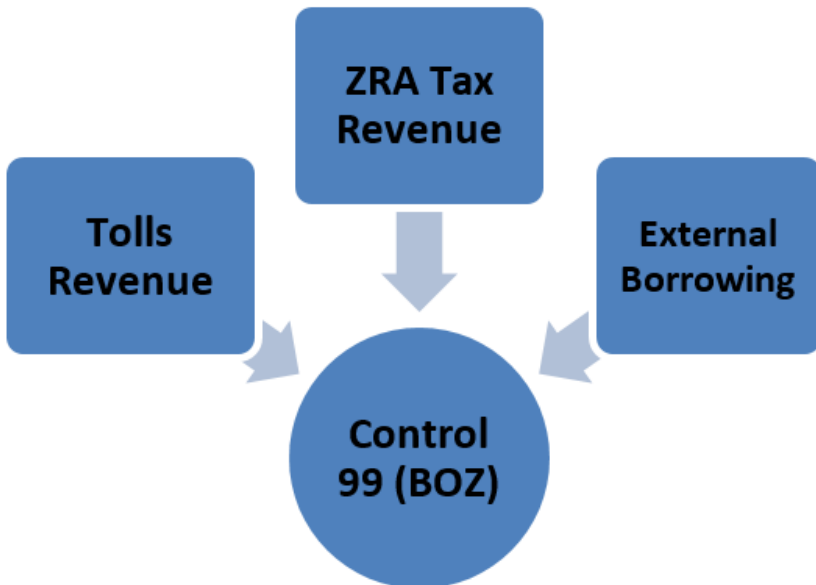
Stage 2: Ministry of Finance Consolidation

The revenue collected from toll stations throughout the country is deposited into the Treasury Consolidated Account, informally termed control 99, and is thereafter sent to the NRFA by the Ministry of Finance. The TSA System seeks

to improve the Government's ability to efficiently and effectively manage public financial resources by refining current payments processes and eliminating redundant procedures between itself and its clients.

The TSA system comes with advantages such as the elimination of idle balances in commercial banks and reduction in the costs related to maintenance of numerous accounts, improvement of cash analysis, reduction of unnecessary Government borrowing through short-term bridge financing, and elimination of unethical practices of Government borrowing its own money through treasury bills and bonds bought by Commercial Banks from BOZ using Government's idle balances.⁶ Although there are several variants of the TSA structure, they can be broadly grouped into two categories: centralized and distributed TSA architectures. The Zambian TSA system is a purely centralized arrangement; one in which all revenue and expenditure transactions of the government pass through a single account maintained with the Central Bank.¹⁰

Figure 4: Flow of Funds into TSA system



Source: Developed by Author

¹⁰Pattanayak, S. and Fainboim, I. (2010) Treasury Single Account: Concept, Design, and Implementation Issues, IMF Working Paper, WP/10/143

The use of the TSA system presents a significant limitation to effective tracking of the Tolls revenue collected in Zambia. Even though the NRFA reports that the money the government sends in accordance with their budget is always more than the tolls collected during the year, there is no way of knowing whether these funds are actually coming from another source. It is very likely that tolls revenue may be utilized for another function such as debt servicing during the previous year and then MOF sources for funds from say taxes or external borrowing to disburse to NRFA. That is, the pooling of public resources from various sources into one basket makes it impossible to tally the source of funds to the designated use.

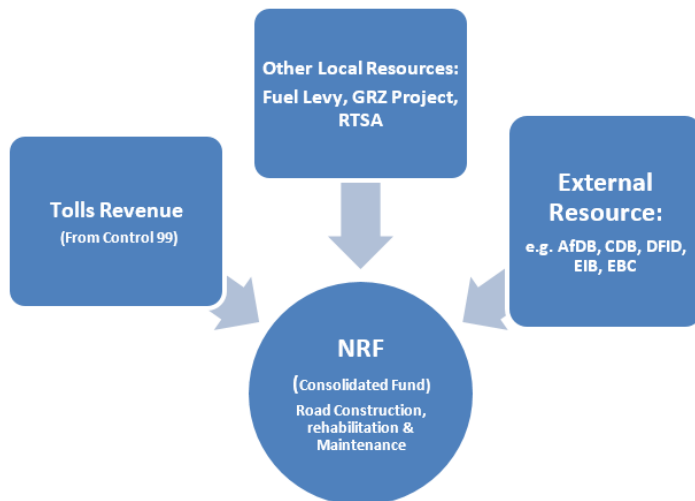
Stage 3: National Road Fund Consolidation

The critical question, after establishing that the government can potentially misallocate revenues from tolls through the TSA system, is whether NRFA has been receiving funds from the Ministry of Finance, equivalent to the tolls collected-regardless of the actual source of the funds. It should first be noted that the NRFA's Fund Management Department is responsible for the tracking of funds from collection points, ring fencing the Road Fund, control of its usage, and later disbursing these funds to the intended contracted road works and road transport services.

The following were noted about the operations of the NRFA consolidated Fund for Road Construction and Maintenance:

- (a) There are two broad sources of Funds: These are Local Resources and External resources: local resources are from Tolling Revenue, Fuel Levy, Other Road User Charges (ORUCs) and Government of the Republic of Zambia (GRZ) through Project Direct Allocations, while External Resources are from various Cooperating Partners (CPs)
- (b) Both sources can be used for Maintenance: NFRA asserts that both external and local resources can be dedicated towards the routine and periodic maintenance of the road network. Furthermore, external resources can be dedicated to the construction of new roads.
- (c) GRZ funds "National Interest" Projects: The GRZ Project Direct Allocations, which is part of local resources, also provides funding for the rehabilitation, upgrading and new construction of road projects that GRZ selects each year under national interest.

Figure 5: Flow of Funds into National Road Fund Agency (NRFA)



Source: Developed by Author

In 2017, the Road Sector Annual Work Plan (RSAWP) had a total budget of K8.62 billion, comprising 34% external financing as Loans and Grants, 31% from local resources in the form of direct GRZ funding from the Treasury and the Road Fund. The latter amounted to 2.67 billion, of which the full amount of tolls collected of about K670 million was remitted to the NRFA by the government¹¹. Furthermore, NRFA also received income of about K770 million as fuel levy, and K125 million as government grants. It was also reported in 2019 that, out of the total road sector budget of K6.45 billion, government remitted a total of K2.7 billion to the NRFA, more than the tolls and fuel levy revenue collected during the year.

Stage 4: Tolls Revenue Utilization under NRFA/RDA

According to the Tolls Act of 2011, toll fees or other charges imposed for the use of a toll road and collected by the Agency, i.e. RDA or NRFA, shall form part of the Road Fund and shall be used exclusively for the construction, maintenance and rehabilitation of roads, while the NRFA Act of 2002 also validates that “road user charges” including fees levied by the Agency under the provisions of the Act are for construction, rehabilitation and maintenance of roads.

¹¹ National Road Fund Agency (2018) 2017 Annual Report, retrieved from <http://nrfa.org.zm/wp-content/uploads/2019/01/Annual-Report-2017.pdf>

This therefore implies the following:

- (a) It is illegal to use tolls revenue for other purposes: The Ministry of Finance, the National Road Fund Agency and Road Development are required by law to use revenue from tolls exclusively for road projects. It is therefore illegal to utilize toll revenues for debt servicing or other purposes.
- (b) Tolls are not exclusively for road maintenance or rehabilitation: The revenue from tolls can also be used for road construction as opposed to only maintenance and rehabilitation.

In line with these provisions, NRFA is well within its mandate to pool resources from fuel levy, government project grants, other local user charges and external resources into one fund since they are all earmarked for road projects. Even though it has been established that about K4 billion has been collected from road tolls since the programme began in 2013, it is difficult to clearly identify which exact projects benefit from these funds.

It should however be noted that the majority of contracts awarded by NRFA are for road maintenance and rehabilitation. In 2017, 367 projects out of the total 442 projects, about 83 percent were for road maintenance, rehabilitation and upgrading, with road maintenance accounting for about 57 percent of the total projects. In terms of resource allocation, projects for rehabilitation, upgrading and construction continue to take up a considerable portion of the annual budget.

7. Stakeholder perception and Challenges of the NRFP

In order to gather stakeholder perceptions on the collection and management of toll fees, we interviewed various managers at specific toll stations across the country and taxpayers at these toll stations. Furthermore, views were also collected from local councils, civil society organizations and other concerned organizations. This section presents some of the key issues drawn from these perceptions and addresses how the government can deal with the critical challenges facing the NRFP.

The perceptions of the NRFP were obtained from road users around Michael Chilufya Sata Toll Plaza, Shimabala Toll Plaza and Chongwe Toll Plaza. The data was collected from 59 participants split across different locations and categories.

Bus and Taxi Associations

Chongwe

Members of the Bus and Taxi Association of Chongwe that were interviewed expressed ignorance concerning usage of the revenues collected from toll gates. The impression of most respondents was that the government was making a lot of money through the road tolling programme. They complained of reduced daily cashing due to amounts being paid at toll fees. They noted that it was a good idea, but they however needed to know how the money was being spent.

Ndola

The provisional chairman of the Bus Association of Zambia for the Copperbelt Province was of the view that the money was not being spent on maintaining and constructing roads as the roads were in a deplorable state and had no proper signage and drainages. *“The money is being channelled somewhere else. The tolling program is a good move. There is need for Zambia to be developed by Zambians, but we don’t want to sacrifice our money through different charges without seeing where the money is going. As such there should be a report to show how the money is spent”*

Motorists across the study sites

The following are some excerpts from the interviewed motorists in the study areas:

“I do not know but I think the money is being misused, people need to be transparent” Chongwe resident

“What is presented in parliament and what I see in the communities are two different things. There is no fiscal discipline. There is a need to make laws stronger on accountability. We do not see benefits of paying tax. There is a need for the government to get rid of taxes embedded in fuel. Most people do not know about the road tolls and what they are about because it is a deliberate move by the government. It’s easier to rule over ignorant people” Chongwe resident

Most had no idea where the money was going but there was a general sense of mistrust as most people felt that the money was not being used accordingly.

“These guys “upstairs” are stealing our money. We do not trust them. I think the money is being pocketed by individuals who work at the toll gates” Kafue resident

"We have really made these people rich. The money is being collected from people who are already poor". Kafue resident

"The program would have been a success if most roads that were being constructed were roads that would help boost trade in many areas" Ndola resident

"The idea is good. Let us channel the resources released from the toll gates to their intended purpose which is road maintenance and opening up new roads unlike using the money to pay back euro bonds and paying civil servants" Ndola resident

"It is not clear how the money is used and how much is raised" Ndola resident

The Business Community

Kafue

The business community in Kafue knew that they were required to pay when they reached the toll gate but did not know what they were paying for and why. This gave room for speculations arising from rumours among the business community. For instance, people were of the view that the toll fees were being used to pay council workers and that the government was getting money and using it to do other things. Another speculation was that there was too much corruption at toll plazas. Other respondents felt that the program was working for people in government and not the general public. Some people simply felt that there wasn't enough information for the public to know whether the program was working or not. However, the majority of the people felt that the toll gate program was working accordingly. Furthermore, some respondents showed appreciation for the fact that the program had created jobs and had also been used to construct some roads e.g., Mazabuka Road. A popular recommendation among respondents was that motorists shouldn't pay road tax and toll fees at the same time.

Chongwe

Information on toll gates was scarce around the business community in Chongwe. The general consensus was that their businesses were affected by paying toll fees. The respondents had an idea of the fact that the money from toll gates was used for road construction or maintenance. Furthermore, they expressed ignorance on what the toll plazas were for.

Ndola

Some business owners in Ndola thought that they were only charged when they carried goods. “From what I hear, people pay money, for example if you have some property and you are passing there, they will charge you.” While others were not able to feel the impact of paying toll fees, one respondent indicated that paying toll fees had resulted in him making losses due to increased operational costs. When asked if they had seen positive changes in the roads, these were some of their responses:

“The roads where I usually pass have been maintained, I can’t lie”

“Recently, I have seen positive results of roads being worked on. It is a beneficial thing to the country”

Lusaka City Council

Toll gates have negatively affected businesses. The council representative indicated that most people did not understand how the money was being utilized for service delivery. The implementation of N RTP does not involve the council yet they are the ones who provide the services. The council recommended that the program should be done hand in hand with the council in order to see meaningful results.

Chongwe City Council

Toll gates have negatively affected businesses in some way. People in the transport business have to inflate their fares because of the extra cost they incur from the toll gates. The council does not play any role when it comes to managing the toll gates. The tolling programme is working fine just the way it is and there is no need for the council to get involved.

Civil Society Organisations

A representative from Oxfam Zambia had no idea how the money was being used but they indicated that there were unsubstantiated reports that it was being used to pay civil servants’ salaries. Oxfam was of the belief that the cost of paying toll gates was being passed on to the customer who was an already burdened taxpayer. It is however a good initiative that could be used to generate all the money needed to upgrade all roads as well as repair the damaged ones. They however feared that the toll fees were not being used for their intended purpose. On the other hand, a representative from Caritas Zambia felt that toll fees had not really affected the business community except it had increased

the number of taxes that they had to pay. Some of the recommendations were that:

- All monies to be deposited in road infrastructure account only and not a consolidated account.
- Government should help people understand what the tolling program is about and that they need to create some kind of reporting system that can be done through platforms like Smart Zambia. This would create trust, support and confidence from the people.

General Summary

While most motorists acknowledged the fact that the road tolling program was a good initiative, the respondents also indicated that the need for better accountability and transparency was cardinal. Other than this, there was a very strong dependence on hearsay which in the process brought out a lot of hostility and resistance towards the road tolling program.

Most people also expressed concern on the short distance in which the toll gates are mounted as well as the cost of toll fees. The argument for most respondents was that since the distance between the toll plazas was short, there was a need for reduced fees instead. In the same vein, other motorists felt that what was being collected was more than what was required; others felt like the toll gates were just too many, and lacked transparency and credibility. Some respondents were of the view that road tax should be reduced as it was too expensive and other respondents were of the view that the discounts given after 10 passes did not make sense.

7.1 Road user compliance and reception

The NRFP initially experienced some resistance from road users in terms of compliance. At some toll gates, some motorists were reported to have refused to comply while others complained that they didn't have money to pay. There are two main constraints to increasing compliance. Firstly, a number of road users believe that they are already paying road tax and thus consider toll fees as double taxation for the same purpose. Secondly, as held by the vast majority of road users who support the program, the amounts seem to be too high and are being requested for at multiple stations from the same road user. Government should therefore either reduce the rates or introduce receipts which can be valid at multiple toll gates.

7.2 Utilization of revenue from tolls

In terms of utilization, a number of stakeholders demonstrated a clear understanding of what the revenue from tolls are supposed to be used for. They however believe that the funds are not being correctly utilized because a number of roads are not being maintained or rehabilitated. Some taxi drivers add those roads such as the Ndola-Kitwe Road, which were recently constructed, are being damaged quickly. This has therefore raised concerns about the quality of road construction and maintenance. Furthermore, it has also been observed that NRFA does not state when a road is being constructed or rehabilitated using toll fees. This makes it difficult for taxpayers to appreciate the benefits of paying toll fees. Some members of the general public requested the government to improve on transparency in order to win people's trust by showing that the program is serving its purpose.

7.3 Main Challenges and Prospects

The majority of toll stations reported to have no challenges regarding safety because they have adequate safety measures. In addition, there are also no challenges with power cuts since they have backup solar installation or power generators. This facility is important because all the toll gates are supposed to send live real-time video feeds to Lusaka for monitoring. However, the backup power is only able to power necessary items and thus compromises operations during times of power outages.

7.4 Overall Program Performance

According to managers at the toll gates, the NRFP's performance has been excellent since it is one of the most successful government-driven programs. There has been an increase in revenue collections and the whole implementation strategy has improved. Other stakeholders such as business community members however believe that the introduction of toll fees have resulted in losses since the fees have now been incorporated into their costs. On the other hand, they do not see any change, especially around places where the toll gates have been stationed in terms of improved standards of roads. They therefore suspect that the money is being used for other activities and not road maintenance or rehabilitation.

8. Policy Recommendations and Conclusions

This study sought to track the utilization of tolls fees in Zambia and to establish whether the funds from tolling are being managed according to legal provisions. Even though it has been established that about K4 billion has been collected from toll stations between 2013 and 2019, and a further K1.55 billion in 2020, the current management of funds, though within the legal provisions, present a limitation to establishing whether the funds have indeed been utilized for road maintenance and/or rehabilitation. In light of these finding, ZTP makes the following recommendations:

1. Government should increase public sensitisation on the management of toll fees in Zambia. The general public continues to hold the view that the money collected from toll stations is more than sufficient for road construction projects-an assertion which is incorrect.
2. The Ministry of Finance and National Road Fund Agency (NFRA) should clearly separate the revenue collected from toll fees for improved management. There are a number of other variants of the TSA system which would enhance the management of tolls revenue in Zambia instead of a single consolidated account.
3. There is a need to amend the Tolls Act and NRFA Act in order to exclusively dedicate tolls revenue to road maintenance and rehabilitation projects. Under the current legal framework, revenue collected from tolls can also be used for road construction. The use of tolls exclusively for road maintenance and rehabilitation can improve management and transparency.
4. NRFA should prioritize the maintenance and rehabilitation of roads where tolls are being collected in order to encourage public compliance and ownership. The implementation of the Road Toll Maintenance Programme (RoToMaP) which involves the pothole patching, road markings and signage and construction of speed humps on the tolled roads and adjacent township roads connecting to tolled roads should be upgraded to include road rehabilitation.
5. Drawing from the growing policy demand for decentralization, the Zambia Tax Platform recommends that the local authorities coordinate with RDA and NRFA to determine where funds should be allocated on a needs basis for road infrastructure development and maintenance. and maintenance.



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