



The Road Transport and Safety Agency

2020 ANNUAL REPORT







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2020 ANNUAL REPORT

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Acronyms

BRTA	Bilateral Road Transport Agreement
CBP	Cross Border Permit
CDC	Curriculum Development Centre
CEO	Chief Executive Officer
DPP	Director of Public Prosecutions
E-ZamTIS	Electronic Zambia Transport Information System
GRSP	Global Road Safety Partnership
IC	Information, Communication and Technology
IDP	International Driving Permit
LMIC	Low and Mid Income Level Countries
MDVL	Motor Dealer Vehicle Licence
MLGH	Ministry of Local Government and Housing
MoU	Memorandum of Understanding
MV	Motor Vehicle
NRFA	National Road Fund Agency
PSV	Public Service Vehicle
RDA	Road Development Agency
RISDP	Regional Infrastructure Strategic Development Plan
RMI	Road Management Initiative
RSA	Road Safety Audit
RSI	Road Safety Inspection
RSL	Road Service Licence
RTA	Road Traffic Accident
RTC	Road Traffic Crash
RTI	Road Traffic Inspector
RTSA	Road Transport and Safety Agency
SADC	Southern African Development Community
SCCM	System Centre Configuration Manager
SCOM	System Centre Operations Manager
SI	Statutory Instrument
UN	United Nations
ZamTIS	Zambia Transport Information System
ZITF	Zambia International Trade Fair
ZP	Zambia Police



Board Chairman's Message

Board Chairman's Message



On behalf of the Board of Directors (the "Board") of the Road Transport and Safety Agency (the "Agency"), I am delighted to present the Annual Report for the Year Ended 31st December 2020. As with many institutions, the Coronavirus-19 (COVID-19) global pandemic presented significant unforeseen challenges to our operations. I am pleased to report that the Agency adapted well to the challenges. Internally, the Agency adopted the recommended Ministry of Health COVID-19 protocols including implementing a rotation of staff with some working from home, without significant negative impact on staff welfare and our customer service or efficiency. Externally, the Agency assisted in a coordinated governmental response to tackle the cross border spread of COVID-19 through road travel and transportation.

Our strengthened Board and Agency Senior Management Team (SMT), led by the Director and Chief Executive Officer (CEO), Mr. Gladwell Banda, have demonstrated professional leadership, and for this, I extend my sincere gratitude. The Board

confirmed Mr. Gladwell Banda as the new Agency Director and CEO and also appointed five new senior management staff (including three women) to lead key departments. Thanks to the new team members' quick acclimatisation and unwavering efforts of the SMT, we were able to cope with COVID-19 and strongly position the Agency with innovative tools and capabilities we need to achieve our vision of delivering 'A safe, inclusive and economically enabling road transport system' for Zambia.

SUCCESSFUL EXECUTION OF STRATEGY

Despite the global uncertainty occasioned by the COVID-19 pandemic that has negatively impacted the transport sector, the Agency remained focused on the continued implementation of the 2019-2021 Strategic Plan's (the "Plan") six objective areas. The Board is proud of the progress made in multiple areas of our operations represented in expanded service outreach to underserved regions, growing public confidence in our service delivery and of the important contributions the Agency is making to Zambia's socioeconomic development.

In the year under review, His Excellence the President of the Republic of Zambia Dr. Edgar C. Lungu challenged the Agency to improve road safety in the face of multiple fatal road traffic crashes. Emulating countries such as Sweden, that have championed the Safe System approach (through the 1990s Vision Zero Policy), the Agency is responding to the challenge of traffic injuries and fatalities by working towards strengthening road safety management.

With 853,909 registered vehicles, 28,484 crashes and 1,690 fatalities in 2020, road traffic related mortality in Zambia is high, even when compared regionally. This picture translates into 334 crashes per 10,000 vehicles or, on average, 141 fatalities per month during this period. Despite the dire situation, Zambia is starting to record a reduction in the number of fatalities moving towards some stability in road traffic crashes, fatalities and injuries. In 2019, for example, Zambia recorded 30,648 road traffic crashes countrywide, with 1,746 road traffic fatalities. Fatalities are, however, still high on Zambia's roads.

With the interventions that the Agency built into the current Plan and the transformative efforts to rethink operations, we are confident in the direction we have taken to address road traffic crashes. The Plan has enabled us to navigate the current uncertainty with confidence and rigour. The Agency will bring the Plan to a close as intended in 2021. We will develop a follow-on five-year Plan (2022-2027) that consolidates the progress made thus far, and excites even greater resolve to making Zambia's roads safer and substantially mitigating crashes.

FINANCIAL PERFORMANCE

The COVID-19 pandemic affected RTSA's financial performance as most transporters reduced their movements. The Agency collected K1,415 million million for all revenue streams in 2020 against the Yellow Book target of K1,447 million (representing a 98% collection of the target revenue). The Agency collected K541.8 million million as road user fees (compared to the Yellow Book target of K668.6 million) representing 81% of the targeted total revenue. The total revenue collected as road user fees of K538.4 million in 2020 represented a nominal growth of 7% over the K505.8 million collected in 2019.

During the period under review, the Agency introduced an online payment platform, on the Government Service Bus (GSB) launched on May 17, 2020. The platform has made it easier for the public to access RTSA services from the convenience of their homes and offices. For the first time in the fourth quarter of 2020, the Agency did not extend the deadline for road tax payment. The online service innovation also received recognition from the Institute for Finance and Economics (IFE) Zambia as it presented the Agency the E-Commerce Innovation of the year 2020 Award.

The GSB has resulted in a huge cost saving of over K20 million (or equivalent of 18% of payroll costs) in 2020 as the Agency has cut out annual procurements of security paper for printing road tax and fitness discs. The automation of RTSA services will increase revenue generation as payment for Agency services are made easier. Furthermore, automation will not only reduce procurement costs but result in reconfiguring Agency operations and allocation of human resources.

The Agency's positive financial performance happened against a background of an extremely constrained fiscal position. While the Agency

received K112.2 million (making 100%) in grant funding allowing it cover its payroll costs, the Annual Work Plan (AWP) received K227.6 million against the budgeted K320.0 million (representing 71% disbursement of the total AWP budget). The shortfall in funding together with disbursement delays had a huge impact on most of the Agency's planned operations.

Funding challenges are also posing a threat to the Agency's viability. The Agency's debt position for goods and services contracted and outstanding gratuity stood at K330 million as at 31st December 2020 compared to K289 million in the previous year. This shows that the situation is getting worse as the Agency incurred more debt in 2020. In the quest to manage the debt burden, the Agency has adopted a strategy of servicing the oldest commitment first.

Currently, almost 10% (or K33 million) of debt relates to goods and services contracted in 2016. The prolonged failure to clear debt is harming the Agency's credibility and puts businesses in financial jeopardy. It is important that the Agency can find a sustainable financing approach, preferably receiving funds directly from treasury. This requires recasting legislation to enable the Agency retain some funds for operational purposes.

BOARD AND GOVERNANCE

The Board accomplished its 2020 business as planned and within budget. Key activities included conducting all scheduled Board meetings, confirming the CEO and new senior management staff and undertaking station inspection visits. The Board also participated in a road safety audit that has provided input into a bold effort to improve the Agency's road safety work through the proposed Zambia Road Safe Corridor Initiative (ZRSCI).

The ZRSCI is targeted to improve road safety management through a collective response in addressing road traffic crashes on the national highways. The combination of visits, including those of the Chairpersons of road sector agencies (Road Development Agency, National Road Fund Agency and RTSA), has given fresh impetus to rethinking the Agency mandate and the Board's oversight responsibilities especially related to risk management and value addition.

As the Board's primary responsibility to stakeholders is to ensure that we have the necessary expertise to meet our oversight responsibilities and add value to the board's deliberations, we welcomed

Director Charles Mafumo and Director Foster Chileshe. Director Mafumo comes from the Health Profession Council of Zambia a statutory regulatory body established under the Health Professions Act No. 24 of 2009 of the Laws of Zambia. Director Chileshe is involved with the Passenger, Pedestrian and Cyclist Association of Zambia (PAPECA) a civil society organisation involved with road safety. The Board is already benefiting from both directors' experience. The diversity of Board's directors ensures that we are meeting the needs of all our stakeholders.

STAKEHOLDER ENGAGEMENT

Regular engagement, dialogue with and feedback from the Agency's stakeholders are important to our success and a core element of our operational model. Understanding stakeholders' views informs and assists our decision-making processes and helps drive progress towards the achievement of our overall strategy. In keeping with the key stakeholder groups, their interests and how we engage with them, the Agency met consistently to address various issues with transport associations, driving schools and civil society organisations involved with road safety.

Each stakeholder group requires a tailored engagement approach to foster effective communication and attain mutually beneficial relationships. A key result of such engagement in 2020 is the signing of a Statutory Instrument (SI) that extended the validity of Public Service Vehicle (PSV) licenses from one to three years reducing the cost of doing business for the transport sector.

For this, and other broad Agency achievements, appreciation goes to the Minister of Transport and Communication Hon. Mutotwe Kafawya, at the Ministry of Transport and Communication, for his support and policy stewardship in the year under review. The Board is keen to ensure that the Agency contributes to the attainment of the 2019 National Transport Policy goal of making the country a transportation hub enabling economic growth through the efficient transportation of people, goods and services.

We also thank our other stakeholders, including sister road sector agencies (RDA and NRFA), local authorities, Zampost, Zambia State Insurance and ministries that are party to the Memorandum of Understanding on Road Safety and private sector partners, for their steadfast cooperation in supporting the Agency's work and ensuring safety on Zambia's roads.

YEAR OVERALL AND OUTLOOK

Despite the negative effects of the COVID-19 pandemic, 2020 is a vastly successful year in terms of delivering on our strategic priorities and efforts to improve the Agency's performance. While we are pleased at how the Agency has progressed, it still remains unclear how COVID-19 variants and potential future waves will affect performance in 2021. Ominously, the Agency's growing debt overhang will, if not pegged back, escalate beyond debilitating as suppliers cut off services due to failure to meet contracted costs.

On the positive side, because clients are embracing service innovations and carrying out more transactions online coupled with the Agency's efforts to expand reach through outsourcing arrangements, there is a healthy confidence that we will safeguard and consolidate the progress made in 2020. The Board and SMT believe that we have applied the right policy solutions and created opportunities for consolidation of the progress made.

In the year ahead, the Agency will accelerate reforms and launch rigorous initiatives anchored on actualising the Safe System approach, expanding smart solutions and strengthening the evidence basis of decision making. For the Board, it will play its part in enabling recovery as the transport sector and economy at large recuperates from the effects of the COVID-19 pandemic. We remain confident in the long-term prospects for the Agency given the combination of an ambitious strategic direction, a strong organisational basis, and significant opportunities for service innovation.

Finally, I thank the CEO and Director Mr. Gladwell Banda and the SMT for their efforts in attaining set goals in the current Plan. We all appreciate the dedication, skills and professionalism of the SMT and Agency employees at large. Many thanks to my Board colleagues for their considerable contribution helping the Agency recover from legacy matters and setting it on a trajectory to address long term strategic issues.



Dr. Cornelius Chipoma

Chairman



Director and CEO's message

Director and CEO's Message



It is with great pleasure that I present to you the Road Transport and Safety Agency (RTSA) Annual report with audited financial statements for the year ended 31st December, 2020, as a requirement by the Road Traffic ACT No. 11 of 2002.

The year 2020 marked the second year of implementing the 2019-2021 strategic plan whose aspiration is to deliver a safe, efficient, client focused and inclusive road transport system which supports socio-economic development. The Agency continued to perform its functions as espoused in the Road Traffic ACT No. 11 of 2002, as well as strategic plan objectives anchored on six focus areas namely; improving road transport and safety, improving agency brand, improving service delivery, enhancing stakeholders, Collaboration improved revenue collection and strengthening Organizational capacity.

Road transport has in the recent past dominated the transport sector in Zambia accounting for a large proportion of passenger and freight traffic. Therefore road transport plays a critical role in urban and rural development.

This edition of the report has outlined the performance of the Agency by highlighting the major achievements scored in the implementation of 2020 strategic plan activities. In 2020, a number of innovations were made in the manner the Agency conducted its business.

The Covid-19 pandemic is one of the symbolic structural restraints that has inhibited Zambia's economic growth during the year 2020. The road transport sector was not spared by this economic downturn resulting from the effects of the Covid-19 pandemic. There was a significant decrease in motor vehicle first registration transactions compared to the previous year due to disruption of the Global Supply Chain as a result of the COVID-19. Conversely, there was a considerable increase in motor vehicle change of ownership transactions indicating that motor vehicles were purchased from the local market as it was not economically viable to buy vehicles from the foreign market due to unfavourable exchange rates against major currencies to the local currency.

During the year under review, the Agency devolved some of its services to local authorities to improve service delivery by taking its services closer to the people. The Agency outsourced motor vehicle licencing, roadworthiness certification and physical inspections to six Local Authorities namely Kabompo, Mwinilunga, Kafue, Mumbwa, Nyimba and Lundazi. The Agency further open three new stations in Serenje, Mokambo and Petauke districts. This increased the Agency

footprint and accessibility to regions were the Road Transport and safety Agency was not presented.

The year under review is marked as a pivotal moment towards digital transformation of the Agency with the implementation of the online services and payment portal. The online services payment portal was a huge transformation in how the Agency provided services to the general public. The portal received accolades from the general public and improved the general public perception of the Agency brand. The online payment solution allows customers to make cashless payments for services through the web based online portal, mobile payments, debit cards, vendor terminals, e-Kiosks, electronic points of sale, and electronic bank transfers at their own comfort. The services that can be accessed from the online portal include Driver's Licence (Renewal and Duplicate), Roadworthiness Application ("Road Fitness Test"), Motor Vehicle Licence ("Road Tax"), Motor Vehicle Registration – Temporal Registration and Motor Vehicle Physical Examinations.

The Agency developed and rolled out the RTSA Mobile-App. The Mobile-App significantly changed how the Agency will be undertaking traffic law enforcement. The mobile App allows the verification of Motor Vehicle Licence certificates anywhere in the country where there is 4G network. The Mobile-App is able to scan the licence barcode, perform automatic number recognition and accept typed driver and vehicle registration mark.

The year 2020 marked the end of the 2011-2020 Global Decade of Action on Road Safety whose goal was to stabilize and then reduce the forecasted number of road traffic fatalities by 50% by 2020. Although the Agency did not meet the goals of the Global Decade of Action, road safety, the Agency managed to stabilise road traffic crashes and reduced fatalities up to 48% compared to the global target, suggesting that various measures and interventions that were put in place by the

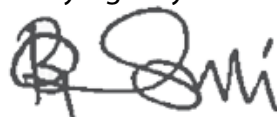
Agency and various stakeholders on road safety produced desired results. Among the notable innovation on road safety during the year was the full implementation of the Global Positioning System (GPS) on long distance buses to monitor speed.

Despite these achievements, the Agency had the challenge of inadequate Annual Work Plan (AWP) budget funding for operations. The AWP budget was only funded to the tune of 71%. The inadequate funding led to several challenges which include, but are not limited to the following; increased debt burden on amounts of money owed to suppliers for goods and services and failure to implement planned activities.

Suffice to state that I am cheered up by the Agency's ability to deal with the challenges faced in 2020 as we were able to deliver on the Agency's mandate amid inadequate funding and COVID 19 pandemic. This achievement is premised on the commitment to duty by the entire staff in the Agency who focused on implementing the strategic plan.

I would like to extend my sincere word of gratitude to the Government of the Republic of Zambia, through the Ministry of Transport and Communications and RTSA Board of Directors for the ongoing oversight and guidance to the Agency. Let me also give special tribute to the entire RTSA staff who are the key assets of the institution and stakeholders for the immense support in achieving our vision for a safe, inclusive and economically enabling road transport system during the year under review.

I invite you to read the Road Transport and Safety Agency 2020 Annual report.



Gladwell Banda

Director and Chief Executive Officer

Board of Directors



Dr. Cornelius Chipoma
Board Chairperson



Mr. Daniel Kampilimba
Vice Board Chairperson



Eng. Misheck Lungu
Director



Ms. Mumeka Walumweya
Director



Ms. Foster Chileshe
Director



Mr. Henry Nkhoma
Director



Ms. Lombe Kamukoshi
Director



Ms. Mwenya Bwalya
Director



Mr. Patrick Malindi
Director



Eng. Wallece Mumba
Director



Eng. George Manyele
Director



Mr. Charles Mafumo
Director



Mr. Gladwell Banda
Board Secretary

Senior Management



Mr. Gladwell Banda
Director and CEO



Mr. Joseph Mumba
Deputy Director Transport



Eng. Alinani Msisya
Deputy Director Safety



Mr. Brian Sikute,
Head Information and
Communication Technology



Ms. Vivian M. Mupunda
Head Internal Audit & Risk
Management



Ms. Mundi C. Mwanza
Head Human Resource and
Administration



Mr. Progress Saiwana,
Head Finance



Ms. Janet Mumba,
Procurement Specialist



Mr. Aaron Tembo,
Legal Counsel



Mr. Chunky Kanchele
Head Planning, Research
and Development



Mr. Fredrick Mubanga,
Head Public Relations



Corporate Governance



1.0 Corporate Governance

1.1 Introduction

The Road Transport and Safety Agency (RTSA) was established by the Road Traffic Act No. 11 of 2002 as a body corporate with perpetual succession and a common seal. The Agency is mandated by the Road Traffic Act No. 11 of 2002 to implement and coordinate road safety programmes that are aimed at reducing the likelihood and impact of road crashes. The Agency is also mandated to undertake activities relating to road transport and traffic management. Further, the RTSA has become a substantial contributor of Government revenue to the Road Fund being the highest non-tax revenue collector in the country.

1.2 Corporate Governance

The Agency's corporate governance structures are premised on transparency, responsibility, accountability and integrity. The roles of Government, the Board, Management and staff are well defined to avoid any possible conflict of interests.

1.2.1 Committee of Ministers on Road Maintenance Initiatives

The Agency reports to the Committee of Ministers on Road Maintenance Initiatives (RMI) which comprises of the Ministers responsible for:

- i. Transport and Communications;
- ii. Finance;
- iii. Justice;
- iv. Local Government;
- v. Housing and Infrastructure;
- vi. Mines, Energy and Water Development;
- vii. Agriculture; and
- viii. Tourism and Arts.

These Ministers are assisted by Permanent Secretaries in their respective ministries.

1.2.2 The RTSA Board

The new Board was inaugurated in August 2019 after the term of office for the previous Board came to an end. The RTSA Board is appointed by the Minister of Transport and Communications under Section 5 of the Road Traffic Act No. 11 of 2002. The Board reports to the Committee of Ministers on Road Maintenance Initiative whose Chairperson is the Minister of Transport and Communications. The Board, in line with Section 5 of the Road Traffic Act No. 11 of 2002, consists of;

- i. a representative of the Pensions and Insurance Authority (PIA);
- ii. a representative of the Passengers, Pedestrians and Cyclists Association;
- iii. a representative of persons with disabilities recommended by the Ministry responsible for Community Development and Social Welfare;
- iv. a representative of the Chartered Institute of Logistics and Transport;

- v. a representative of the Passengers Transport Association;
- vi. a representative of the Truckers Association;
- vii. a representative of the Health Professionals Council of Zambia;
- viii. a representative of the Attorney-General;
- ix. a representative of the Ministry responsible for Transport and Communications;
- x. a representative of the Ministry responsible for Home Affairs;
- xi. the Director of the Road Development Agency;
- xii. the Director of the National Road Fund Agency; and
- xiii. One other person.

The Director and Chief Executive Officer (CEO) of the Agency is the Secretary to the Board. The Board is responsible for providing strategic direction to the Agency.

1.2.3 Audit and Risk Management Committee

The Audit and Risk Management Committee is chaired by a non-executive Director and consists of five other non-executive Directors. The composition of the Committee conforms to the requirement of the Public Finance Management Act No. 1 of 2018 of 2004. The Committee is responsible for reviewing the system of internal controls and procedures and ensuring that they are adequate. The Committee further ensures that a system of identifying and evaluating critical risk is in place and is frequently reviewed.

1.2.4 Technical Committee

The Technical Committee is chaired by a non-executive Director and consists of seven other non-Executive Directors. The Committee provides direction to the Agency on matters of road safety and coordination of safety programmes with stakeholders. The Committee also oversees the implementation of regulations relating to registration, examination and licencing of motor vehicles, trailers and drivers. It recommends to the Board for approval of short, medium and long term road transport and safety strategies. It also reviews proposed amendments to legislation before consideration by the Board.

1.2.5 Finance and Administration Committee

The Finance and Administration Committee is chaired by a non-executive Director and consists of five other non-executive Directors. The Committee oversees financial reporting, administration and procurement matters of the Agency and recommends improvements. The Committee also oversees processes of employee resourcing, remuneration, development and separations.

1.2.6 Senior Management

The Board, with the approval of the Minister of Transport and Communications, appoints the Director, who is the Chief Executive Officer of the Agency. The Board also appoints Deputy Directors responsible for road safety and road transport. The Director is also assisted by other senior management staff who include the Head Finance, Head Internal Audit and Risk Management, Head Information Communications and Technology, Legal Counsel, Head Planning, Research and Development, Head Human Resource and Administration, Head Public Relations and Procurement Specialist.

The offices of the Deputy Directors are assisted by Principals responsible for road safety engineering, road safety education and publicity and road traffic inspection. Others are Principals responsible for registration, licencing and examinations.

1.3 Corporate Plan

The Corporate Plan sets the Agency's strategic direction, priorities and enables the Agency to focus its energies and resources towards achieving set goals. The corporate plan consists of decisions, responsibilities, deadlines and key performance indicators that are aimed at shaping and guiding the Agency's day to day decisions with a focus on the future. The current Corporate Plan runs from 2019 – 2021 and centres on the following key areas:

1.3.1 Vision Statement

A safe, inclusive and economically enabling road transport system.

1.3.2 Mission Statement

To deliver a safe, efficient, client focused and inclusive road transport system which supports socio-economic development.

1.3.3 Core Values

The Road Transport and Safety Agency will conduct its business with the following values:

Service excellence: Endeavour to do better always.

Accountability: Taking ownership in all situations involved.

Fairness: Impartial and just treatment or behaviour to others.

Efficiency: Timely desired work output.

Confidentiality: Non-disclosure of private Information.

Integrity: A quality of honesty and strong moral principles.

Transparency: Openness/confident to share with clarity to others.

CORE VALUE ACRONYM – SAFE CIT

The six focus areas for the period 2019 – 2021 are:

- i. Road Transport and Safety;
- ii. Agency branding;
- iii. Service delivery;
- iv. Stakeholder collaboration
- v. Revenue collection and
- vi. Organisational capability.



Road Safety Department

2.0 ROAD SAFETY DEPARTMENT

2.1 INTRODUCTION

The Road Transport and Safety Agency is implementing its 2019 to 2021 Strategic Plan, whose vision is **“A Safe, Inclusive and economically enabling road transport system”** with the mission **“To deliver a safe, efficient, client focused and inclusive road transport system which supports socio – economic development”**. Strategic Objective Number One (SO1) of the Agency’s Strategic Plan calls for the improvement of Road Transport and has five strategic programmes of which four of them relate to the Agency’s road safety mandate as follows:

- i. Demonstrating leadership role in transport system and safety management;
- ii. Broadening road user education on safety;
- iii. Enhancing the safety of road infrastructure; and
- iv. Enhancing compliance through registration, examination and licensing.

A key focus under SO1 for the strategic period is to ensure that the Agency responds to dynamically expanding transport sector by ensuring improved policies in the development of road infrastructure by learning from on-going road safety audits and inspections and translating findings into improved standards and practices. The Agency will also intensify road safety education programmes and enhance enforcement activities to improve driver behaviours and lower traffic crashes. Success for SO1 will be reflected in the overall reduction of traffic infringements and most importantly, road traffic crashes and fatalities.

The following were the major activities undertaken by the Agency during the year under review;

2.2 ROAD SAFETY SCHOOL PROGRAMMES

Child pedestrians are the most vulnerable road users as they have a tendency to dash across roads when crossing. Those of school-going age are placed at a higher risk as a result of exposure to different traffic conditions as they move to and from schools unsupervised. The transport system and road environment is dangerous because children at that age tend to loiter or rather wander on the roads without taking time to understand the complexities of different traffic situations. They are also vulnerable as passengers because they have little or no control over the persons operating the vehicles they are in. It is against this background that the Agency through the Education and Publicity Unit conducted school road safety education activities in 2020 which were aimed at training and preparing children to become safety conscious road users through the following programmes:

2.2.1 Road Safety Clubs/Traffic Warden Schemes

During the year under review, the Provincial Officers visited a total number of 236 schools in order to monitor how the road safety school clubs and traffic warden schemes were performing as well as to check on how the schools are implementing road safety in the school curriculum. Some of these schools were provided with Road Safety materials which included t – shirts for patrons and club members, traffic wardens’ uniform, traffic cones, and School Manuals among others.

2.2.2 Road Safety Sensitisation in Schools

The Agency visited various schools to sensitise learners on road safety during the year under review. Table 1 shows that a total number of **20** schools were sensitised with **4,193** learners reached out.

Table 1: Learners sensitised in schools

S/N	QUARTER	NUMBER OF SCHOOLS	NUMBER OF LEARNERS REACHED
01	First	13	1,062
02	Second	Nil	Nil
03	Third	03	1,421
04	Fourth	04	1,710
	Total	20	4,193

The Agency did not conduct road safety sensitisations to learners at schools in the second quarter as indicated in Table 1 because schools were closed due to the COVID-19 Pandemic.

Figure 1 shows Agency staff conducting a road safety presentation to members of the Road Safety Club.



Figure 1: RTSA Education Officer conducting a road safety presentation to members of the Road Safety Club at Kayosha Day Secondary School.

2.2.3 Road Safety Supplementary Books

During the year under review, the Agency facilitated for the procurement of the printing of **125,900** copies of Road Safety Supplementary Books for schools. The Permanent Secretary – Technical Services, Dr. Jobbicks Kalumba received the books on behalf of the Ministry of General Education. The books were distributed to the Provincial Education Offices in all the Ten (10) provinces of the country by the Agency.



Figure 2: Handover of the Supplementary Books by RTSA to MoGE in Lusaka.

2.2.4 Road Safety School Park

A total number of **508** learners from 16 schools were sensitised on Road Safety at the Road Safety School Park during the year under review. The Table 2 below tabulates the number of schools and learners that were sensitized at the Road Safety School Park:

Table 2: Number of Schools and learners sensitised at the Road Safety School Park

S/N	QUARTER	NUMBER OF SCHOOLS	NUMBER OF LEARNERS REACHED
01	First	11	401
02	Second	Nil	Nil
03	Third	Nil	Nil
04	Fourth	05	107
	Total	16	508

The department did not conduct any sensitisations at the Road Safety School Park in the second and third quarters as indicated in Table 2 due to the COVID-19 pandemic and restrictions on public gatherings.



Figure 3: Sessions at the Road Safety School Park.

2.3 SENSITISATION AT INTERCITY BUS TERMINUS

During the year under review, the Agency conducted road safety sensitisation to passengers and drivers at Inter-City Bus Terminus as the buses exit the Terminus. The following stakeholders were engaged for the sensitisation:

- i. Zambian Road Safety Trust (ZRST)
- ii. Crime Prevention Foundation of Zambia
- iii. Monitors for Justice
- iv. The Commuter Magazine

Table 3: Intercity Sensitisation

S/N	QUARTER	NUMBER OF BUSES	NUMBER OF PASSENGERS REACHED
01	First	3,355	105,085
02	Second	2,612	74,127
03	Third	2,110	65,685
04	Fourth	Nil	Nil
	Total	8,077	244,897

The total number of buses reached out to in the year 2020 was **8,077** with a total number of passengers reached out being **244,897** as shown in Table 3.

2.4 ROAD SAFETY SENSITISATION ACTIVITIES

During the year under review, the Agency, conducted road safety sensitisations during various events. Table 4 below highlights the sensitisations that were undertaken with 5,178 road users reached:

Table 4: Road Safety sensitisation activities undertaken

S/N	ACTIVITY / ORGANISATION	NO. OF PEOPLE REACHED
01	PTA Annual General Meeting/ Mkandawire Primary School – Lusaka	120
02	Matero After Care Centre Open Day/ Ministry of Community Development and Social Services – Lusaka	30
03	Children Literacy Programme/ Lusaka National Museum – Lusaka	120
04	Zambia Police Service Day / Zambia Police - Heroes Stadium, Lusaka	2, 500
05	Women's and Youth Day Aerobics/ Kafue District Administration – Kafue	300
06	Cycling Competition/ Team Sups Community Cycling Club – Lusaka	1,500
07	Sensitisation of Drivers at Millennium Bus Station/ Capital Buses Company – Lusaka	300
08	Sensitisation of Drivers at Bus Stations and Taxi Ranks – Lusaka	308
	Total Number of People	5,178

2.5 WORKPLACE ORIENTATION

The Agency conducted road safety sensitisations in various organisations aimed at equipping their staff with road safety information in order to reduce road traffic crashes and promote good road user behaviour. The workplace orientation programme focused on road safety awareness and basic defensive driving skills. The Agency reached a total number of organizations 12 with a total number of staff reached out to being 446.

2.6 ROAD SAFETY CORNERS IN PUBLIC LIBRARIES

During the year under review, the Agency set up Road Safety Corners in three (3) public libraries only as most of the libraries were closed due to the COVID -19 pandemic. The following libraries had Road Safety Corners set up:

- i. Mtendere Public Library in Lusaka district.
- ii. National Institute of Public Administration (NIPA) College Library in Lusaka district.
- iii. Chipata Public Library in Chipata district.

The Agency provided the libraries with various road safety materials which included thematic brochures, the Zambian Highway Code and School Manuals.

2.7 PUBLIC EVENTS

2.7.1 Traditional Ceremonies

The Agency takes advantage of large gatherings such as Traditional Ceremonies to sensitise members of the public on Road Safety. During the year under review, the Agency participated at the N'cwala Traditional Ceremony of the Ngoni speaking people of Eastern Province of Zambia which took place on 29th February, 2020 at Mtenguleni Grounds in Chipata district.

The Agency conducted sensitisation of cyclists at Kapata Market and cyclist's vests were distributed to the cyclists. Reflectors were also placed on bicycles in order to increase their visibility. On the same day, an information kiosk was setup at the main arena at Mtenguleni Grounds where officers interacted with the members of the public and disseminated road safety information.



Figure 4: Sensitisations at Kapata Market and Mtenguleni in Chipata.

Prior to the ceremony, the Agency team led by Director and Chief Executive Officer, paid a courtesy call on Paramount Chief Mpezeni at his palace.

2.8 ANNUAL EVENTS

2.8.1 World Day of Remembrance for Road Traffic Victims

During the year under review, the Agency joined the rest of the world in commemorating the World Day of Remembrance for Road Traffic Victims. The event was under the theme **'Remember, Support, and Act'**. The Minister of Transport and Communications, Honourable Mutotwe Kafwaya, MP, launched this day on Zambia National Broadcasting Corporation (ZNBC) Television. The commemoration was conducted countrywide with Twenty – six (26) RTSA stations participating. Church services were conducted with support from the church mother bodies. During the countrywide commemoration, a number activities were conducted. These included testimonies from road traffic accident victims, sermons from the clergy, and intercessory prayers among others.

2.8.2 Road Safety Week

The Agency commemorated the Road Safety Week from 13th to 19th December, 2020 under the theme; **'Smart Technology to Reduce Road Traffic Offences and Promotion of Safe Driving'**.

The flagging off was held in Lusaka. The activities for the week were conducted in all the RTSA provincial centres which included road safety education and sensitisations, mobile licensing, radio programmes and painting of pedestrians crossing in selected areas.

2.9 ENHANCING THE QUALITY OF ROAD INFRASTRUCTURE FOR SAFETY AND INCLUSIVENESS

In order to contribute to the attainment of safer and inclusive roads, the Road Transport and Safety Agency (RTSA), through the Road Safety Engineering Unit, carries out Road Safety Audits (RSAs) and Road Safety Inspections (RSIs) and makes recommendations for safety improvement for all road users.

2.9.1 Road Safety Audits (RSAs)

A Road Safety Audit (RSA) is a formal procedure for independent assessment of the accident potential and likely safety performance of a specific design for a road or traffic scheme – whether new construction or an alteration to an existing road. The principle behind it is that 'prevention is better than cure'. A Road Safety Audit identifies any road safety deficiencies in the design stage and recommends ways in which these can be overcome. During the year under review, the Agency conducted twelve (12) RSAs.

2.9.2 Road Safety Inspections (RSIs)

A Road Safety Inspection (RSI) is a formal safety performance examination of an existing road. It qualitatively estimates and reports on potential road safety issues and identifies opportunities for improvement in safety for all road users. During the year under review the Agency undertook thirty-nine (39) RSIs.

2.9.3 Remedial Engineering Measures

In 2020, Agency undertook the following remedial engineering measures.

- i. Delivery of road marking paints and road signs to Lusaka City Council for the RTSA Ridgeway drivers' testing circuit;
- ii. Delivery of ten (10) warning signs to Road Development Agency Copperbelt Region for installation on the T2 Road between Kabwe and Kapiri Mposhi and the T3 Road between Kapiri Mposhi and Ndola; and
- iii. Procurement of road marking paints and road signs to for Local Authorities in Lusaka, Kabwe, Mansa and Livingstone. Delivery of these materials commenced and will be completed in the first quarter of 2021.

Through advocacy the accident prone section of Kapiri Ngozi had road signs installed and road marking undertaken by the Road Development Agency following a Road Safety Inspection by the Road Safety Engineering Committee(RSEC) to improve visibility and warning signs to road users.

2.10 MEDIA ACTIVITIES

2.10.1 Radio programmes

The Agency facilitated for staff to feature on Millennium Radio, ZNBC Radio 2, and Classic Woods FM Radio stations in Lusaka where various road safety thematic topics were discussed. The radio programmes focused on road safety matters and how to acquire the RTSA Services.

2.10.2 Television

During the year under review, the department facilitated for the airing of road safety television adverts on Zambia National Broadcasting Corporation (ZNBC) TV 2. The adverts aired for thirteen (13) weeks.

2.10.3 Radio Adverts/Road Safety Dramas

During the year under review, the Agency engaged a number of radio stations across the country to air road safety radio advertisements and dramas.

2.10.4 Print Media

During the year under review, the Agency procured for space in the Zambia Daily Mail for the placement of road safety articles on various road safety topics once every week.

2.10.5 Road Safety Billboards

The Agency engaged Media 4 Africa for placement of ten (10) billboards along the Great North Road from Mkushi to Mpika. The billboards would be erected with road safety messages under five (5) themes.

2.11 ENHANCING COMPLIANCE THROUGH REGISTRATION, EXAMINATION AND LICENSING

2.11.1 Intercity Bus Terminus Inspections.

Daily Inspections were carried out on all Public Service Buses exiting Intercity Bus Terminus from 05:00hours to 17:00hours. This was done in order to verify Driver competence, compliance and experience as well as ascertain road worthiness of the bus, check validity of tokens and educate road users in order to increase awareness of Road Safety issues. During the year 2020, **38,880** buses were inspected before exiting Intercity Bus Terminus compared to **36,996** buses inspected in 2019 and **28,295** in 2018. An increase of **8,671** was recorded in 2020.

2.11.2 Fast Track Court in Lusaka

During the year 2020 the Lusaka fast track court dealt with **7,656** traffic offences compared with **11,126** traffic offences in 2019 and **6,715** traffic offences in 2018. Special Operations

2.11.3 Highway Operations

In order to ensure ongoing compliance by motorists the Agency conducted 3 Highway operations during the year recording a total of **10,598** offences. For the 2019 Highway Operations a total of **17,993** offences were recorded.



Road Transport Department

3.0 ROAD TRANSPORT DEPARTMENT

3.1 INTRODUCTION

The performance enumerated in this 2020 Annual report for the Transport Directorate is evaluated according to set objectives in the Road Transport and Safety Agency (RTSA) strategic plan (2019 to 2021). The qualitative and quantitative evaluation of the performance of the directorate is given here under relating to examinations, registration and licensing.

3.1.1 DIRECTORATE PERFORMANCE

The detailed performance for the period under review, conducted in line with the five (5) strategic areas namely improved road transport and safety, improved service delivery, Agency branding, improved revenue collection and enhanced stakeholder collaboration, is as follows:

3.2 IMPROVING ROAD TRANSPORT AND SAFETY

3.2.1 Demonstrating leadership role in transport system and safety management

a. Statutory Instrument No. 50 of 2020

The Road Traffic (Driving Licence) Regulations, Statutory Instrument No.50 of 2020, was promulgated under the Road Traffic Act No. 11 of 2002. The enactment of this piece of legislation provides for increase in validity of Public Service Vehicle (PSV) Drivers licence from One (1) year to Three (3) years. This is being implemented during renewal and endorsement of the Professional Driving Permits (PrDP).

b. Registration and Licensing regulation

The registration and licensing regulation was reviewed and is yet to be promulgated under the Road Traffic Act No. 11 of 2002.

3.2.2 Making Zambia a Road Transport Hub

A survey to review time taken to traverse between entry and exit border posts and measures to remove delays was conducted. After data analysis, a draft paper was developed and will be finalised in the 1st Quarter, 2021 on the Agency role in making Zambia a regional road transport hub.

3.2.3 Enhancing compliance through registration, examination and licensing

3.2.3.1 Examinations

The following transactions were recorded under examinations of motor vehicles, trailers and drivers. Table 5 shows the number of transactions recorded on the Electronic Zambia Transport Information System (E-ZamTIS) and in the manual registers.

Table 5: Total number of transactions for the period under review

S/n	Type of transactions	Number of transactions	Revenue (ZMW)	Percentage (%)
1	Roadworthiness (Test Certificates)	269,081	12,646,807.00	43.85
2	Driver practical test	119,628	9,330,984.00	19.5
3	Driver theory test	95,635	-	15.59
4	Physical Inspections	78,356	3,682,732.00	12.77
5	Roadworthiness (Certificate of fitness)	49,198	2,312,306.00	8.02
6	Road Traffic Accidents examinations	1,563	-	0.25
7	Mobile examinations	119	3,476,149.00	0.02
8	Instructor competency test	51	8,568.00	0.01
Total		613,631	31,457,546.00	100

The total number of transactions for period under review were 570,000 against a target of 570,000 and revenue collected amounted to ZMW 31,457,546.00. The highest number of transactions recorded was that of roadworthiness (test certificates) at 269,081 (43.85%), followed by driver practical test which accounted for 119,628 (19.5%), Driver theory test at 95,635 (15.59%), physical inspections at 78,356 (12.77%), roadworthiness (Certificate of fitness) at 49,198 (8.02%) and Road Traffic Accident examinations at 1,563 (0.25%). The lowest number was that of mobile examinations and instructor competency test at 119 (0.02%) and 51 (0.01%) respectively.

There was a significant increase in transactions by 58,648 (10.6%) compared to the previous year which had 554,983. The increase was attributed to the moderately increased economic activities and traffic law enforcement during the period under review.

Figure 5 shows a comparative number of transactions under examinations for the period under review.

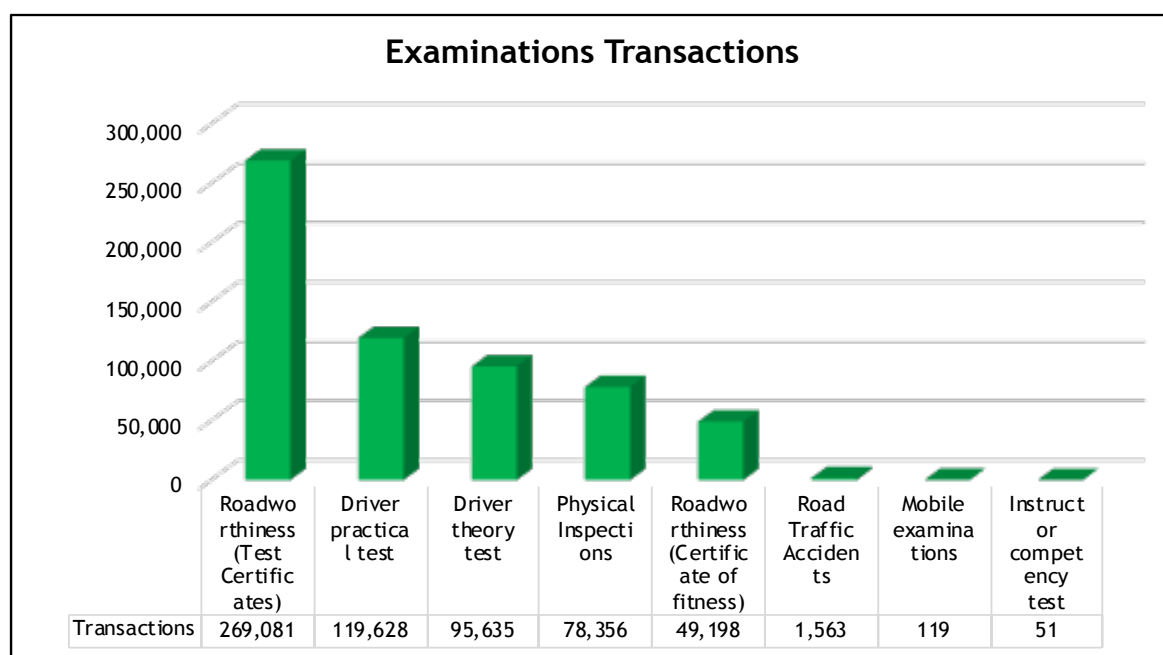


Figure 5 Comparative distribution of transactions for the period under review

3.2.3.1.1 Driver examinations

This examination is conducted on applicants wishing to drive motor vehicles on a public road. The examination is conducted in twofold, namely theory and practical.

a. Theory driver test

Theory test is conducted to ascertain an applicants' driving knowledge. For theory test, Figure 6 below shows number of applicants who were tested, passed and failed the test.

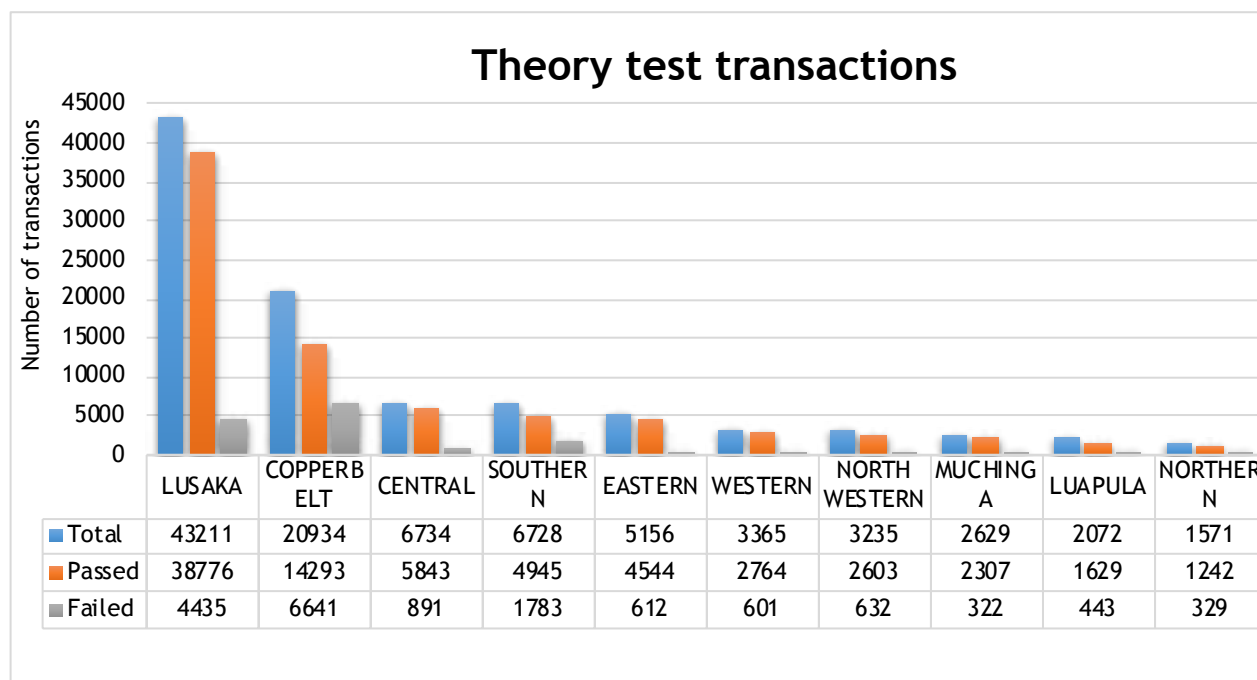


Figure 6: Distribution of applicants (theory) tested, passed and failed

During the period under review, a total of 95,635 learner drivers, against a target of 80,000 in any preferred class and category, were examined and 78,946 candidates were issued with provisional drivers' licenses whilst 16,659 were unsuccessful. The overall pass rate was 82.5 % compared to previous year of 75.7 % and 76.6 % in 2018.

During the period under review, there was an increase in the number of candidates who were examined for provisional driver licenses from 78,610 to 95,635 by 21.7% compared to the year 2019. A regional performance analysis shows that Lusaka province had the highest accounting for 49.12 %, followed by Copperbelt Province with 18.10%. The least was Northern Province with 1.57%.

b. Practical Driving Test

This was conducted to ascertain applicants driving skill and competences. The applicants were subjected to docking or barrel and country drive test. Figure 7 shows number of applicants, in respective Provinces, who had practical driving test and so was their outcome.

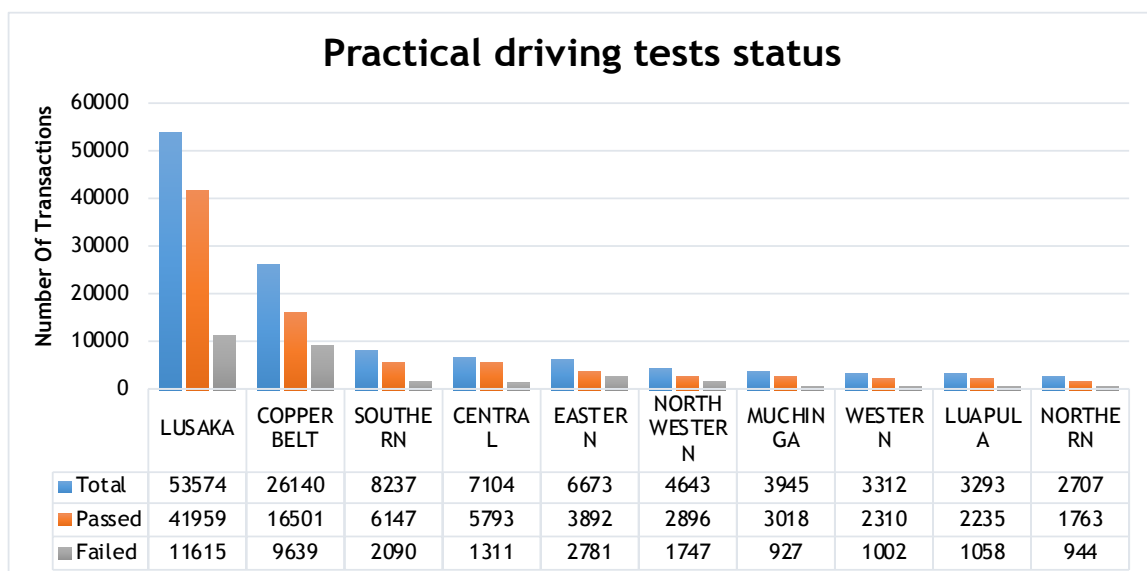


Figure 7: Distribution of practical applicants tested, passed and failed

During the period under review, a total of 119,628 learner drivers, in any preferred class and category, were tested across the country against a target of 110,000 and 78,636 candidates were issued with drivers' licenses whilst 40,992 failed. Comparatively, in 2019, 104,047 learner drivers were tested, 52,942 passed while 51,132 failed.

Further, the total number of learner drivers tested increased from 104,074 to 119,628 representing a significant increase of 14.7% as compared to 2019.

Lusaka Province had a highest number of applicants with 48.5%, followed by Copperbelt Province with 19.7%. The least was Northern Province accounting for 2.04 %.

For the period under review, the pass rate stood at 65.7% compared to 50.8% in 2019. The average national pass rate increased by 14.9%. This is attributed to the implementation of driver mentorship programme countrywide.

c. Driver Mentorship

The driver mentorship programme was implemented successfully countrywide in the year 2020. Figure 8 shows the number of candidates who passed through the driver mentorship sessions.

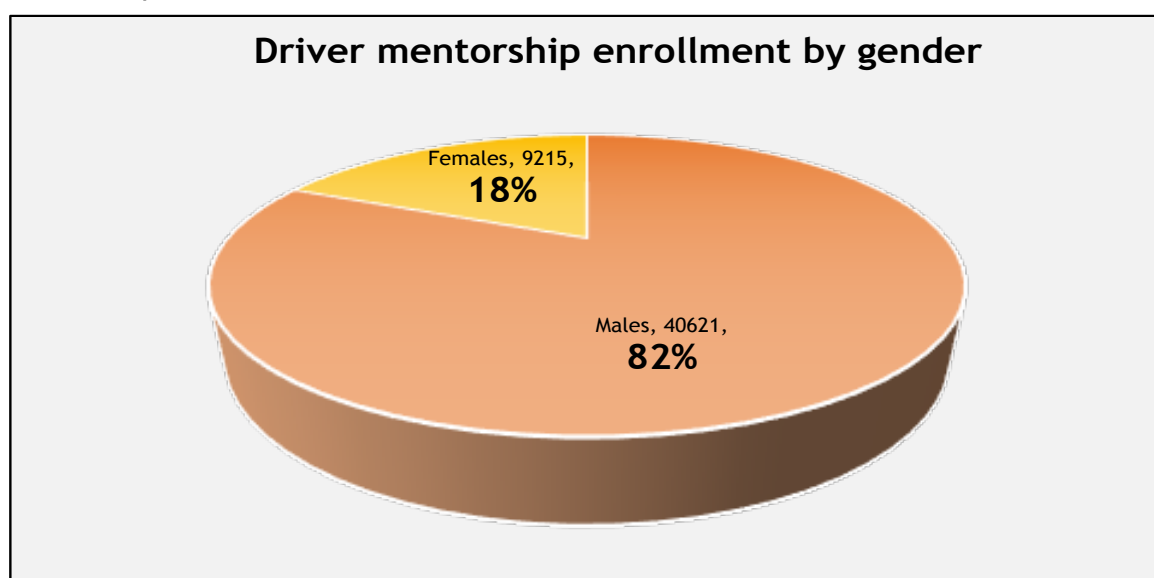


Figure 8: Driver mentorship enrollment by gender

During the period under review, the total number of enrolled candidates was 49,621. With regards to gender, the national enrollment rate for male candidates accounted for 82% while female candidates accounted for 18%.

3.2.3.1.2 Examination of motor vehicles and trailers (Roadworthiness test)

The examination was conducted in order to ensure that all vehicles that were driven on public roads were roadworthy and to deter the use of unsafe vehicles which compromise road safety. Two types of tests were conducted namely private (Test Certificate) and Public Service Vehicles (Certification of fitness). The former relates to private motor vehicles whilst the latter relates to Public Service Vehicles (PSVs).

a. Private vehicle examinations

Figure 9 shows the number of transactions for roadworthiness examinations conducted on private vehicles for issuance of Test Certificates.

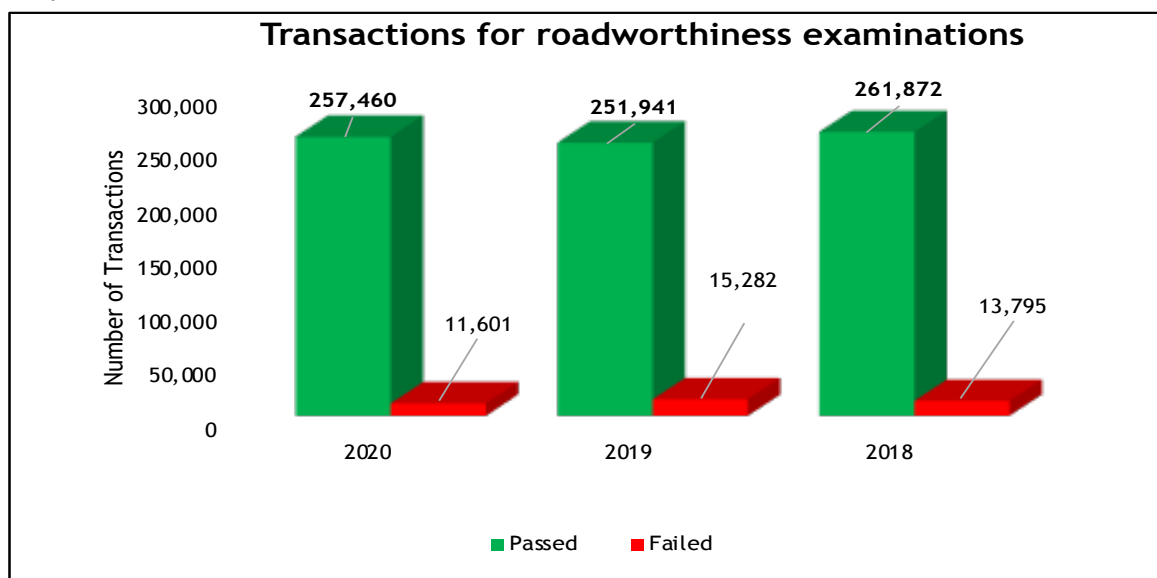


Figure 9: Number of transactions for roadworthiness examinations (Test Certificates)

During the year under review, a total number of 269,081 motor vehicles and trailers were examined for road worthiness for the issuance of test certificates against a target of 265,000 of which 257,460 passed while 11,601 failed. Comparatively, 267,233 motor vehicles were examined and 251,941 passed while 15,282 failed in 2019. There was a marginal increase in the number of motor vehicles examined for roadworthiness from 267,223 to 269,081 by 0.69% compared to 2019. The increase was due to the increased enforcement activities.

Lusaka Province recorded the highest number of vehicles subjected to roadworthiness examination with 134,744 (50.47%), followed by Copperbelt Province with 72,113 (26.40%) and Western Province had the lowest with 3,749 (1.36%).

b. Public Service Vehicle (PSV) examinations

Figure 10 shows the number of transactions for roadworthiness examinations conducted on Public Service Vehicles (PSV) for issuance of Certificate of Fitness (CoF).

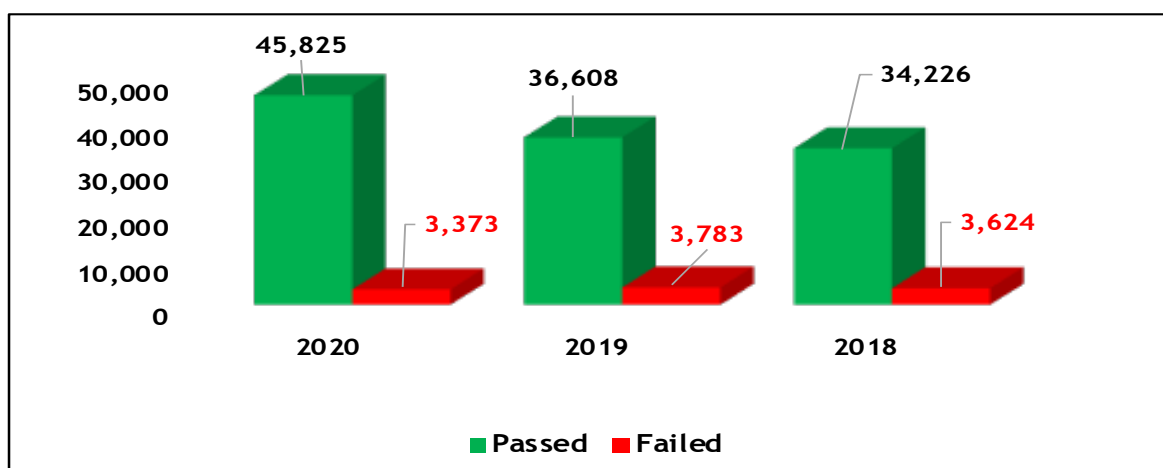


Figure 10: Number of transactions for roadworthiness examinations (Certificate of Fitness)

During the year under review, a total of 49,198 Public Service Vehicles (PSV) were examined for issuance of Certificate of Fitness against a target of 45,000 of which 45,825 passed while 3,373 failed. Comparatively, in 2019, 40,401 Public Service Vehicles were examined and 36,608 passed while 3,783 failed. The increase in number of vehicles tested for COF was attributed to increased and sustained enforcement activities throughout the country.

Lusaka Province had the highest number of Public Service Vehicles (PSV) subjected to roadworthiness examination with 21,028 (42.82%), followed by Copperbelt Province with 19,150 (38.19%) and Muchinga Province had the lowest with 319 (0.68%).

3.2.3.1.3 Motor vehicle physical examinations

During the year under review, a total number of 78,356 motor vehicles against a target of 75,000 were physically inspected for various registration purposes compared to 73,781 and 54,483 in 2019 and 2018 respectively. Comparatively, the number of transactions increased by 4,575 representing a 6.2% due to an increase in number of change of ownership transactions.

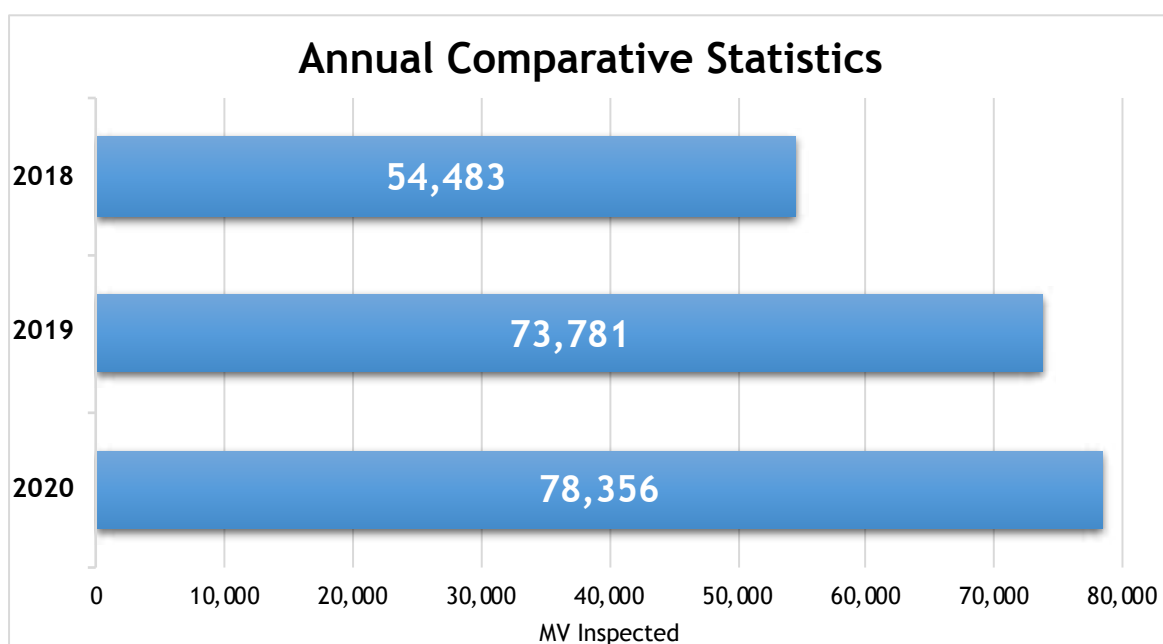


Figure 11: Comparative statistics for physical inspection

Lusaka Province accounted for 53,837 (67.83%), followed by Copperbelt with 14,182 (17.87%), due to many Motor dealers and Franchise holders, and the lowest was Northern Province with 418 (0.53%).

3.2.3.1.4 Road Traffic Crash examinations

During the period under review, 1,563 motor vehicles involved in Road Traffic Crashes (RTC) were examined of which 601 were fatal, 486 serious injuries, 299 slight injuries and 177 were damages only. Comparatively, 1,624 motor vehicles were examined in 2019 of which 685 were fatal, 544 serious injuries, 150 slight injuries and 245 damages only. There was a decrease in RTC examination by 61 compared to the previous year.

3.2.3.1.5 Instructor competency test

This test is conducted on applicants wishing to obtain an instructors' license and for the period under review, Fifty-one (51), Instructors against a target of Thirty (30) were tested for Competency and issued with Instructor's Licences compared to Twenty-nine (29) Instructor's Licences which were issued in 2019.

3.2.3.2 Registration

The registration of motor vehicles and trailers unit recorded 103,986 transactions against a target of 125,000 and ZMW 35,599,390.00 revenue was collected compared to 124,802 transactions in 2019. Table 6 shows the distribution of the transactions as they were recorded both on the Electronic Zambia Transport Information System (E-ZamTIS) and the manual registers.

Table 6: Registration transactions for the period under review

S/n	Type of transaction	1st Quarter 2020	2nd Quarter 2020	3rd Quarter 2020	4th Quarter 2020	Total annual	Revenue (ZMW)	Percentage (%)
1	Imports	11,431	6,563	10,908	11,967	40,869	19,739,727.00	39.30
2	First registration	8,782	6,349	7,703	8,193	31,027	0	29.80
3	Change of ownership	6,361	6,349	7,354	7,183	27,247	11,465,718.00	26.20
4	Add and amend of title holder	797	913	875	831	3,416	1,482,544.00	3.30
5	Re-Allocation	146	98	113	85	442	95,914.00	0.42
6	Assignment of registration mark currently in use or not in use	66	88	93	67	314	680,438.00	0.30
7	De-registration	34	127	84	45	290	62,930.00	0.28
8	Vanity registration	49	48	52	75	224	1,915,200.00	0.21
9	Re-registration	29	19	31	47	126	150,192.00	0.12
10	Conversions	6	7	6	12	31	6,727.00	0.029
Total 2020		27,027	21,027	27,219	28,505	103,986	35,599,390.00	100%
Total 2019		32,519	31,598	30,053	30,632	124,802	40,672,585.00	100%

During the period under review, the highest number of transactions recorded was vehicle imports at 40,869 (39.3%); followed by first registration which accounted for 31,027 (29.8%), change on ownership with 27,247 (26.2%); addition and amendment of absolute owner with 3,416 (3.3%); re-allocation/retention with 442 (0.42%), assignment of registration mark currently in use or not in use with 314 (0.30%), de-registration with 290 (0.28%), vanity with 224 (0.21%), re-registration with 126 (0.12%) and conversion with 31 (0.029%).

Figure 12 shows a comparative number of transactions under registration for the period under review.

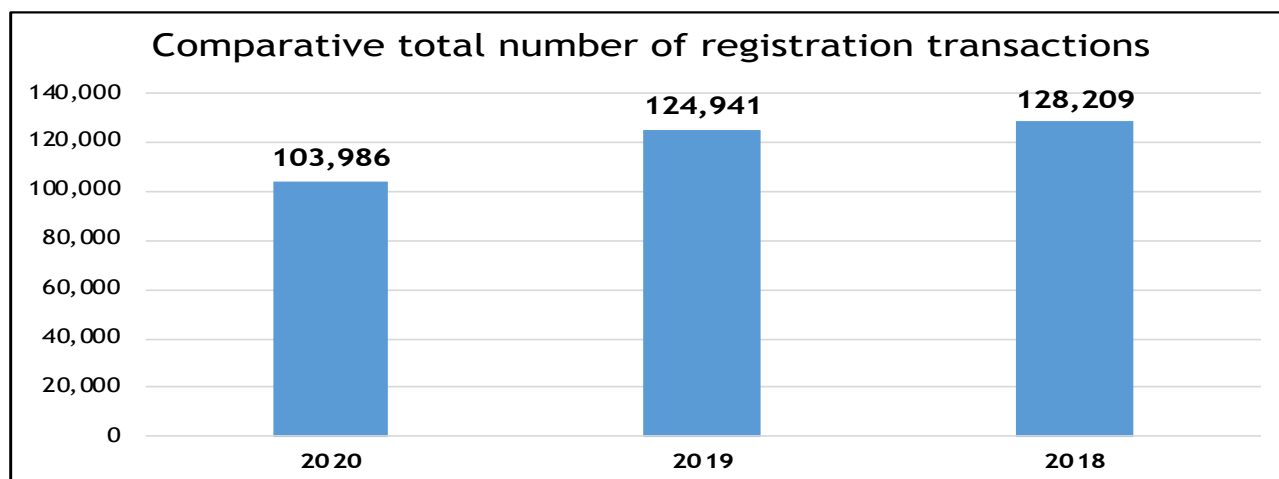


Figure 12: Comparative number of transactions for the period under review

There was a significant decrease by 20,955 (16.77%) in transactions compared to 2019 due to the economic lock-down in the Global Supply Chain as a result of the Corona Virus Disease (COVID-19).

Specific performance of routine functions under registration during the period under review is as follows:

3.3.2.2.1 Imports

The Agency determines the number of imports using Temporal Registration Cards (TRC) issued at the border and inland stations by the Zambia Revenue Authority, (ZRA). During the period under review, 40,869 motor vehicles and trailers were imported in comparison to 53,194 imported in the previous year and 62,240 in 2018.

During the period under review, there was a significant decrease in the number of imports by 12,325 (23%) due to disruption in the Global Supply Chain on importation of vehicles as a result of COVID-19.

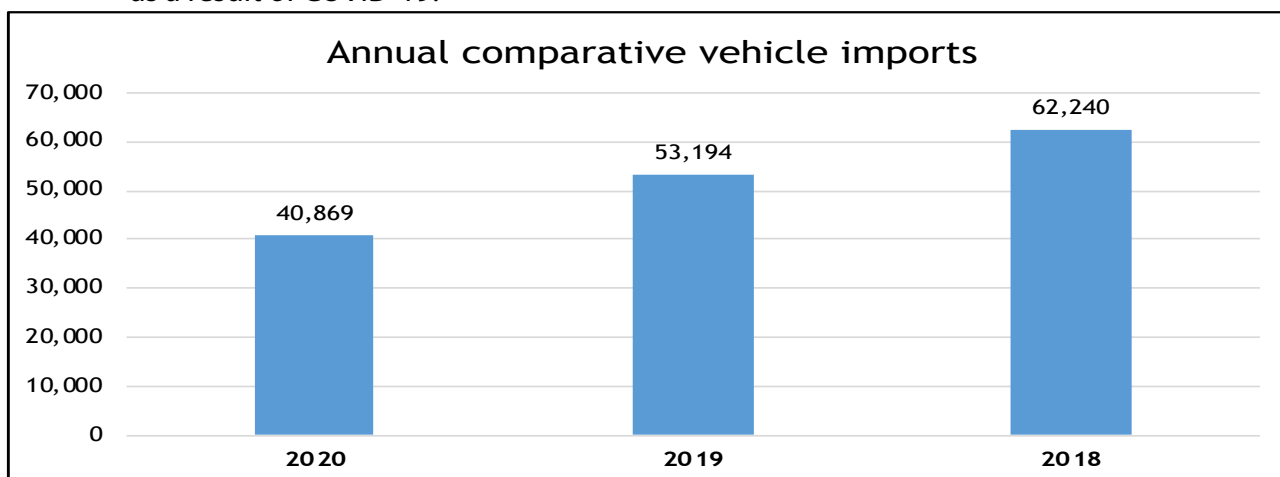


Figure 13: Comparative vehicle imports for the period under review

Nakonde border recorded the highest number of motor vehicle and trailer importations. Due to the foregoing, most of the vehicles were imported into the country using the port of Dar-es-Salaam, Tanzania.

3.3.2.2.2 First registration

A total of 31,027 motor vehicles and trailers against a target of 41,000 were registered in the period under review as compared to 40,764 motor vehicles and trailers registered in 2019 on the electronic Zambian Transport Information System (e-ZamTIS). Figure 14 shows comparative number of first registration transactions.

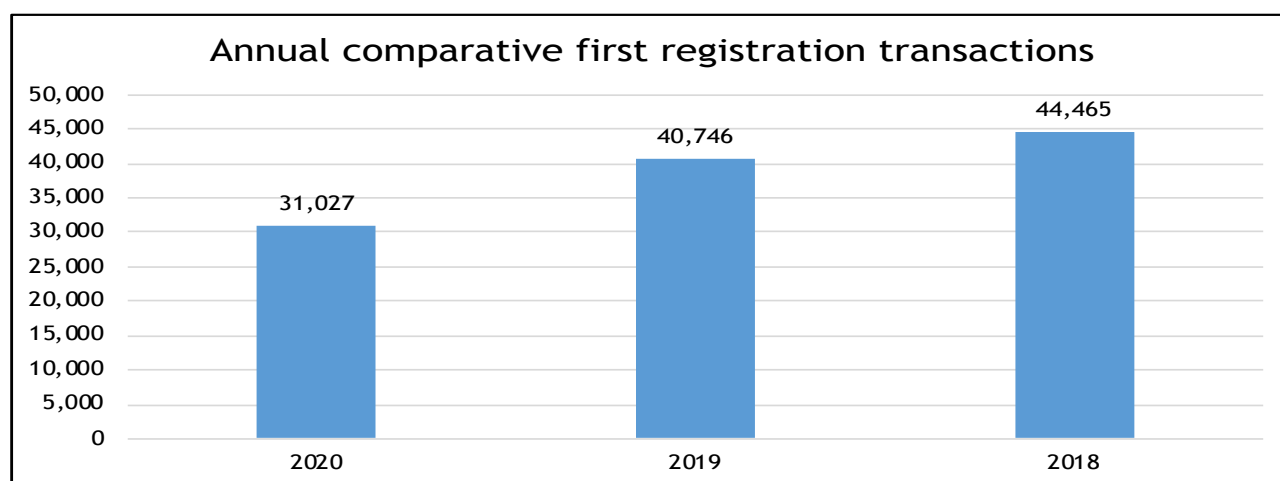


Figure 14: Comparative number of first registration transactions

There was a reduction by 9,737 (23.8%) in the number of motor vehicles and trailers registered compared to 2019 due to economic lock down in the Global Supply Chain for vehicle importation as a result of COVID-19.

From a total of 40,869 vehicles that were imported, 31,027 were registered while 9,842 remained unregistered. The difference between imported and registered vehicles is due to the lead-time that franchise holders and motor dealers keep their motor vehicles before effecting any sale.

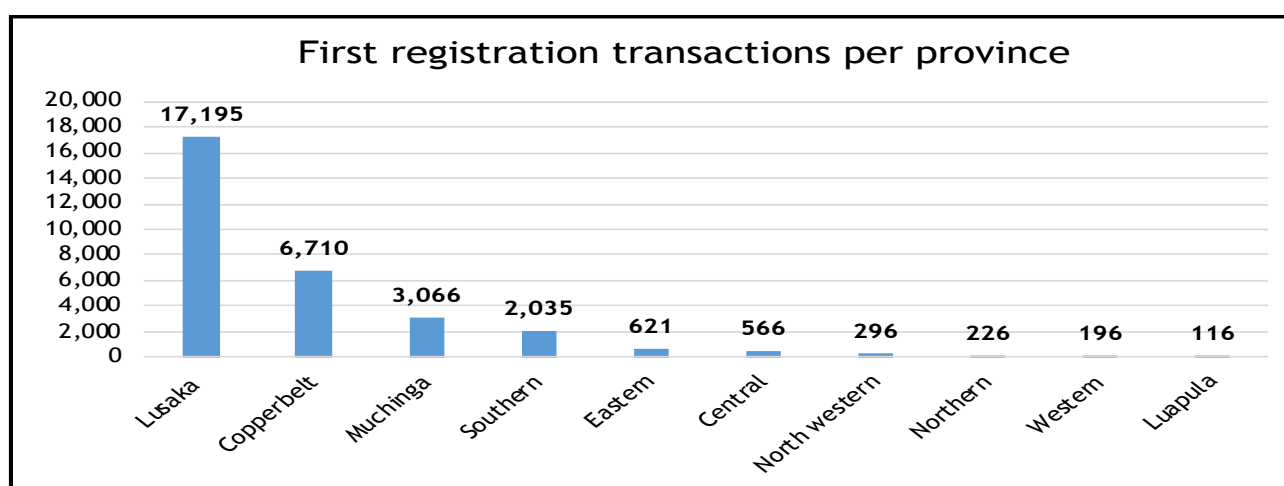


Figure 15: comparative number of first registration for the period under review

Regarding performance by region, Lusaka Province recorded the highest number of first registration transactions with 17,195, followed by Copper-belt Province with 6,710 while Western and Luapula Provinces had the lowest number of transactions with 196 and 116 respectively.

3.3.2.2.3 Change of ownership

A total of 27,247 change of ownership transactions against a target of 27,000 were recorded during the period under review in comparison to 26,119 recorded in 2019. The increase by 1,128 (4.3%) can be attributed to failure by motorist to import motor vehicles due to unfavourable exchange rates. This entails that it was not economically viable to import motor vehicles and hence, people opted to buy from the local market.

3.3.2.2.4 Add title holder and amend or remove absolute owner

A total of 3,416 transactions against a target of 3,800 were recorded in the period under review compared to 3,801 recorded in 2019. There was a decrease by 385 (10.13%) in use of motor vehicles as collateral in accessing loan facilities from financial institutions as a result of unfavourable interest rates.

3.3.2.2.5 Vanity or personalised registration

A total of 224 vanity or personalized registration transactions against a target of 150 were recorded during the period under review compared to 147 in 2019. A significant increase by 77 (52.38 %) was due to the fact that people had a lot of disposable income and preferred to have their vehicles bear personalized marks to show their status in society.

3.3.2.2.6 Re-allocation registration

A total of 442 registration marks and numbers against a target of 300 were re-allocated during the period under review compared to 274 in 2019. This was mostly due to the fact that vehicles with diplomatic registration marks and numbers and personalized marks reverted to ordinary marks after being sold.

3.3.2.2.7 Re-registration

During the period under review, 126 motor vehicles against a target of 120 were re-registered compared to 112 recorded in the 2019. This was mostly done on vehicles which had the same mark for more than Ten (10) years or re-imported.

3.3.2.2.8 De-registration

A total of 290 motor vehicles against a target of 300 were de-registered in the period under review compared to 398 in 2019 and 139 in 2018. Most of the motor vehicles were de-registered as scrap or exports by owners after having completed their contractual obligations in Zambia as expatriates or diplomats

3.3.2.2.9 Assignment of registration mark currently in use or not in use

During the period under review, 314 against a target of 200 vehicles were registered under this transaction compared to 173 in 2019. The increase in the number of this transaction entails that more people had special preferences of registration mark and numbers in 2020 than 2019.

3.3.2.2.10 Conversion registration

During the period under review, 31 motor vehicles against a target of 50 were registered under conversion registration compared to 52 in 2019. The reduction in the number of conversion transactions entails that most white-books were converted into registration certificates.

3.3.2.2.11 Cumulative vehicle population

A total of 31,027 motor vehicles and trailers were registered in the period under review and the cumulative vehicle population stood at 853,909 compared to 822,882 in 2019 after having registered 40,764. Therefore, the total cumulative vehicle population including 15,000 Government of the Republic of Zambia (GRZ) owned vehicles stood at 868,909.

Table 7: Cumulative vehicle population

	1 st Quarter 2020	2 nd Quarter 2020	3 rd Quarter 2020	4 th Quarter 2020
Registered Vehicles	8,782	6,349	7,703	8,193
Cumulative vehicle population	831,664	838,013	845,716	853,909

3.3.3.1 Licensing

During the period under review, a total of 1,099,059 licensing transactions were conducted against a target of 900,000 and ZMW 235,190,421.00 revenue was collected compared to 860,953 transactions in 2019. The highest number of transactions carried out were road tax at 41.76%, followed by Driving Licenses Printed at 20.42%, while provisional drivers' licenses stood at 10.86%. Motor Dealers' Vehicle Licence (MDVL) transactions were the least with 92 (0.01%). Table 8 shows various licensing transactions conducted during the period under review.

Table 8: total number of licensing transactions for the period under review

S/n	Type of transactions	1 st Qtr. 2020	2 nd Qtr. 2020	3 rd Qtr. 2020	4 th Qtr. 2020	Annual Total	Revenue (ZMW)	Percentage (%)
1	Road Tax	99,121	112,434	108,598	138,836	458,989	143,606,476.00	41.76
2	Driving Licenses Printed	55,561	49,433	57,084	62,379	224,457	-	20.42
3	Provisional Driving License	18,685	27,510	40,484	32,653	119,332	12,626,945.00	10.86
4	Road Service Licenses	29,643	20,538	23,022	29,240	102,443	30,481,028.00	9.32
5	Temporal Driving License	9,799	18,393	29,652	28,607	86,451	12,700,113.00	7.87
6	Driving License Renewal	14,837	17,485	17,905	22,028	72,255	19,643,788.00	6.57
7	PSV Driving License Renewal	3,800	5,560	6,145	23,663	23,663	6,674,425.00	2.15
8	Cross Border Permits	2,688	1,652	2,523	3,798	10,661	9,106,887.00	0.97
9	International Driving Permits	201	104	151	260	716	146,100.00	0.07
10	Motor Dealers' Vehicle License	27	23	19	23	92	204,659.00	0.01
Total		183,408	202,190	234,629	275,028	1,099,059	235,190,421.00	100

Figure 16 shows comparative number of licensing transactions for the period under review against the previous years.

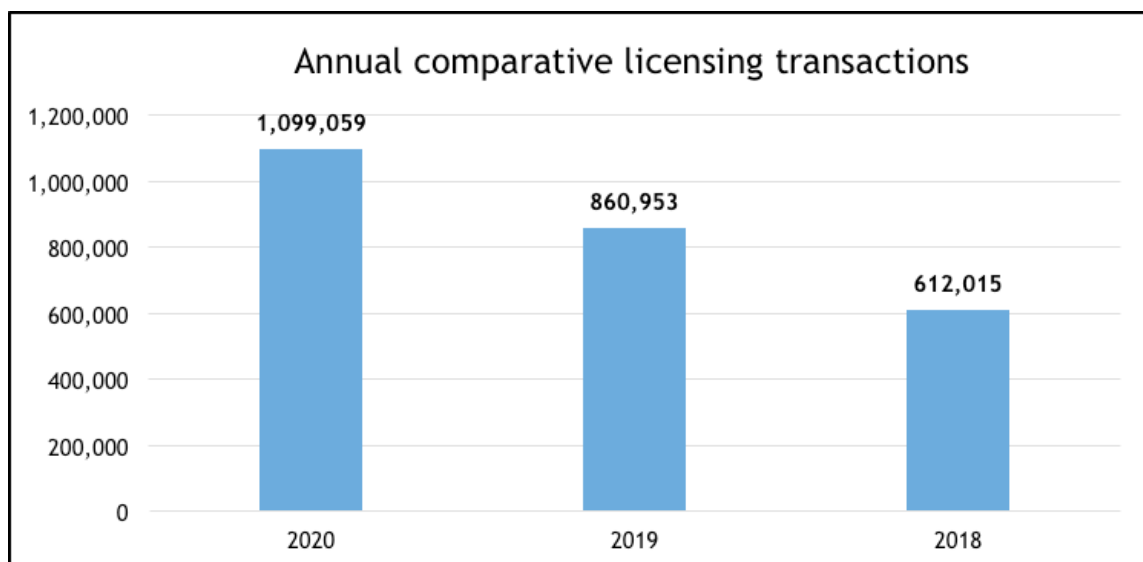


Figure 16: Comparative licensing transactions

The increase in the number of licensing transactions can be attributed to among other factors, the enactment of SI No. 50 of 2020, which increased the validity of Public Service Vehicle (PSV) Driving License to 3 years attracted a lot of drivers to renew and upgrade, the continuous availability of consumables required for printing of driving licenses and payment of road tax using the online platform.

Specific performance of routine functions under Licensing during the period under review is as follows:

3.4.1 Issuance of Driver's Licenses

The Agency printed a total of 224,457 driving licenses in the period under review compared to 227,308 driving licenses printed in 2019 and 71,886 in 2018. The upward trend in the printing of driving licenses has continued in the period under review due to stability in card production and availability of printing accessories like Ribbons and Laminates. This state of affairs is expected to continue in the coming periods as everything is in place. Figure 17 reflects a summary of drivers' license cards produced.

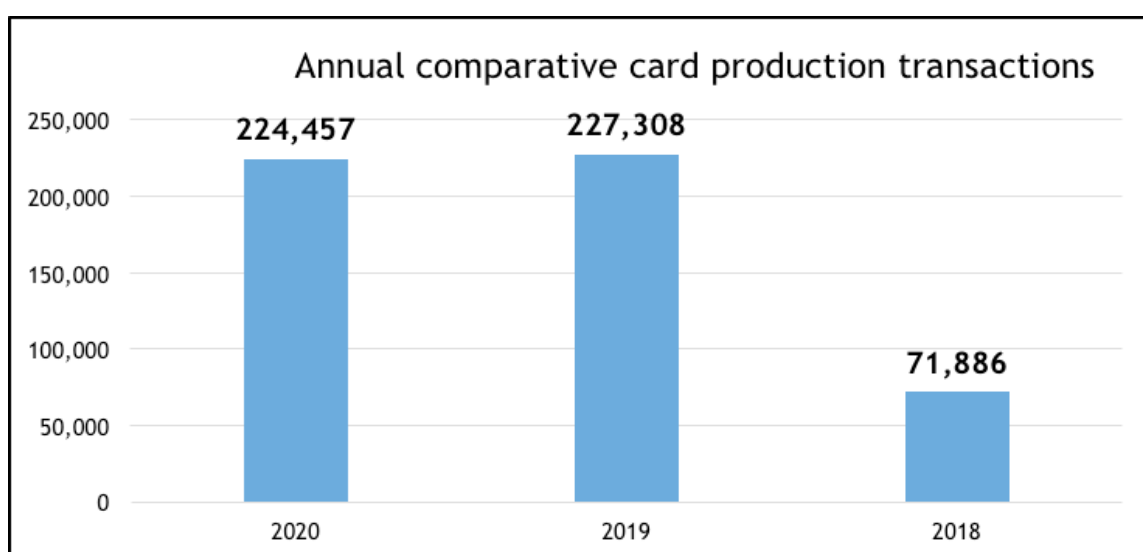


Figure 17: Annual comparative card production transactions

3.4.2 Issuance of International Driving Permits

International Driving Permit (IDP) is a permit issued for use outside Zambia to a person who satisfies qualification criteria. Qualification criteria is embedded in Regulation 4 of the Roads and Road Traffic (International Circulation) which provides for applicants who are competent to drive motor vehicles of the classes or descriptions for which permit is to be issued.

During the period under review, the Agency processed and issued 716 IDPs as compared to 1,571 and 1,513 issued 2019 and 2018 respectively. Thus, the Agency recorded a decrease in demand for IDPS in this period largely due to reduction in demand for the service by Zambians resident in foreign countries due to the Corona Virus (COVID -19).

3.4.3 Road Tax

During the period under review, the Agency conducted 458,989 road tax transactions against a cumulative vehicle population of 853,909 representing 53.75% of licensed vehicles compared to 287,088 and 248,869 in 2019 and 2018 respectively. Figure 18 Shows road tax compliance during the year 2020 in comparison with 2019 and 2018.

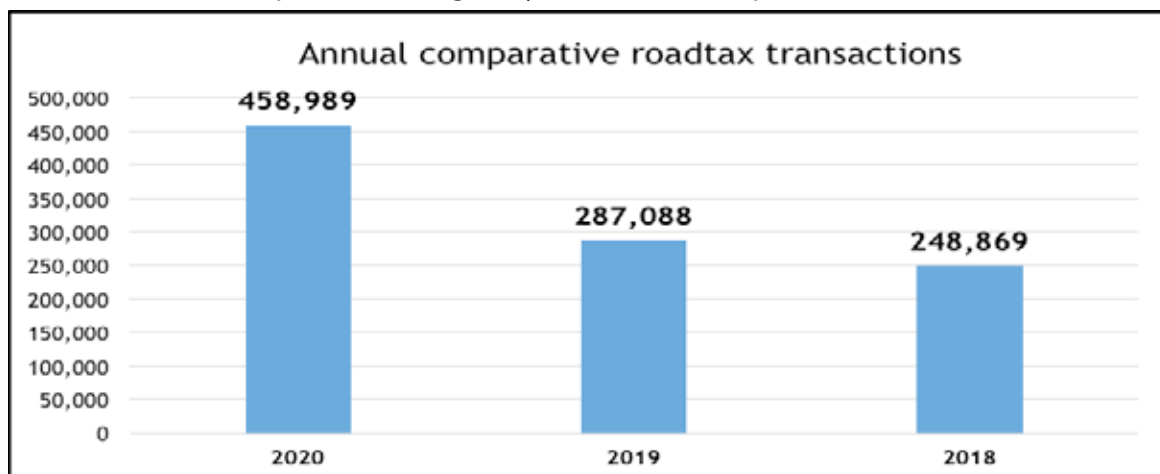


Figure 18: Comparative road tax transactions

3.4.4 Road Service Licenses

During the period under review, a total of 102,443 Road Service License (RSLs) were issued compared to 107,696 and 115,384 which were issued in 2019 and 2018 respectively. 3,561 were long term and 98,882 were short term.

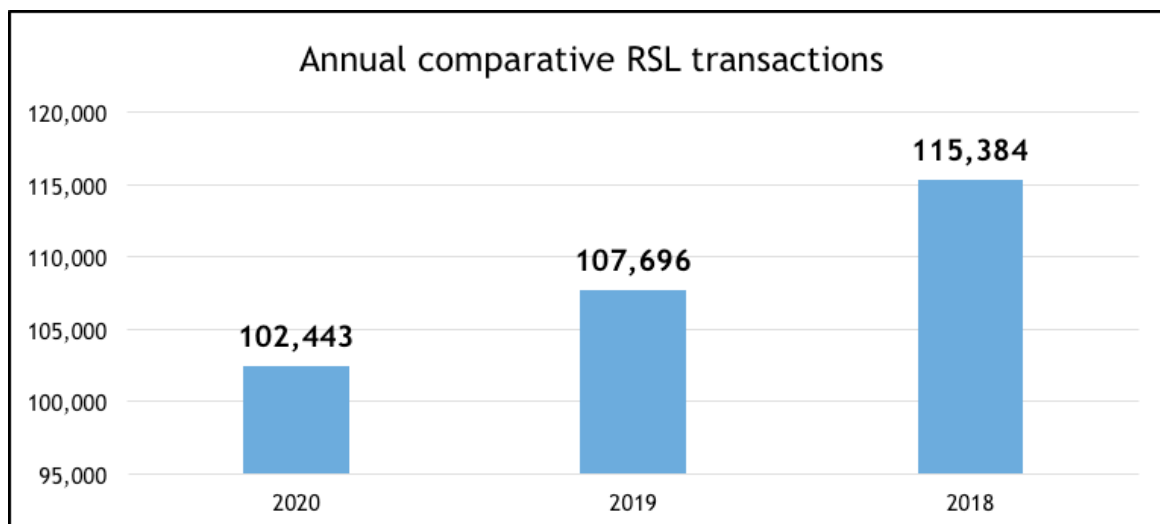


Figure 19: Comparative Road Service Licenses transactions

The drop in the number of RSLs issued in 2020 can be attributed to the Covid-19 Pandemic as most of operators parked their vehicles.

Further, 3,905 Long Term Road Service Licenses (LT-RSL) applicants were approved for 2021 fiscal year. There was a significant increase by 344 (9.6%) due to streamlined conditions for award of RSLs.

3.4.5 Cross Border Permits

During the year under review, the Agency issued a total of 10,661 Cross Border Permits (CBPs) to transport operators doing business in countries that have signed Bilateral Road Transport Agreements (BRTAs) with Zambia and recognize and implement a single permit system compared to 10,002 and 6,911 issued in 2019 and 2018 respectively. Figure 20 shows the number of CBPs issued during the year 2020.

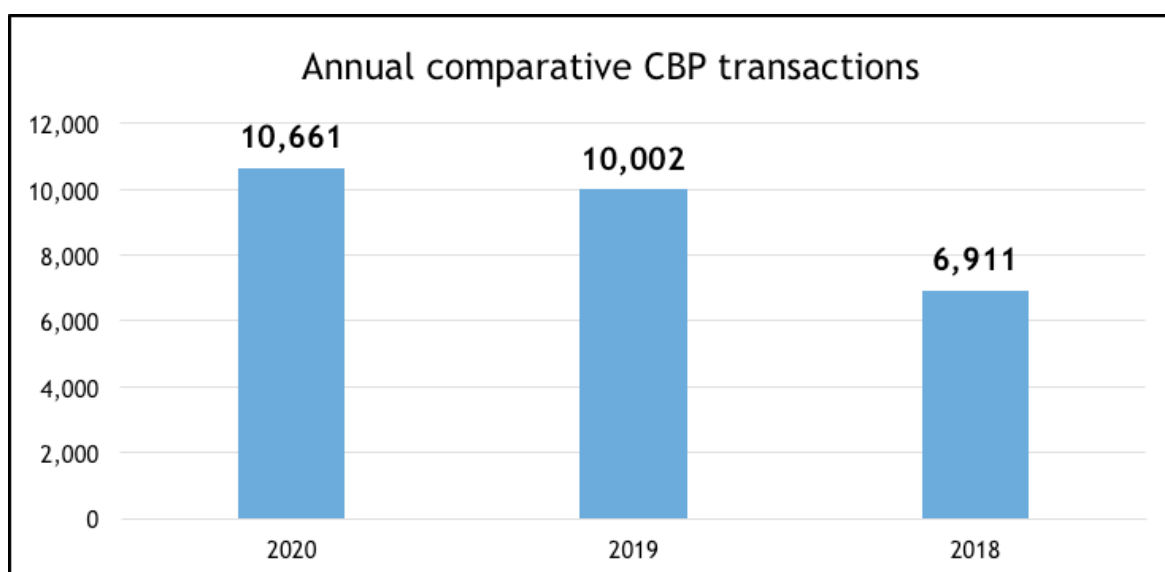


Figure 20: Comparative Cross Border Permit transactions

Due to Fuel imports, through the Port of Beira, 3,854 Cross Border Permits were issued to Zambian transporters plying along the Beira Corridor compared to 16,408 for South Corridor.

3.4.6 Issuance of Motor Dealers' Vehicle Licenses (MDVLs)

A Motor Dealer Vehicle Licence (MDVL), in accordance with Section 45 of the Road Traffic Act No. 11 of 2002, is issued to a dealer in or manufacturer of motor vehicles and trailers. The licence so issued authorises holder to use any motor vehicles or trailers for purpose of being driven to motor dealers' place of business after delivery to motor dealer or being tested by motor dealer or being tested or used for purpose of effecting a sale, or for such other purposes as may be.

A total number of 92 MDVLs were issued during the period under review compared to 97 and 71 issued in 2019 and 2018 respectively. There was a decrease by 5 (5.15%) due to non-renewal of MDVL by some dealers as a result of Covid-19 which affected the Global Supply Chain in importation of vehicles.

3.5.1 Driving School inspections

A total of 157 Driving School inspections against a target of 60 were conducted in the period against a target of 60. This favourable performance is attributed to our focus of ensuring adherence to laid down processes of teaching to produce quality drivers and enhance attainment of road safety on our roads.

3.5.2 Number plate manufacturers inspections

A total of 50 number plate manufacturers or embossers against a target of 40 were inspected countrywide whose objective was to ascertain compliance with the Reflex-Reflecting Vehicle Number Plate Standard (ZS266).

3.5.3 Review of examination, registration and licensing procedure

Procedures and processes in registration, licensing and examinations were reviewed and streamlined with the key objective of ensuring compliance, consistence and reduce variations in service delivery.

3.6 IMPROVING SERVICE DELIVERY

3.6.1 Devolving services to underserved regions

The Agency outsourced motor vehicle licencing, roadworthiness certification and physical inspections to selected local authorities on a pilot basis. Against this background, the Agency outsourced these services to Six (6) Local Authorities namely Kabompo, Mwinilunga, Kafue, Mumbwa, Nyimba and Lundazi. The table shows the number of transactions by type in the rolled-out Town Councils.

Table 9: Transactions done by Town Councils

S/n	Town Council	Number of Road Tax Transactions	Revenue (ZMW)	Number of MV Examination Transactions	Revenue (ZMW)	Total Revenue (ZMW)
1	Kafue	220	108,182.00	1,166	54,568.80	162,750.80
2	Kabompo	212	60,071.00	188	8,798.40	68,869.40
3	Mwinilunga	141	53,874.00	308	14,414.40	68,288.40
4	Mumbwa	174	13,087.00	214	10,015.20	23,102.20
5	Lundazi	191	8,996.00	172	8,049.60	17,045.60
6	Nyimba	3	853.00	22	1,029.60	1,882.60
Total		941	245,063.00	2,070	96,876.00	341,939.00

Kafue recorded the highest number of transaction followed by Kabompo. Nyimba recorded the least number of transactions. The total revenue collected was ZMW341,939.00.

3.6.2 Online Platform deployment and implementation.

The online platform provides an opportunity for our clients to access our services from the confine of their homes, offices and other places without the necessity of presenting themselves at RTSA offices. The Agency has continued providing its' services using the online platform.

3.6.3 Availability of accountable and non-accountable documents and consumables.

The department maintained a steady flow of accountable and none accountable documents together with necessary consumables in line with the demand for our services. This enhanced service delivery.

3.7 ENHANCING STAKEHOLDER COLLABORATION

3.7.1 Fleet Risk Assessment

During the period under review, a total of Fifty Two (52) Fleet Risk Assessments (FRA) against a target of 50 were conducted at the operators' premises. Most of the assessments

were conducted for exemption from night driving. The Agency intends to continue with this activity to further improve on the operators' safety profile,

Further, during the period under review, a Fleet Safety standard validation workshop, in collaboration with Zambia Bureau of Standards (ZABS), Zambia Compulsory Standards Agency (ZCSA), Truckers Association of Zambia (TAZ), Bus and Taxi Owners Association of Zambia (BTOAZ) and other key transport sector players was held.

3.7.2 Engagement Meetings

A total of 52 stakeholder meetings were held in the period under review against a target of 10. Notable institutions that were engaged in the period included: Zambia National Service, Chipata City Council, Zambia Revenue Authority (ZRA), Kabwe Municipal Council, Ministry of Works and Supply, Zambia Police-Interpol, Road Development Agency (RDA), Ministry of Labour, Truckers Association of Zambia (TAZ) and Bus and Taxi Owners Association of Zambia (BTOAZ).

3.7.3 Bus fares model

The model for bus fares was developed and presented to the Bus and Taxi Owners Association (BTOAZ) during the 4th Period meeting. It is under internal scrutiny by the BTOAZ before presentation to the Technical Committee of the Board of Directors for approval.

3.7.4 Education campaigns

During the period under review, Seventy (70) educational campaigns were conducted country wide targeting Public Service Vehicle drivers.

3.7.5 Coordination with regional transport authorities

The Agency participated in Six (6) International virtual meetings. Three (3) meetings were on Corridor Trip Monitoring System (CTMS), and the other meetings were held with the African Organisation for Standardisation (ARSO), to look at the framework for harmonised road transport standards and Transaid of the United Kingdom on training of Driving Instructors.

3.7.6 Review of transport means and routes

A total of 18 routes were assessed in the period under review. The Agency's role in this activity was to make appropriate recommendations in order to increase the accessibility of public transport by citizens.

3.8 IMPROVED REVENUE COLLECTION

3.8.1 Mobile Examinations

This is an activity that is conducted by the Agency in far flung areas of the country where the Agency has no physical presence to offer services to the public. Therefore, the provision of mobile services in remote areas enables examination and licensing of motor vehicles and drivers. This results into enhanced road safety profile, compliance to statutory requirements and a corresponding increase in revenue collection.

In line with the strategic focus area of enhancing revenue collection, the department conducted a total of One Hundred and nineteen (119) mobile examination and licensing activities against a yearly target of Sixty (60).

Table 10 shows the costs incurred during the mobile examinations and licensing activities against the revenue generated during the period under review.

Table 10: Cost and Revenue analysis by province

S/n	Province	Number of activities	Costs (ZMW)	Revenue (ZMW)	Variance (ZMW)
1	North-Western	13	185,000.00	681,185.00	496,185.00
2	Northern	11	101,250.00	500,965.00	399,715.00
3	Luapula	13	92,950.00	480,539.00	387,589.00
4	Central	15	84,450.00	466,682.00	382,232.00
5	Muchinga	16	115,390.00	419,941.00	304,551.00
6	Eastern	13	72,500.00	320,996.00	248,496.00
7	Lusaka	7	85,602.00	231,709.00	146,107.00
8	Southern	17	58,750.00	202,207.00	143,457.00
9	Copperbelt	7	82,190.00	121,870.00	39,680.00
10	Western	7	23,100.00	50,055.00	26,955.00
Totals		119	901,182.00	3,476,149.00	2,574,967.00

North-Western Province collected the highest revenue of ZMW 681,185.00, followed by Northern Province with ZMW 500,965.00 and the lowest was Western Province with ZMW 50,055.00. At provincial level, the Agency incurred a total of ZMW 901,182.00 against ZMW 3,476,149.00 generated revenue thereby giving a positive variance of ZMW 2,574,967.00. This translated into 21% and 79% of cost incurred against revenue generated respectively. In 2019, the revenue collected was ZMW 887,647.20.

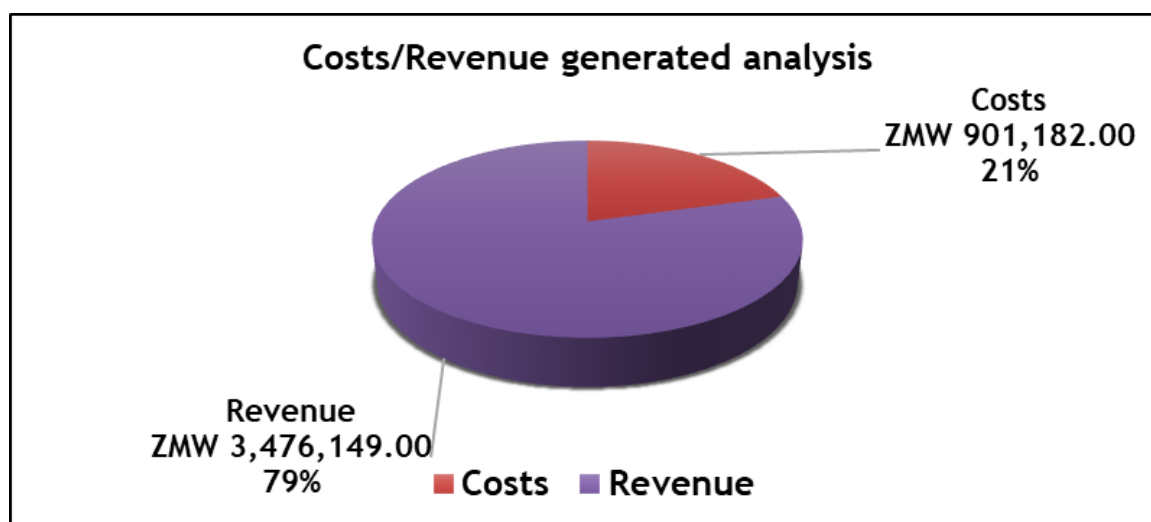


Figure 21: Graphic presentation of cost incurred against revenue generated

3.9 STRENGTHENING ORGANISATIONAL CAPACITY

3.9.1 Capacity building

Training of Provincial Managers in Teaching Methodology was conducted through the In-Service Training Trust (ISTT). This was a “Train of Trainers” short course in order to equip mentors with required knowledge, skills and competencies for effective and efficient delivery of the Driver Mentorship Programme. This will help in upgrading employee competency level.

3.9.2 Station inspection and gap analysis

A total of 63 Station Inspections were conducted in the period under review to check on adherence to set processes and enhance service delivery. These inspections will continue in the 2021 to further enhance compliance.



Planning, Research and Development Department

4.0 PLANNING, RESEARCH AND DEVELOPMENT DEPARTMENT

4.1 Introduction

Transport plays a crucial role in socio-economic development by providing access for people to markets, healthcare, education, employment, recreation and other key facilities and services. It has been noted that most people in African countries like Zambia use road transport and as such many road traffic crashes are reported which results in at least one person being injured or killed.

The World Health Organisation, through the 2018 Global Status Report on Road Safety, reports that, the number of deaths on the world's roads remains unacceptably high, with an estimated over 1.2 million people dying every year on the world's roads, and between 20 and 50 million sustain non-fatal injuries. Further, road traffic injuries are the eighth leading cause of death for all age groups as more people now die as a result of road traffic injuries than from HIV/AIDS, tuberculosis or diarrhoea diseases signaling a largely neglected road safety (WHO, 2018).

4.2 IMPROVING ROAD TRANSPORT AND SAFETY

4.2.1 Road Transport and Safety Status

Road traffic crashes in Zambia are classified as fatal crashes, serious injuries, slight injuries and damages only crashes depending on their severity. A total of **28,484** road traffic crashes were recorded in the country in the year 2020. This number represents a 7.1% decrease from the **30,648** road traffic crashes recorded in the year 2019.

Figure 22 compares the number of road traffic crashes by province that were recorded in 2019 compared to the year 2020 by province. The data shows that the larger proportion of road traffic crashes are recorded in Lusaka province followed by Copperbelt. Nine of the provinces recorded reductions in the road traffic crashes except for western province which recorded a slight increase in the number of crashes.

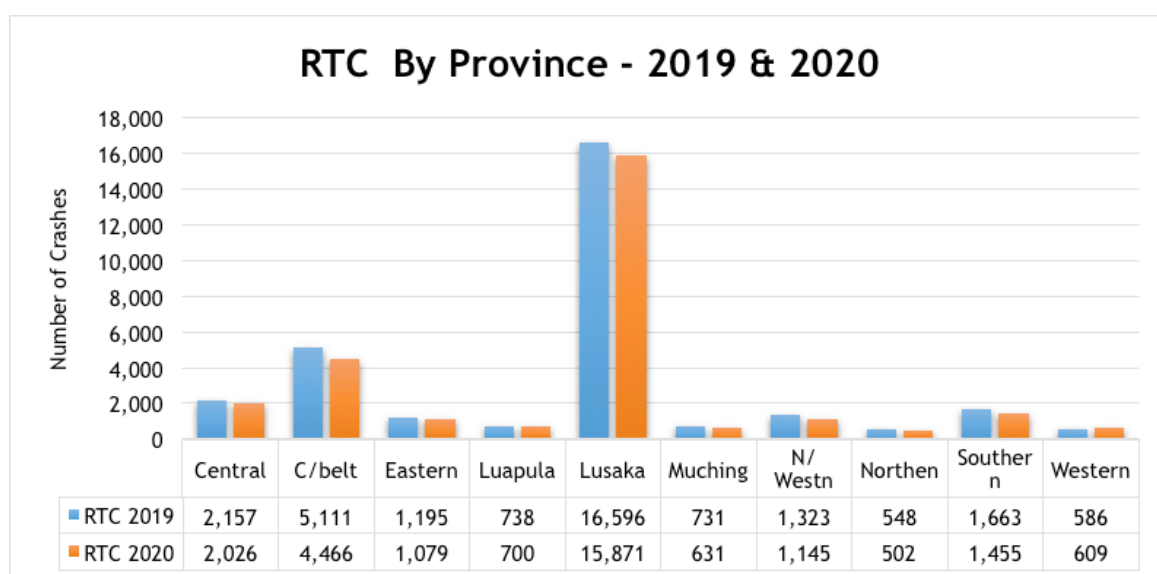


Figure 22: RTC by Province in 2019 and 2020

4.2.2 Classification of Casualties

A total of **1,690** lives were lost on Zambian roads in the year 2020. This number represents a decrease in the number of persons killed compared to those recorded in the year 2019.

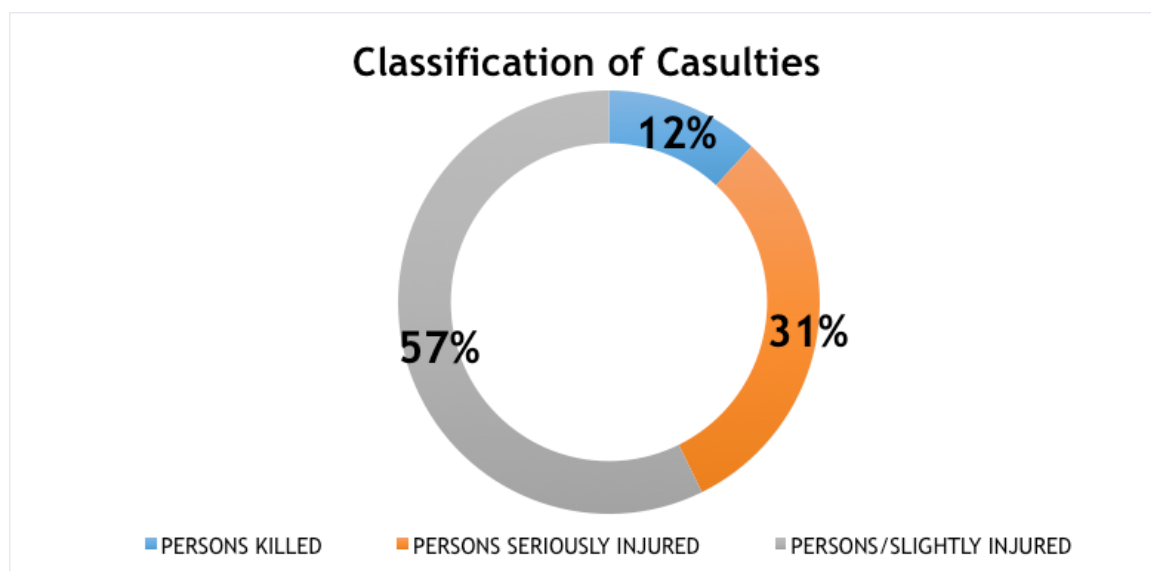


Figure 23: Classification of Casualties in 2019 and 2020

Figure 23 shows that persons killed accounted for the majority of the casualties having 57% while seriously injured were 31% and slightly injured were 12%.

4.2.3 Road Traffic Crashes and Fatalities by Urban and Inter District Roads

Figure 24 and 25 shows the road traffic crashes by urban and inter district roads in Zambia. The charts shows that **76%** of traffic crashes occurred in urban roads and **24%** were in inter district roads.

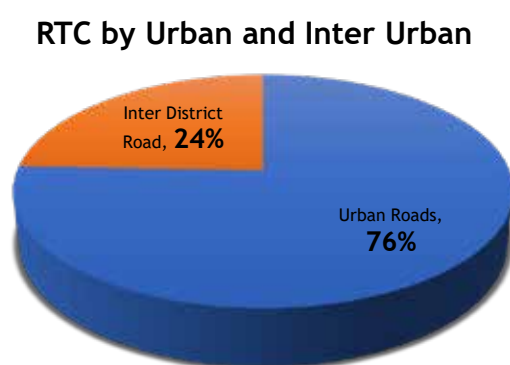


Figure 24: RTC - Urban & Inter District Road

Fatalities by Urban and Inter Urban

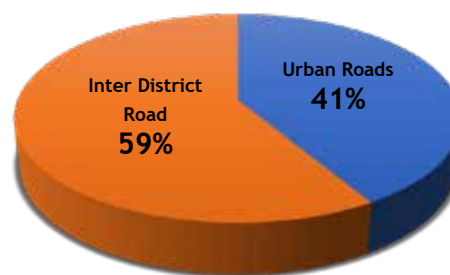


Figure 25: Fatalities - Urban & Inter District Road

The human population in urban areas is higher than in the rural areas. However, more fatalities occur on inter districts roads compared to urban roads. In 2020, **59%** of the fatalities occurred were on inter district roads while urban roads had **41%**.

These statistics may be attributed to the shorter distances to health care services and the availability of better quality health care services and post-crash care in urban areas. On the other hand, inter district roads are associated with speeding because of less congestion on the road compared to urban roads, which have more congestion.

4.2.4 Trends in Road Traffic Crashes

The country has continued to record decline in the number road traffic crashes from the year 2015 which had recorded 33,672 road traffic crashes. In the year 2020, the number of road traffic crashes was at 28,484. This shows a **15.4%** decline in the number of road traffic crashes comparing the year 2015 and 2020. Figure 26 shows the trends in the road traffic crashes.

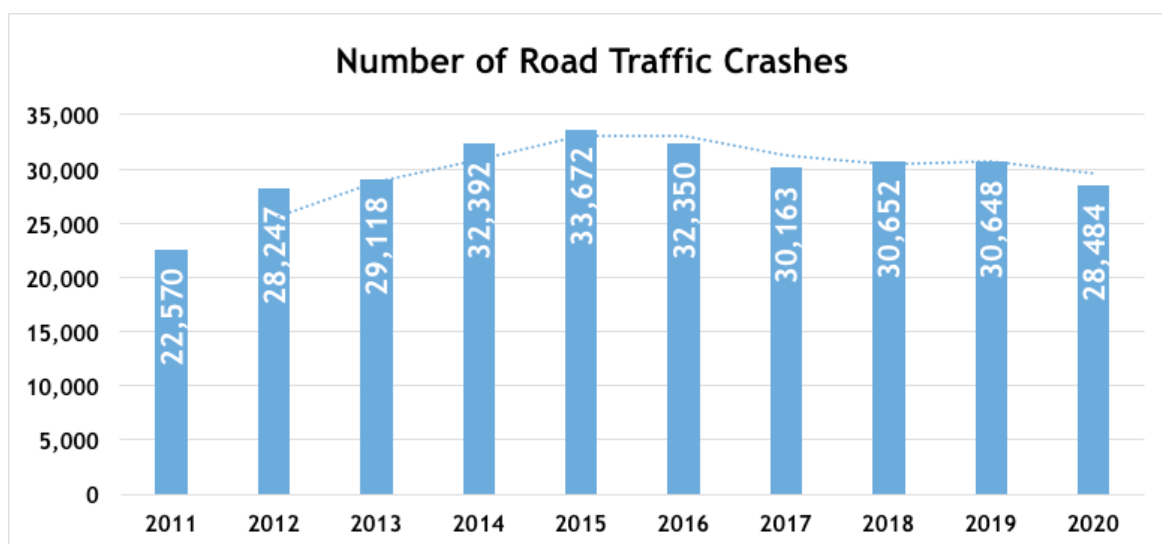


Figure 26: Trend in road traffic crashes

4.2.5 Road Traffic Fatalities

Fatalities have also been declining from the year 2016 which had 2,206 fatalities due to road traffic crashes. In the year 2020, the number of road traffic fatalities were 1,690. This shows a **23.3%** decrease in the number of fatalities due to road traffic accidents comparing the year 2016 and 2020.

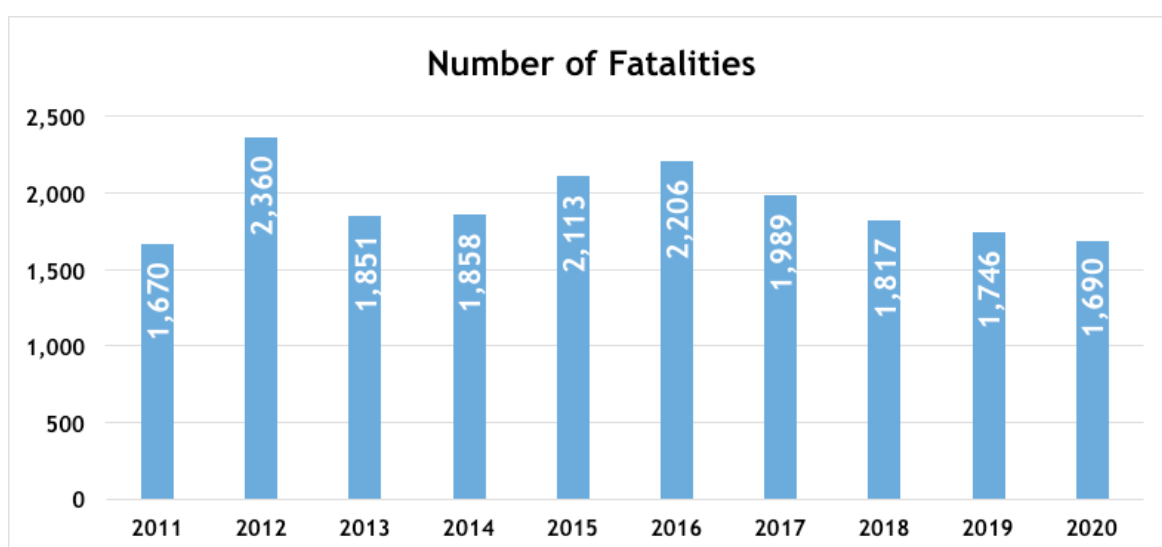


Figure 27: Number of fatalities from 2011 to 2020

Figure 27 shows the trends in the road traffic fatalities due to road traffic accidents and a steady decline can be seen from the year 2016 to the year 2020

4.2.6 Crash Rate per Human and Motor Vehicle Population

From the road traffic accidents and fatalities trends of 2011 to 2020, the number of fatalities per 100,000 population has shown a steady decline from **17** fatalities per 100,000 population recorded in 2012 compared to that recorded in 2020 which was **9** fatalities due to road traffic crash per 100,000 population.

Table 11: Crash Rate per Human and MV Population

Year	Cumulative No. of Registered M/V	Zambia Population	No. of Accidents	No. of Fatalities	No. of Accidents per 10,000 Vehicles	No. of fatalities per 10,000 vehicles	No. of fatalities per 100,000 population
2011	381,948	13,300,000	22,570	1,670	591	44	13
2012	452,574	14,300,000	28,247	2,360	624	52	17
2013	534,532	14,800,000	29,118	1,851	545	35	13
2014	605,637	15,200,000	32,392	1,858	535	31	12
2015	663,542	15,500,000	33,672	2,113	507	32	14
2016	696,474	16,040,000	32,350	2,206	464	32	14
2017	737,671	16,405,229	30,163	1,989	409	27	12
2018	782,136	16,887,720	30,652	1,817	392	23	11
2019	822,882	17,381,168	30,648	1,746	372	21	10
2020	853,909	17,885,422	28,484	1,690	334	20	9

Results show that progress is being made in the fight against road carnage. There is however still for more consented efforts among stakeholders in the fight if this progress is to be sustained.

4.2.6 Fatalities by Road User Type

Figure 28 shows that pedestrians accounted for **45.7%** of the fatalities followed by Motor Vehicle passengers representing **25.3%**.

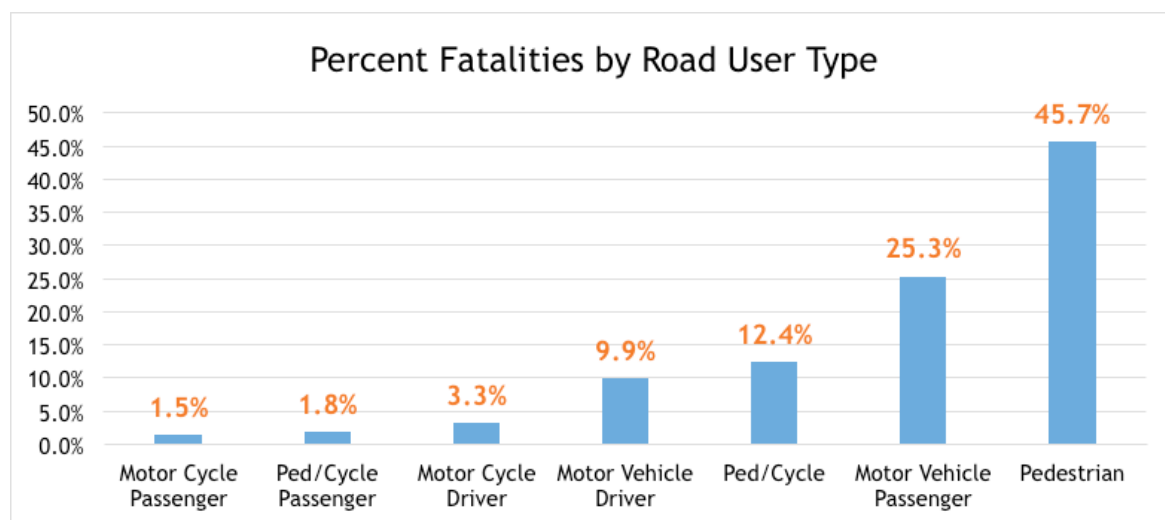


Figure 28: Percent Fatalities by Road User Type

Results shows that the 2020 recorded a smaller number of pedestrian fatalities compared to 2019 but the number of pedestrians involved were all high.

4.2.7 Contributory Factors

Figure 29 shows the distribution of contributory factors to road traffic crashes. The figure shows that, Human errors are leading contributor to road traffic crashes and accounted 86.55%, while weather condition was the least with just 0.05%.

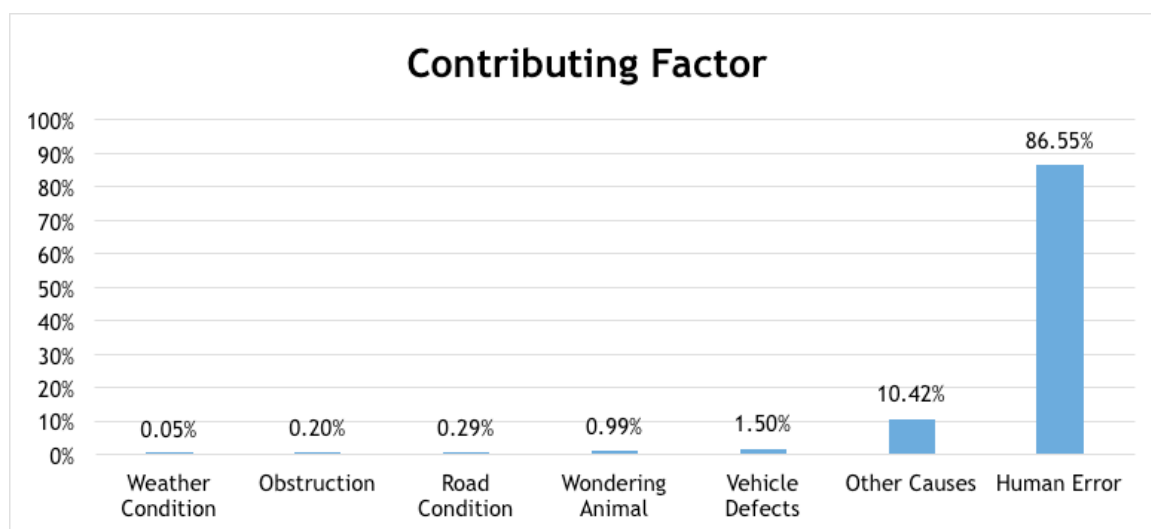


Figure 29: Road Traffic Crashes contributory factors

4.2.8 Easter holiday road traffic crashes

Figure 30 shows that a total number of 142 road traffic accidents were recorded in 2020 during Easter holiday. There was reduction in road traffic crashes compared to 212 in 2019 during the same period. Easter holiday road traffic crashes show a declining from 2018, a further decline in 2020 could be also attributed restricted movement due to the COVID-19 pandemic.

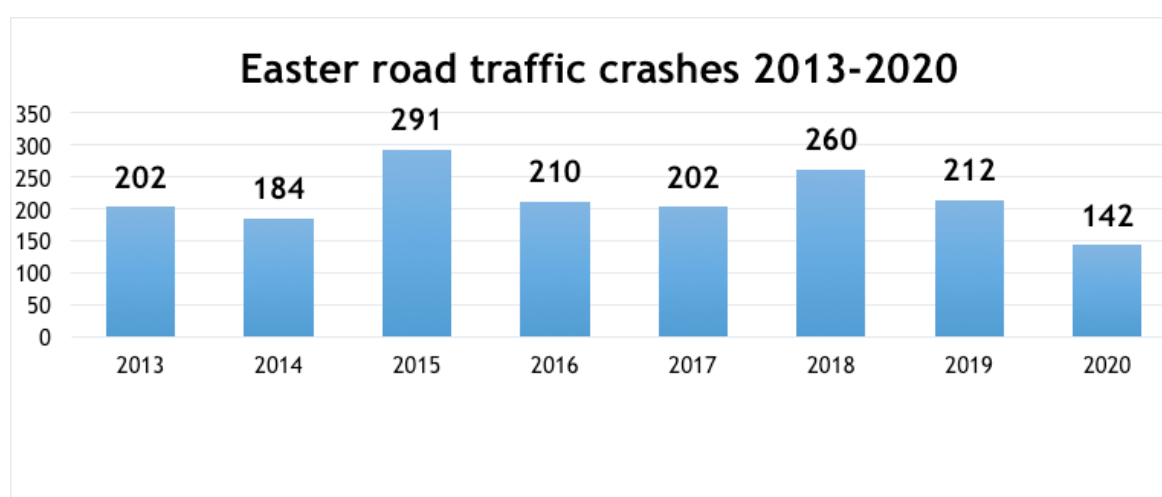


Figure 30: Compares Easter road traffic crash statistics 2013 to 2020

The figure below compares the number of fatalities during Easter holiday from 2013 to 2020. The number of fatalities reduced by over half from 15 in 2019 to seven (7) in 2020 showing a similar trend with road traffic crashes. Easter holiday road fatalities show a declining trend from 2018 and a further reduction in 2020 which could have been attributed to restricted movement due to the COVID-19 pandemic.

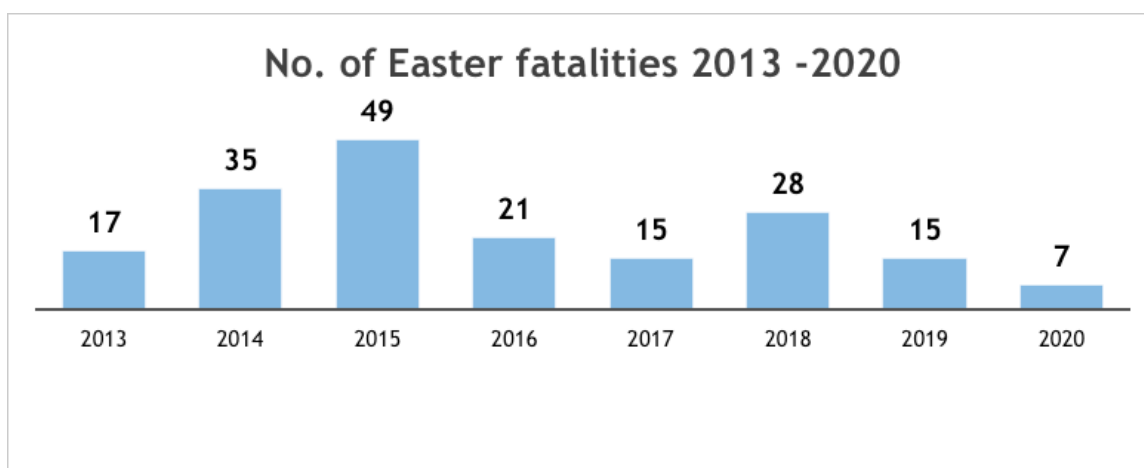


Figure 31: Compares fatalities during Easter period

4.2.9 STUDIES ON ROAD TRANSPORT AND SAFETY

4.2.9.1 Making Zambia a Road Transport Hub for the Southern Africa Region

Preliminary findings suggest that the major causes of time delays in traversing Zambia from border of entry to border of exit or final destination are attribute to road condition, clearance procedures at border posts and enforcement check points along the way.

4.2.9.1.1 Road Condition

Observational study results on road condition revealed that certain sections of the road are in bad state, some are narrow, with other sections lacking adequate road furniture and inadequate carrying capacity of traffic. The effects of inadequate road carrying capacity has led to traffic congestion which subsequently leads to slow movement of traffic.

4.2.9.1.2 Border post clearance procedures

The study through quantitative questionnaires administered, in-depth and key informant interviews revealed that much time was spent on mandatory clearing procedures at the respective border stations. Further, the study established that apart from ZRA the lead Agency at the borders, there Other Government Agencies that administer and regulate imports, exports and goods in transit. These Government Agencies contribute to the increase in time spent at border posts as they have a role to play in one way or the other regarding the clearance of goods.

4.2.9.1.3 Enforcement check points

Highway enforcement check points also emerged as contributory factors to the delay in the smooth flow of traffic. The prominent check points were Zambia Police, weigh bridges under RDA, Toll plazas under the NRFA and speed snap checks by RTSA and ZP. There are also check point barriers for the municipal councils, Zambia Wildlife Authority, Immigration department. Ministry of Livestock and screening against COVID 19 under the Ministry of Health. There is also an appreciable contribution to delays due to road traffic crashes.

4.2.9.2 Base line study on Seatbelt, Child Restraint Systems, Motor Cycle Helmet Use

The observational study revealed that Seatbelt adherence stands at 50% among drivers, 40% among front passengers and 5% among rear passengers. Motor cycle helmet adherence rates stand at 96% among motorcycle drivers and 33% among

passengers. The study also revealed that only 5% of motorists use appropriate child restraints systems when traveling with child occupants. Mobile phone usage stands at 6% among drivers.

It was recommended that road safety education and enforcement campaigns be intensified in order to increase seatbelt use in Chipata and Choma which recorded the lowest seatbelt usage rates in the country. These campaigns should be targeted mainly towards men and commercial vehicle drivers and passengers.

4.2.9.3 Study on the Effectiveness of Formal and Informal Driver Training in Zambia

The study sought to establish if drivers who received formal training from driving schools are safer drivers than those who were informally trained. A total of 15,533 drivers were enrolled into the study of which 52% were formally trained and 47% were informally trained. Comparisons between formal and informal driver training were made based on the likelihood of passing the driving test and the likelihood of the driver being matched in a driver offender's register. A binomial logistics regression was used to establish the associations among the variables.

Results of the study show that females are more likely to acquire formal training than men. Females are also more likely to pass the driving test. The study also found that there is no significant relationship between type of driver training and the results of the driving test. Also, drivers who are informally trained are 1.535 times more likely to commit an offence than those who went to driving school.

Drivers who are informally trained commit more offences than drivers who passed through a driving school. Further investigations however need to be conducted to establish if social-economic factors can account for this disparity.

4.2.9.4 Fleet Safety Management Guide (FSMG) Evaluation

An evaluation of the fleet safety management guide was conducted. The evaluation revealed the following;

- i. Transport operators who participated in the evaluation appreciated the FSM program and agreed that the assessments were helping them to improve their safety profile.
- ii. Other operators indicated that there was inadequate training and awareness on the FSM programme for operators.
- iii. Inadequate training among RTSA staff implementing the program at provincial and station levels, this could lead to inconsistencies in assessments being conducted.
- iv. Respondents also indicated that there is need to involve examiners as well when conducting FSM assessments as the examination function is closely related to the assessments of the road worthiness of vehicles.
- v. The evaluation also revealed that there are some challenges in applying the assessment tool broadly because operators are not at the same level. To some extent the FSMG has become a cost to doing business among small and upcoming operators. Thus operators should be classified and grouped in categories.

4.2.10 RTSA STRATEGIC PLAN REVIEW

4.2.10.1 Annual performance review of the strategic plan

The Agency held an annual performance review. The table below shows the distribution of completed activities, on-going activities (non-routine and will terminate within the strategic plan implementation period), on-going activities (routine and non-terminating) and activities not yet undertaken (these are planned to be undertaken in 2021) for the period January, 2019 to 31st December, 2020.

Out of 199 activities, a total of 57 were completely executed representing 29%. A total of 64 activities of non-routine nature are on-going and are expected to be completed by 31st December, 2021 while the other category of on-going activities of routine nature will feed in new Strategic plan. The on-going on-routine activities are 53 and represent 27%. The number of activities not undertaken stood at 21 in absolute terms, this represents 11% of the total activities. The activities not yet undertaken some are planned to be undertaken in 2021.

The strategic plan meeting revealed that among the activities not yet undertake some were due to COVID 19 pandemic, while others are attributed to delayed and under funding. The Agency's AWP budget was not adequately 2020. In 2020, the Agency received a total AWP funding of K227.6 million (71%) compared to AWP budget of K320.0 million translating into deficit of 29%.

Description	Absolute Number	Percentage representation
Number of completed activities	57	29%
Number of on-going activities (Terminating in 2021)	64	33%
Number of on-going activities (Routine and repeating)	53	27%
Number of activities not yet undertaken	21	11%
Total	195	100%

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FINANCE DEPARTMENT

5.0 FINANCE DEPARTMENT

5.1 Revenue collection Performance for 2020

The main streams of revenue collected by the Agency continued to be fees collected under the Road Traffic Act No. 11 of 2002 and that of the Tolls Act No.14 of 2011. The Agency's overall revenue performance for 2020 was favourable as compared to the overall revenue performance of 2019.

The Road Transport and Safety Agency collected a total of K1, 415 million in 2020 as compared to the Yellow Book Government target of K1, 447 million. This represented a 98% collection of the targeted total revenue.

The total revenue collected of K1, 415 million in 2020 represented a growth of 20% against revenue collected in 2019 which was K1, 178 million. Table 13 shows actual revenue collected against target revenues

Table 13: Actual Revenue Collections against Target Revenue in 2019 and 2020.

	Actual 2020	Target 2020	Actual 2019	Target 2019	Actual Vs. Target	Actual Collections Growth
	ZMW	ZMW	ZMW	ZMW	ZMW	%
Road User Fees	541,771,950	668,622,584	505,824,021	509,608,038	81%	7%
Kwacha TOLL	13,986,095	7,877,460	5,639,062	7,877,460	178%	148%
Foreign TOLL	859,553,880	770,953,085	666,050,578	503,288,790	111%	29%
TOTAL	1,415,311,925	1,447,453,129	1,177,513,661	1,020,774,288	98%	20%

5.2 COLLECTIONS UNDER THE ROAD TRAFFIC ACT NO.11 OF 2002

Revenue collected under the Road Traffic Act No.11 of 2002 comprised of fees from registration, licensing and examination. These types of fees were called the road user fees. The total revenue collected in 2020 was K541.8 million while in 2019 it was K505.8 million. This represented a growth rate of 7%. The actual revenue collection for 2020 was K541.8 million. This represented a revenue collection of 81% against the yellow book revenue target of K 668.6 million. Figure 32 below shows monthly revenue collected under the Road Traffic Act No.11 of 2002:

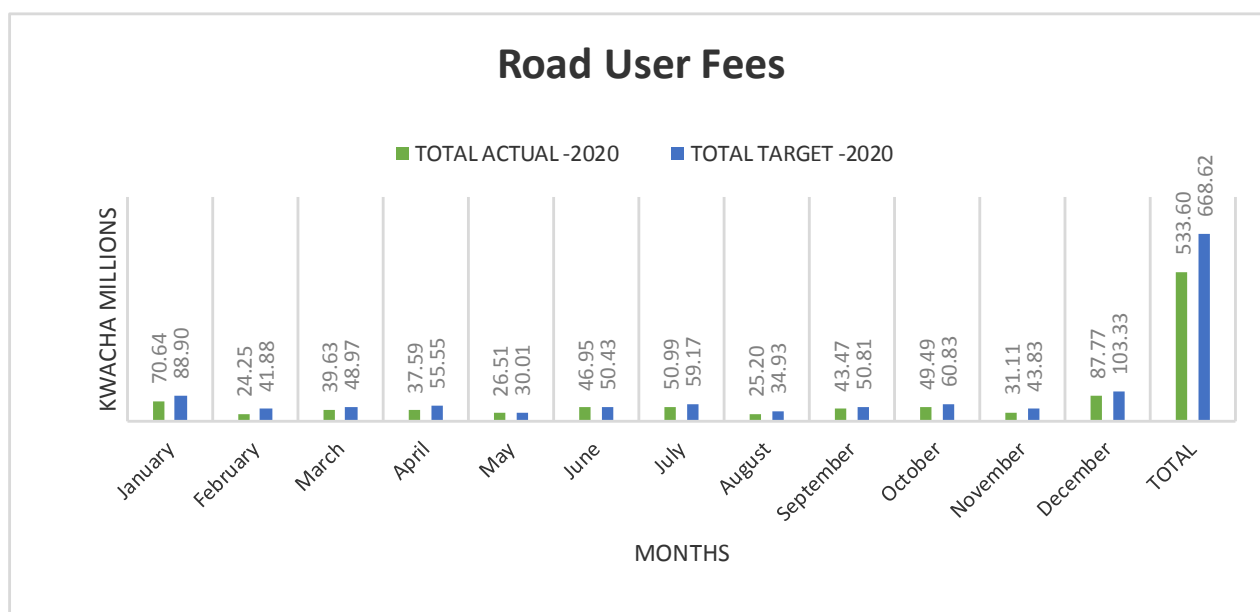


Figure 32: Road User Fees collected in 2020 against Monthly revenue Targets

All RTSA stations collected revenue under road user fees to the sum of K364.1 million in 2020 while in 2019 the total revenue collected was K345.6 million. This represented a growth rate of 5%.

The highest revenue collecting station for road user fees in 2020 was Lumumba with a collection of K47.8 million, followed by Ndola with K39.1 million and then Nakonde with K36.4 million. This represented growth rates of 1% and 5% for Lumumba and Ndola respectively while Nakonde decreased by 10%. The decrease in growth rates was mainly attributed to the general restrictions in movements by the public as per the covid-19 health measures. However, the best performing station was Chanida, followed by Ridgeway and then Mpika with growth rates of 60%, 42% and 27% respectively.

Figure 33 below shows road user fees collected in 2020 against collections in 2019:

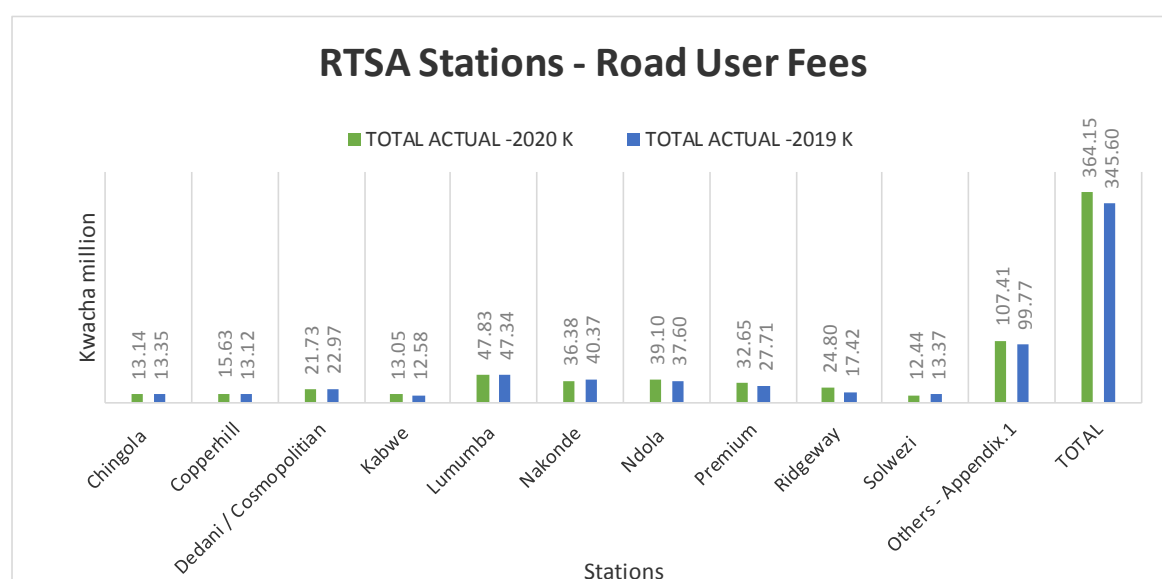


Figure 33: Road User fees collections in 2020 and 2019.

5.2.1 ADMINISTRATION OF OUTSOURCED REVENUE COLLECTIONS FROM STRATEGIC PARTNERS

In 2020 the Agency continued to collect revenues under road user fees through its strategic partners i.e. Zampost, ZSIC General and the Zambia Revenue Authority (ZRA). The motor vehicle fund revenue collected by Zambia Revenue Authority on behalf of the Agency was not included in the Road Traffic Collections' Yellow Book revenue estimates. The Agency extended its revenue collection centres via online through the Government Service Bus (GSB) and six Local Authorities across the country where the Agency was not present.

The strategic partners collected a total of K179 million in the period under review. This represented a growth rate of 12%. Figure 34 below shows details of the revenues collected by our strategic partners:



Figure 34: Revenue collected under Road User fees by our Strategic Partners

5.3 COLLECTIONS UNDER THE TOLLS ACT NO. 14 OF 2011

Toll fees are transit fees collected by the Agency on both foreign and locally registered vehicles using Zambian roads. These are collected on behalf of the National Road Fund Agency (NRFA) and Emerged Railways Properties (ERP) from stations located at ports of entry and inland stations under the Tolls Act of 2011.

5.3.1 TOLL FEES FROM LOCALLY REGISTERED VEHICLES

The Road Transport and Safety Agency collects toll fees from locally registered vehicles on behalf of the NRFA. During the period under review, a total of K13.99 million was collected as revenue for tolls on locally registered vehicles. This represented an increase of 148% over the revenue collected in 2019 of K5.64 million. The opening of Mokambo which is managed by Mufulira Station as a collecting centre for local road tolls increased revenue collections significantly. This mitigated the loss that was experienced between 2019 and 2018. Figure 35 below shows details of Toll fee collection for locally registered vehicles at ports of entry:

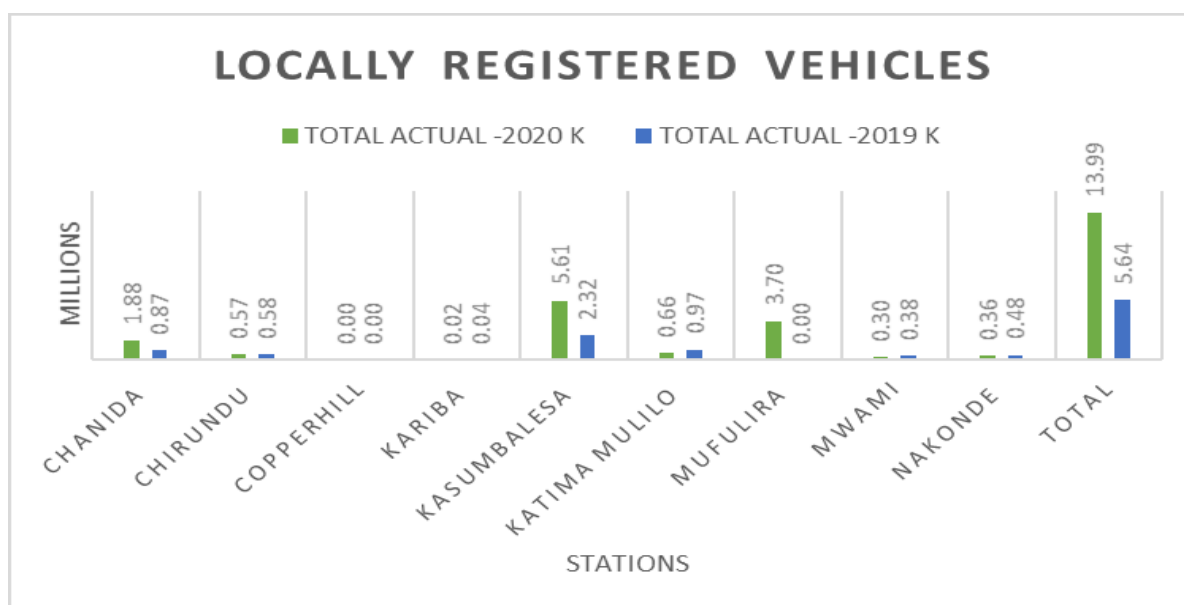


Figure 35: Toll fee collected from locally registered Vehicles in 2020 and 2019.

5.3.2 TOLL FEES FROM FOREIGN REGISTERED VEHICLES

The Road Transport and Safety Agency collects revenue through toll fees from foreign registered vehicles on behalf of the National Road Fund Agency (NRFA). The foreign toll fees collected were in United States Dollars (USD). The total revenue collected in 2020 was US\$45.8 million while in 2019 it was US\$51.4 million. This represented a decrease of 11% in US dollar revenue collections. This was attributable to the restrictions in number of foreign registered motor vehicles that transited the country in 2020 as a result of the COVID-19 health guidelines. The depreciation of the local currency against the United States dollars between 2020 and 2019 resulted in the reported growth of kwacha equivalent revenues collected to be 26%. Figure 36 below shows details of the foreign toll fees.

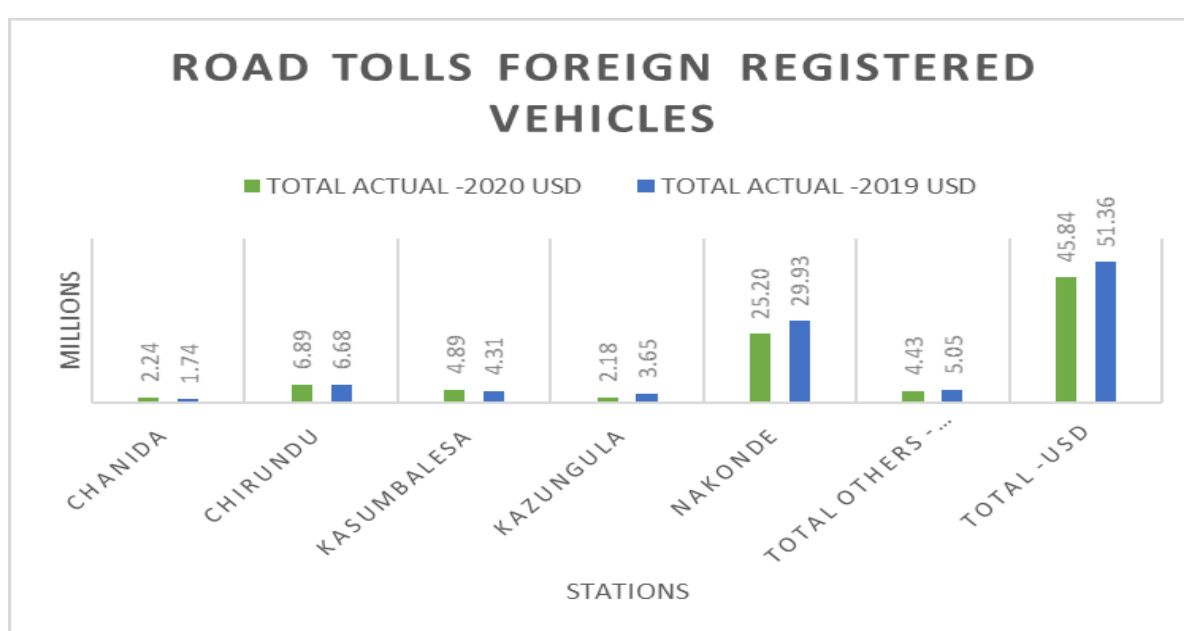


Figure 36: Revenue Collected under foreign toll fees in 2020 and 2019.

Nakonde reported the highest revenue collections of foreign toll fees of US\$25.2 million in 2020 against US\$29.9 million in 2019. Chirundu was the second highest revenue collector with US\$6.7 million in 2020 against US\$6.9 million and then Kasumbalesa with US\$4.3 million against US\$4.9 million in 2020 and 2019 respectively.

Most of the inland stations recorded a decline in revenue collection except for Mufulira, Solwezi and Mansa stations that recorded positive growth rates of 116%, 56%, and 26% respectively. The opening of the Mokambo border as a revenue collecting center for road tolls significantly contributed to the enhancement in revenue collections for Mufulira and Kasumbelesa and the Agency as a whole.

5.3.3 TOLL FEES FROM VICTORIA FALLS BRIDGE

In 2020 the Agency continued to collect toll fees at the Victoria Falls Bridge on behalf of Emerged Railway Properties (ERP). A commission of 5% per cent of revenue collected was retained by the Agency. The total revenue collected in 2020 was US\$906,060 while in 2019 it was US\$1,017,264. This represented a decrease of 11% in revenue collected using United States dollars. The total commissions due and retained by the Agency in 2020 was US\$45,443 while in 2019 it was US\$50,863. Table 14 below shows revenue collected from bridge tolling at Victoria Falls Bridge and Table 15 shows RTSA Commissions.

Table 14: Revenue Collected from bridge tolling in 2020 and 2019

MONTH	2020 - TOTAL	2019 - TOTAL	Growth
	USD	USD	
January	75,439	77,964	-3%
February	81,043	70,306	15%
March	85,768	80,869	6%
April	22,618	82,242	-72%
May	53,653	83,140	-35%
June	75,542	84,599	-11%
July	77,215	86,327	-11%
August	96,770	89,239	8%
September	95,270	94,306	1%
October	81,185	89,143	-9%
November	80,815	95,457	-15%
December	80,742	83,672	-4%
TOTAL - US\$	906,060	1,017,264	-11%

Table 15: RTSA Commissions Collected from bridge tolling in 2020 and 2019

MONTH	2020 - TOTAL	2019 - TOTAL	GROWTH
	USD	USD	
January	3,771	3,898	-3%
February	4,056	3,515	15%
March	4,299	4,043	6%
April	1,138	4,112	-72%
May	2,743	4,157	-34%
June	3,785	4,230	-11%
July	3,869	4,316	-10%
August	4,845	4,462	9%
September	4,771	4,715	1%
October	4,067	4,457	-9%
November	4,051	4,773	-15%
December	4,048	4,184	-3%
TOTAL -US\$	45,443	50,863	-11%

5.4 CARBON EMISSION SURTAX (CES)

The Road Transport and Safety Agency also collected carbon emission surtax on behalf of the Zambia Revenue Authority (ZRA) from motor vehicles. The Agency collected a total of K51.6 million of Carbon Emission Surtax (CES) in 2020 compared to K51.0 million in 2019. This reflected a growth in revenue collections of 1%.

Figure 37a and 37b indicates the proportion of total Carbon Emission Collections in 2020 and 2019 respectively:

Figure 37a

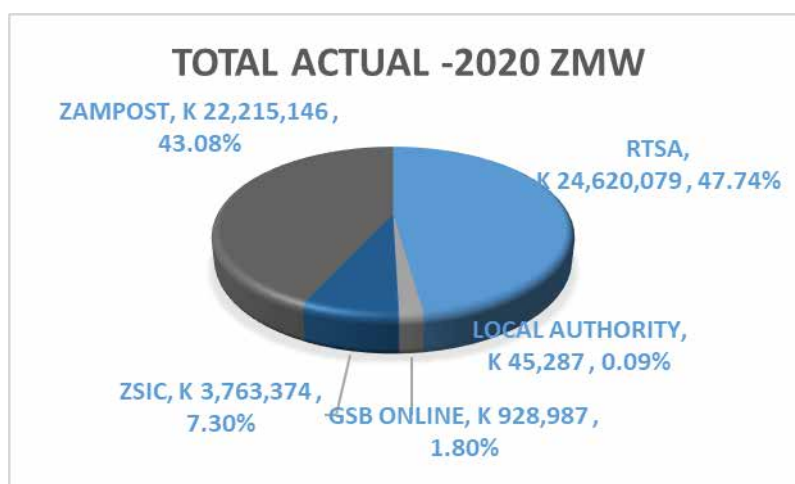
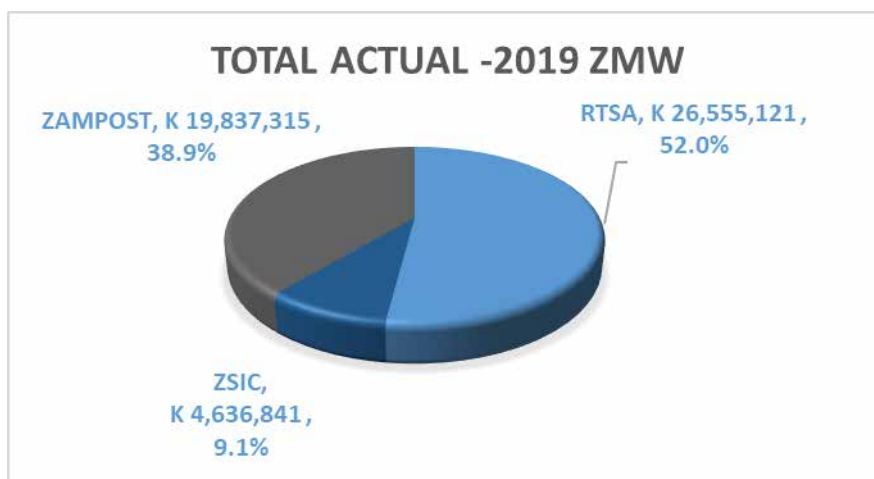


Figure 37b



5.5 REVENUE REFORMS

The Agency commenced to collect revenue through a Teller Implant at Mimosa with NATSAVE. The user tests were conducted during the period under review and currently it is operating as a pilot project and revenue being deposited into the NATSAVE revenue transit bank account. The Ministry of Finance was invited to participate in the final testing and user acceptance before the final commissioning of the system to the public. Investrust finalized the redesigning of the teller implant service at Ridgeway.

The Treasury approved a road map to extend the electronic payment to ports of entry tolls fees with First Capital Bank under the Inter-Africa trans forex payment solution to commercial trucking companies at no cost. The awareness campaigns commenced with visitations to Kazungula and Nakonde.

The Agency further managed to enhance the Trans forex service provision with Nakonde, Chirundu, Kazungula, Victoria Falls and Katima Mulilo by introducing improved electronic payment devices provided through First Capital Bank. This was an option used to mitigate the connectivity challenges that were experienced through Eco Bank.

All Thirty Six (36) RTSA stations have POS machines except Mwami. Katima Mulilo's POS was withdrawn by the Atlas Mara bank to exchange with an improved version. Mwami has the NFRA's e-tolling machine while Petauke station's POS machine was installed by UBA. This is waiting for official training.

The Agency commenced collecting revenue through the Government Service Bus (GSB) online platform. Five revenue streams have been activated which include, Driver Licence renewal, Temporal Motor Vehicle Registration, Road Worthiness, Motor Vehicle Licencing and Carbon Emission Surtax. An independent station code under Head Office was assigned for revenue collected via the GSB online of 000833.

The NRFA commenced installing the e-tolling machines. These are electronic machines that facilitate payment of road toll fees for locally registered vehicles. The first station to be installed with the e-tolling machines was Mokambo border under Mufulira. These revenues are electronically recorded on the NRFA system and funds deposited into revenue transit bank accounts designated to NRFA.

The Agency engaged Atlas Mara bank on extending its services of dedicated counters to the Local Authorities. Request for Mwiinilunga and Kabombo were formally submitted. Authority to Treasury was submitted to extend this service on demand to other Local Authorities. The Atlas Mara began to address the matter.

5.6 REVENUE MONITORING UNIT

The revenue monitoring unit managed to conduct a Joint Revenue Reconciliation exercise with the Ministry of Finance, Ministry of Transport and Communications and the National Road Fund Agency. This marked the reconciliation of revenue with the treasury as at 31st December 2020 and as per statement B.

Further, reconciliations were conducted with Zampost and ZSIC for quarter one to quarter three of 2020. The bank reconciliations were partly submitted and signed off as of 30th September, 2020. The reconciliation process of the GSB online was manual. The electronic bank reconciliation had not been activated and no bank reconciliation reports were electronically being generated for this purpose. This increased the workload for the unit.



Information, Communication and Technology Department

6.0 INFORMATION, COMMUNICATION AND TECHNOLOGY DEPARTMENT

The year 2020 marked a pivotal moment for the ICT department towards its goal of pioneering the digital transformation of the Agency and how the Agency delivered its services. This included the implementation of the requisite internal controls through policy documents and procedures and a deeper engagement with key stakeholders for closer collaboration and digital systems integration. A key deliverable under the year was the implementation of the online services and payment portal particularly for the Motor vehicle Licence (Road Tax) fees. Coupled with the challenges brought about by the Covid19, the Agency needed to have the online portal available to the public.

6.1 Road Transport and Safety

The Agency scored a first with the development and rollout of the RTSA MobileApp. The mobile App allows the verification of Motor Vehicle Licence certificates anywhere in the country where there is 4G network. This therefore eliminated and /or reduced the need for enforcement officers to call or 'radio' the Agency Call Centre to get driver or motor vehicle particulars during enforcement activities. The MobileApp is able to scan the licence barcode, perform automatic number recognition and accept typed driver and vehicle registration mark.

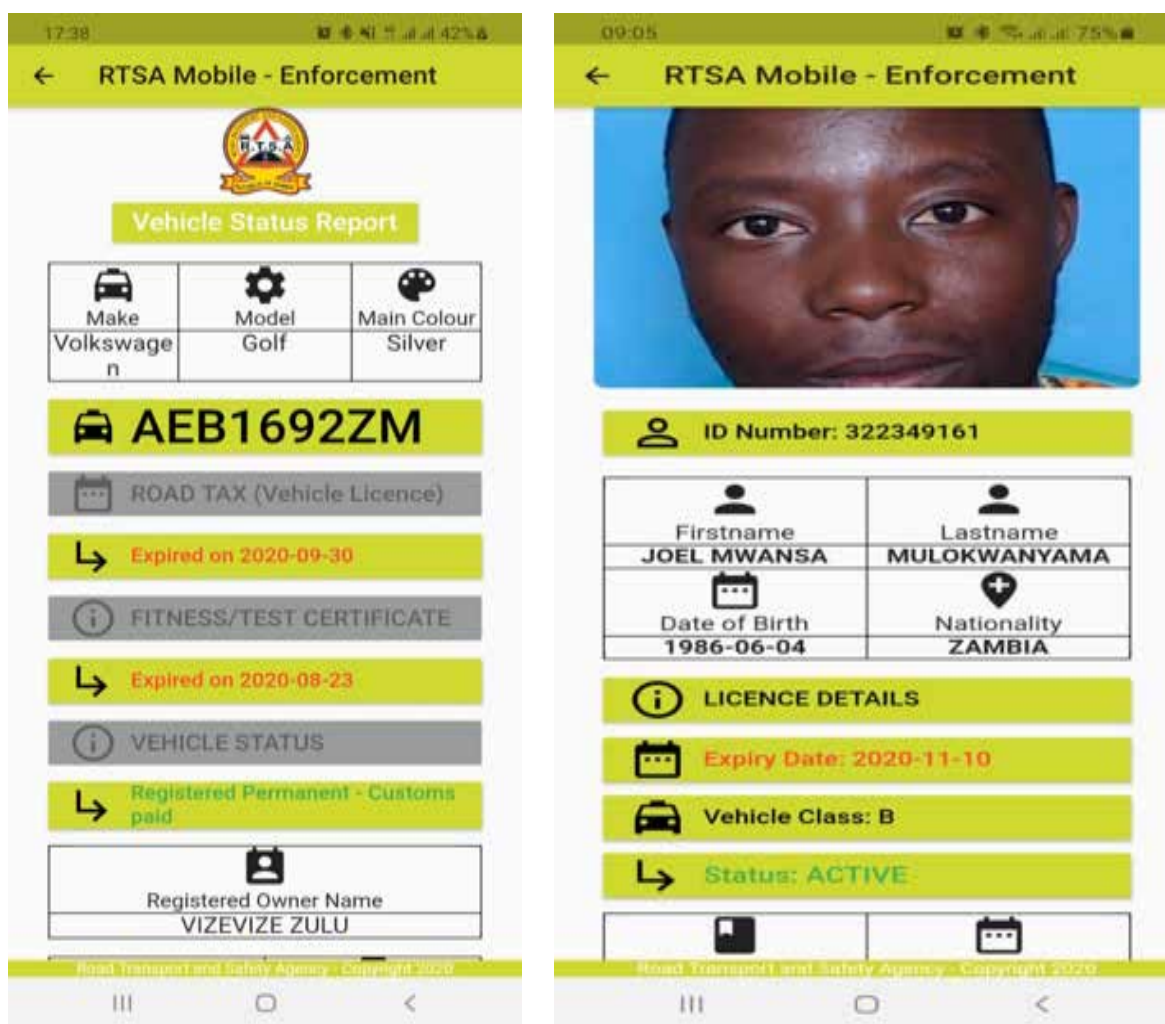


Figure 38: RTSA MobileApp – Vehicle and Driver Information on the Go

In improving availability of the Radio Access Network (RAN), the department implemented power backup connectivity to the main RAN transmitter/repeater located at the government complex.

6.2 Improving Agency Branding

The department maintained and supported the Agency website including the implementation of a 'live chat' support service portal. Further, the department deployed online feedback forms allowing for online receipt of customer feedback and inquiries particularly in the wake of the newly implemented online payment portal. ICT staff were placed in the Call Centre to help support the call centre staff in issue resolution particularly the issues reported from the online portal as the number of transactions done online continued to increase.

To support the Agency with the notification of change of ownership were previously sellers of motor vehicles were writing to the Agency, the department implement an online form available on the Agency website for the receipt of notifications of change of ownership.

6.3 Improving Service Delivery

6.3.1 Online Services Portal

The second quarter of the 2021 was pivotal as from the 17th of April 2020, the Agency launched the online services portal through Government Service Bus (GSB) and Payment Gateway. The portal was launched with two payment options being mobile money through ZAMTEL and visa/MasterCard card payment (debit/credit) facilitated by ABSA Bank. The portal continued to make gains as the number of user registrations and payments continued to increase as well as the revenue collected through the portal.

The services provided online included:

- a. Driver's Licence (Renewal and Duplicate)
- b. Roadworthiness Application ("Road Fitness Test")
- c. Motor Vehicle Licence ("Road Tax")
- d. Motor Vehicle Registration – Temporal Registration
- e. Motor Vehicle Physical Examinations for
 - i. Change of ownership
 - ii. Change of particulars
 - iii. De-registration/Re-registration
 - iv. New vehicle registration
 - v. Particulars updating

The Agency online services portal continued to make gains with an increase user uptake. About 16, 779 new users were registered during the year under review. The revenue collected online was about ZMW 5,942,237.60.



Usage Statistics

Year: 2020

Printed On: 1/8/2021

Printed by: Brian Sikute

No.	Month	All Registered Users	New Users, /mo	Peak Concurrent Users, /mo	Peak Caseload, /mo	All Cases, /mo	Payments, /mo
1	April	995	995	254	12	70	95
2	May	1,922	927	69	16	192	193
3	June	5,157	3,235	606	412	980	1,046
4	July	9,589	4,432	1,041	795	3,209	3,229
5	August	10,180	591	81	40	580	557
6	September	11,355	1,175	475	1,028	2,328	2,482
7	October	13,453	2,098	714	1,250	4,538	4,456
8	November	14,030	577	51	54	730	727
9	December	16,779	2,749	774	2,241	6,355	6,461
10	January	3,175	3,175	911	2,678	9,128	9,124
Total		16,779				28,110	28,370

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Figure 39: Usage Statistics

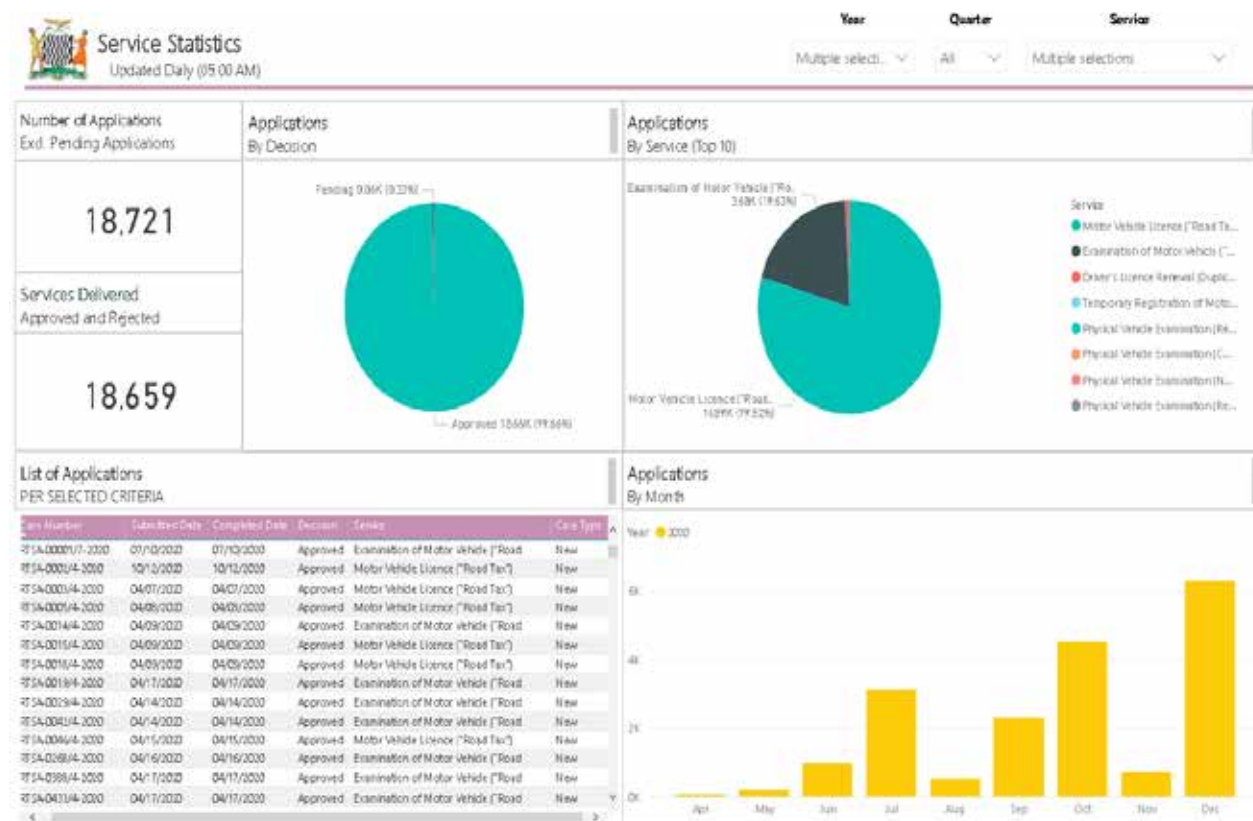


Figure 40: Online Service Portal Services – Number of Applications and Services Delivered

6.3.2 Online Portal Publicity

The Agency continued to collaborate with ZAMTEL and Insurance companies in publicising the online services portal. Many clients were registered and purchased Road Tax when they visited insurance companies to get motor vehicle insurance cover.

6.3.3 Local Area Network Maintenance

The Agency maintained local networks access at the Petauke, Mongu, Mufulira and Kariba Stations including the cable management in the network cabinets and buildings.

6.3.4 Online Mobile Licencing

During the year under review, the ICT department supported the first national-wide 'online' mobile licencing in which all services were being provided through the eZamTIS system. This further supported the elimination of manual transactions and the challenges that come with the same. The exercise was largely a successful and valuable lessons were learnt. The experience will contribute to smoother and more efficient exercises in the future.

6.4 Stakeholder Collaboration

6.4.1 Devolution to Local Authorities

In order to increase access to Agency services and revenue, the Agency installed and configured a total of six (6) revenue points which were identified through the devolution of service processes. The service points were added to the Agency's wide area network using a low cost solution supported by MTN Zambia GSM network. The services setup were:

- i. Nyimba Town Council
- ii. Lundazi Town Council
- iii. Kafue Town Council
- iv. Mumbwa Town Council
- v. Kabompo Town Council
- vi. Mwinilunga Town Council

Clients in these locations were able to access Road Tax and Vehicle Examination Applications from the town councils.

6.4.2 Insurance Companies

To support the implementation of the online services portal, particularly the 'Road Tax' service, engagement with Insurance companies through the Insurer Association of Zambia (IAZ) was critical as insurance is a prerequisite for the issuance of Road Tax/CES. A portal was developed for the insurance companies to upload insurance data into the online portal.

The Agency supported insurance companies to integrate their systems with the online services portal through the Zambia Insurance Database (ZIDB). Further, the Insurers Association of Zambia (IAZ) demonstrated a proof of concept solution which will allow all insurance companies to provide insurance cover details to RTSA in real time.

6.4.3 Smart Zambia Institute (SZI)

The Agency engaged the Smart Zambia Institute (SZI) on the possibility of connecting all Agency stations and service points through the Government Wide Area Network (GWAN). The institute agreed to provide the connectivity and network design proposals were received from Africonnect Zambia and ZAMTEL. If successful, the Agency will only pay for the installation costs of GWAN and eliminate the monthly costs of bandwidth which were been incurred.

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Legal Department

7.0 LEGAL DEPARTMENT

7.1 INTRODUCTION

The Legal Department provides legal services to the Road Transport and Safety Agency (RTSA), and assists the Director in dealing with Board matters as Secretary to the Board of RTSA.

7.2 ROAD TRANSPORT AND SAFETY

7.2.1 Law review

The Agency is undertaking a law review process in order to enhance both road safety and service delivery. During the year under review, the Agency through the Legal Department spearheaded the issuance of the following statutory instruments:

- i) Statutory Instrument No. 7 of 2020 - The Road Traffic (General Speed Limits) Regulations;
- ii) Statutory Instrument No. 45 of 2020 - The Road Traffic (Disposal of Impounded vehicles) (Amendment) Regulations;
- iii) Statutory Instrument No. 46 of 2020 – The Road Traffic (Public Service Vehicle) (Amendment) Regulations; and
- iv) Statutory Instrument No. 50 of 2020 - The Road Traffic (Driving License) Regulations.

Amendment of the Road Traffic Act reached an advanced stage during the period under review. At the close of 2020, the Road Traffic (Amendment) Bill was due to be tabled before the Internal Legislative Committee at Ministry of Justice, for stakeholder input. The Agency is hopeful that the Bill will be enacted into law, in the course of 2021.

7.3 IMPROVING SERVICE DELIVERY

7.3.1 Devolving services to underserved regions by leveraging stakeholder delivery systems.

During the year under review, the Legal Department drafted and facilitated the signing of Memorandum of Agreements with six local authorities where the RTSA does not have presence. The initiative to outsource RTSA services to local authorities, is being rolled out in phases and more local authorities will be reached out to in 2021.

7.3.2 Litigation and administrative duties

7.3.2.1 Court Cases

The Legal Department handled litigation on behalf of the Agency before various courts of law. The majority of the cases were handled in-house while a few were outsourced to law firms. Table 17 shows a summary of active cases in 2020 compared to 2019.

Table 17: Active cases in 2020 compared to 2019

Court	2020	2019
Cases in the Supreme Court	Nil	2
Cases in the Court of Appeal	4	3
Cases in the High Court	12	10
Cases in the Industrial Relations Court	3	5
Cases in the Subordinate Court	1	2
Cases in the Road Service Tribunal	Nil	Nil
TOTAL	20	22

7.3.2.2 Prosecution of Road Traffic Offenders

The Agency through the Prosecutions Unit prosecutes road traffic offences at the Lusaka Fast Track Court and in other subordinates Courts countrywide. The most prevalent offences handled by the Fast Track Court during the year under review included: expired road tax **635 cases**; expired test certificate **373 cases**; Expired insurance **371 cases**; Dangerous driving **246 cases**; unlicensed driver **207 cases**; use of handheld **146 cases**.

Prosecution of road traffic offenders through the Courts of law, is expected to bring about behaviour change among motorists due to its deterrent effect.

7.3.2.3 Offence of driving a motor vehicle under the influence of intoxicating liquor

During the festive season, all cases of driving under the influence of intoxicating liquor were taken to Court. Accused persons who were convicted, were sentenced to payment of fines ranging from ZMW 2,000 to ZMW 4,000 and suspension of driving licences for periods, from fourteen (14) days to 6 months. One convict who was unlicensed, was disqualified from obtaining a driving licence for a period of six (06) months.

7.3.2.4 Investigations

The Investigations Unit investigated a total number of 113 motor vehicle related cases, 22 covert cases and 45 other cases. Of the 113 cases:

- a) 42 were handed over to Zambia Revenue Authority (ZRA) as most of the offences involved cloning of number plates in an attempt to evade motor vehicle importation duties,
- b) 26 were handed over to Police;
- c) 45 were resolved by the Agency; and
- d) 22 prosecuted.



Public Relations Department

8.0 PUBLIC RELATIONS DEPARTMENT

During the period under review, management organised all Public Relations Department activities in line with the Strategic Plan 2019-2021 as means of actualising the set targets in the implementation plan.

8.1 Road Transport and Safety

During the period under review, the Agency through the Public Relations Department carried out activities that focused on RTSA's safety and transport mandates. A key focus of the activities undertaken were to ensure safety programmes result in improved road safety practices and the development of sustainable transport systems. The Agency in the year 2020 undertook 241 media related activities through radio, television and digital media as means of heightening messaging on the Agency's road safety and service delivery mandate. Further, a total of 15 outreach activities were undertaken at RTSA's service centres with a total of 33 of media statements issued as means of reinforcing publicity on various activities undertaken by the Agency in 2020.



Figure 41: Minister of Transport and Communications Hon. Mutotwe Kafwaya flagging off enforcement and Road Safety Week Activities.

8.2 Improving Agency Branding

During the period under review, management carried out activities to support the Agency rebranding process and enhancing service excellence.

8.2.1 Building a Service Focused Cooperate Public Experience

During the period under review, Management unveiled and publicized the RTSA online payment platform under the Government Service Bus (GSB) and Payment Gateway System. The publicity culminated in an increase in the number of clients using the online payment platform. During the period under review, management undertook to publicize the devolution of selected RTSA services to six local authorities as means of enhancing service delivery.

Further, Management development and fully implemented the Brand Manual that dramatically contributed to improving the RTSA brand during the period under review.

Management also procured and distributed required Information, Education and Communication (IEC) material and corporate materials such as diaries and shirts.

8.2.2 Strengthening Customer Relations Management

Management fully utilized the integrated Customer Relations Management System at the Call Centre to monitor and record information being received at the Call Centre such as complaints, positive client feedback, queries on RTSA services and accident reports.

8.2.3 Enhancing of Client's Feedback through the Call Center

Table 18: Customer relations management through the Call Centre

SN	Description	Q4	Q3	Q2	Q1	Total 2020
1.	Number of calls, inquiries received and attended to through the Call Centre – Toll free line/what's app/Facebook page	16,509	13,145	10,702	12,216	40,368
2.	Number of Complaints received	962	1,064	1,248	3,647	6,921
3.	Number of new updates on website	71	67	59	10	207
4.	Number of new posts on Facebook page	49	44	57	25	175
5.	Number of followers on Facebook page – increased reach	67,666	64,900	62,529	57,869	

Table 19: Compliant resolution 2020

SN	Type of Complaints Received	Number of Complaints received	Number of resolved Complaints	Number of unresolved Complaints
1.	Failure to create online account	2,066	2,066	0
2.	Failure to print road tax online	909	909	0
3.	Delay in answering toll free line	39	39	0
4.	Long queues at selected RTSA stations	29	29	0
5.	Unsatisfied clients	35	35	0
6	Absence of temperature screening facility at station	29	29	0
	Total	3,107	3,107	0

8.2.4 Enhancing Visibility of RTSA Stations

During the period under review, the Agency undertook to improve the its brand by upgrading the appearance of Lumumba, Ridgeway, and Dedan Kimathi service centres to make them client friendly and branding the walls with information on RTSA services and road safety. An additional three more service centres were also branded to improve the quality of the Agency's infrastructure.

8.2.5 Corporate Social Responsibility

As part of its Corporate Social Responsibility, the Agency led by the Minister of Transport and Communications Hon. Mutotowe Kafwaya MP, donated 2000 face masks to bus drivers in Lusaka, Western Province and Copperbelt provinces. The activity was in line with Government's direction to mitigate the spread of COVID-19 especially in bus stations

and buses which were identified as hotspot areas. The Agency also donated protective equipment to several bus stations in Lusaka to mitigate the spread of COVID-19 among the traveling public. Further, the Agency sponsored the COVID-19 segment for updates aired on ZNBC TV1 during the period under review. Additionally, the Agency contributed towards the hosting of the 2020 N'cwala Traditional Ceremony and made donations to Matero After Care Centre as part of the Agency's CSR.

8.3 Improving Service Delivery

During the period under review, management undertook activities that focused on achieving an overall improvement on how clients access and perceive RTSA service provisions.

8.3.1 Increasing access to Agency Services

During the period under review, the Agency continued publicising operations of the online payment system through various media platforms. Further, the PR Department featured on various media programmes to publicise the devolution of RTSA services to selected local authorities.

Pay Online Now!
ANYWHERE.ANYTIME

Services available

- Motor Vehicle Licence (Road Tax)
- Driving Licence (renewal & duplicate)
- Roadworthiness Application (Road Fitness test)
- Motor Vehicle registration (Temporary registration)

EASY, FAST & SECURE.
Visit: www.rtsa.org.zm and register NOW

RTSA Road Transport and Safety Agency
Be Road Smart Life Is Precious

Email: askrtsa@rtsa.org.zm
call (+260) 211 224927
24 Hour Toll-Free Hotline 983

11472/c-24

Figure 42: Poster on online payment services

8.3.2 Improving Citizen Awareness of the RTSA Business Processes

During the period under review, Management developed, printed and distributed the Client's Service Charter. Further, posters on online the payment platform and RTSA services were distributed for display at all RTSA Service Centres.

8.4 Enhancing Stakeholder collaboration

During the period under review, the Agency organized and took part part in several activities as a means of identifying and strengthening partnerships with other organisations and companies holding similar interests as the Agency. To enhance stakeholder engagement, management held more than 15 stakeholder engagements with various stakeholders including the Ministry of Transport and Communications, Ministry of Finance, Smart Zambia, Public Service Vehicle (PSV) operators and the Media among others. Management also enhanced road safety which culminated in support towards road safety by Prudential Life Assurance who allocated a total amount of \$ 100,000.00 towards road safety for the year 2021.

During the period under review, the RTSA) was presented with the Best E – Commerce Innovation of the year 2020 Award by the Institute for Finance and Economics (IFE) Zambia. The innovation by the RTSA to introduce the online payment platform reduced the cost of creating, processing, distributing and retrieving paper – based information. The award celebrates and rewards innovative tools, products or services that have changed E – commerce for better and outstanding results. This award has recognized the RTSA's strong efforts in providing effective and efficient services through the online payment portal.

Further, the Zambia Public Relations Association awarded the Agency as second runner up in the following categories:

1. Best Event Management Runner up;
2. Best Publication Runner up; and
3. Best Crisis Management Runner up.

8.5 Revenue collection

As means of implementing innovative measures for enhancing revenue collection, management during the period under review heightened communication by encouraging the use of Point of Sale machines at all RTSA service centres. Additionally, public notices were also issued to remind motorists to pay for road tax as provided for under the Road Traffic Act No. 11 of 2002.



RTSA POINT OF SALE

VISIT ANY STATION

Service Excellency
Accountability
Fairness
Efficiency
Confidentiality
Integrity
Transparency



Figure 43: Poster on RTSA Point of Sale Machine.



Procurement and Supplies Department

9.0 PROCUREMENT AND SUPPLIES DEPARTMENT

During the period under review the procurement department undertook various procurements using Direct Bidding, Simplified bidding, Limited Bidding, Open National Competitive and Open International bidding.

Table 20 Major Procurements and Contracts for 2020

S/N	Description	Amount	Contractor/ Supplier	Status
1.	Printing and supply Supplementary books, Highway Codes and Information, Education and Communication (IEC) materials	ZMW4,280,440.00	Shorthorn Printers and New Horizon Printing Press	Delivery to be completed by end of Q1 2021
2.	Supply and delivery of materials for Covid-19 prevention	ZMW2,017,620.00	Karibu Pharmaceuticals and Alinase Investments.	Call off contracts 80% completed. Deliveries to be completed by Q1 of 2021
3.	The supply and delivery of road signs and road marking paints.	ZMW1,123,006.00	Laketake Enterprises	Delivery completed by Q4- 2020
4.	The Design, Installation, Implementation and Commissioning of an Enterprise Resource Planning System.	USD895,400.00	Impax Business Solutions in partnership with Circuit Business Solutions	Contract to be signed in Q1 of 2021
5.	Supply and delivery of Enforcement Uniforms	ZMW1,503,637.00	Cork Trading	Delivery to be completed by Q1 2021
6.	Supply and delivery of 13 No. 4x4 motor vehicles	USD566,150.00	Vehicle Center Limited	Delivery to be completed by Q1 of 2021
7.	Supply and delivery of laminates and Zebra ribbons	USD 628,425.00	New Horizon Printing Press	Call off Contract to be completed Q4 2021
8.	Construction of an examination shelter and Examiners booth at Mimosa RTSA station	ZMW437,568.19	Deep Field Mining Limited	Completed in Q2 of 2020
9.	Completion of the Construction of the six storey Head office Block and associated external works	ZMW10,012,821.59	Woodlock Limited	To be completed Q1 of 2021
10.	Provision of General Insurance Services on a one year running contract	Pending contract signing	-	Contract to commence in Q1 of 2021
11.	Provision of Consulting Services for External Audit Services	Pending contract signing	-	Contract to commence in Q1 of 2021
12.	Provision of Security and Cash In Transit Services	Pending contract signing	-	Contract to commence in Q1 of 2021

Carried Over Procurements

The table below highlights procurements that were carried over from 2019 to the year under review:

Table 21: Carried Forward Procurements

No.	Description	Status	Comment
1.	Construction of Motor Vehicle Inspection Centre in Silverest	Awaiting advance payment	Project stalled due to funding constraints.
2.	Motor Vehicle Inspection Centre in Luanshya	Building is at 65% complete (lentil level)	Project stalled due to funding constraints.
3.	Motor Vehicle Inspection Centre in Mufulira	Works are at 15% complete	Project stalled due to funding constraints.
4.	Supply and delivery of Security paper and consumables	Delivery Completed Q1 2020	-
5.	The printing, supply and delivery of Road Safety Supplementary books	Delivery Completed Q4 2020	-
6.	Supply, delivery, installation and Maintenance of a Global Positioning System on 500 Public Service Vehicles.	Delivery Completed Q4 2020	-
7.	Supply and delivery of One (1No.) Tow truck	Delivery to be completed Q2 of 2021	Contract re-negotiated

SUPPLIES ACTIVITIES

During the period under review the supplies unit received goods amounting to ZMW 21,981,560.15 and at the end of the year the value of stock available at the Central Stores was valued at ZMW 2,958,207.93.

The end of year stock count was conducted at RTSA Lumumba Central stores on the 26th and 27th of December, 2020 as per requirements for the valuation, movement, obsolete, redundant and identification of slow and fast moving inventory.



Internal Audit and Risk Management Department

10.0 INTERNAL AUDIT AND RISK MANAGEMENT DEPARTMENT

During the period under review, the Agency through Internal Audit Department had planned for compliance and financial audits of which twenty-four (24) audits were undertaken. Eight (8) IT audits were undertaken during the year and a total of five (5) adhoc audit assignments were undertaken. Internal Audit Reports highlighting the weaknesses in internal controls, the respective risk implications and recommendations were submitted to management, the Audit and Risk Management Committee and the Board.

External Audits

The independent role of external auditors is important in reinforcing the credibility of the Agency's financial statements, effectiveness of internal controls and compliance with regulations. The financial statements for the year ended 31st December 2019 were audited by Deloitte and Touche in the year 2020. The Office of the Auditor General conducted an audit on revenue collected in the period under review and six (6) audit matters were raised in 2020 compared with twenty five (25) audit issues raised in 2019.

RISK MANAGEMENT ACTIVITIES

During, 2020 a total of 251 members of staff culminating into 41% were trained across nineteen (19) Units and Stations respectively. This is in accordance with the Unit's core objective of embedding a culture of risk across the Agency through the various initiated activities such as Risk Awareness Trainings/workshops.

Incident Reporting

As at 31st December, 2020 a cumulative total of 51 incidents were reported and tracked for closure. Of the total 11 incidents culminating into 22% were fully resolved, 40 representing 78% still remain outstanding. Further of the incidents being tracked 6 representing 13% were reported in the quarter under review. The table below shows the breakdown of incidents received, resolved and outstanding during the year. Lastly Risk Unit endeavors to continue engaging action owners to ensure closure of outstanding incidences.

Table 22: Risks Tracked

Period	Number of Risks at start of Quarter	Reported During the Quarter	Total Risk During the Quarter	Resolved in the Quarter	Outstanding as at end of Quarter	% Resolution Rate
Q1-2020	14	9	23	0	23	0%
Q2-2020	23	5	28	1	27	4%
Q3-2020	27	17	44	7	37	16%
Q4-2020	37	6	43	3	40	7%

Risks were identified, recorded and classified in one of the categories of risks in Table 27.

Table 23: Category of Risk

1	Road Safety Risks	4	Strategic Risks	7	Reputational Risks
2	Road Transport Risks	5	Operational Risks	8	Legal and Compliance Risks
3	Traffic Management Risks	6	Procurement Risks	9	Financial / Economical Risks

The COVID 19 pandemic and erratic funding were the highest risks faced by the Agency during the period under review ultimately having a negative impact on the Agency's operations and revenue collection.

The lack of IT audit tools resulting in audits being conducted manually and inability to perform continuous auditing resulted in a reduced audit detection risk.

Business Continuity Management

As at 31st December 2020, the Agency call cascade was successfully updated with 80% staff details across all stations with the exception of Heed Office units. The process when completed shall be part of the planned consolidation of the Agency Business Continuity Plans (BCPs) which is in line with the unit's 2021 Strategic Objective.



Human Resource and Administration Department

11.0 HUMAN RESOURCE AND ADMINISTRATION DEPARTMENT

11.1 STENGTHENING ORGANISATIONAL CAPACITY

11.1.1 Staffing

Staff compliment as at 31st December, 2020 were;

- ☞ 623/1,559 establishment
- ☞ 614 Permanent and Pensionable and Contract employees
- ☞ 9 employees on temporary contracts
- ☞ **Total - 623**

11.1.2 Up scaling the works of the Integrity Committee

In the period under review, the Agency implemented its Annual Corruption Prevention Action Plan (ACPAP). Arising from the 2019 Zambia Bribe Payers Index (ZBPI) report in which RTSA was found to be one of the institutions with a high probability of corruption taking place for a client to access a service, the Agency requested to collaborate with Transparency International Zambia (TIZ) on activities relating to building integrity and good governance.

It is important to note that the ACPAP has a corresponding Monitoring, Evaluation and Assessment Score Sheet (MEA), a tool that is used to measure and monitor the performance of the anti-corruption interventions and measures the Agency puts in place. The tool comprises an outline of the measurable indicators/standards (169) in accordance with the "PEE model". The tool attempts to introduce a mathematical approach to the analysis of corruption prevention interventions in Agency. Scores will show efforts being made to address the indicator or vulnerability identified out of a possible score of 100. The overall performance of the Agency in the period under review was as below;

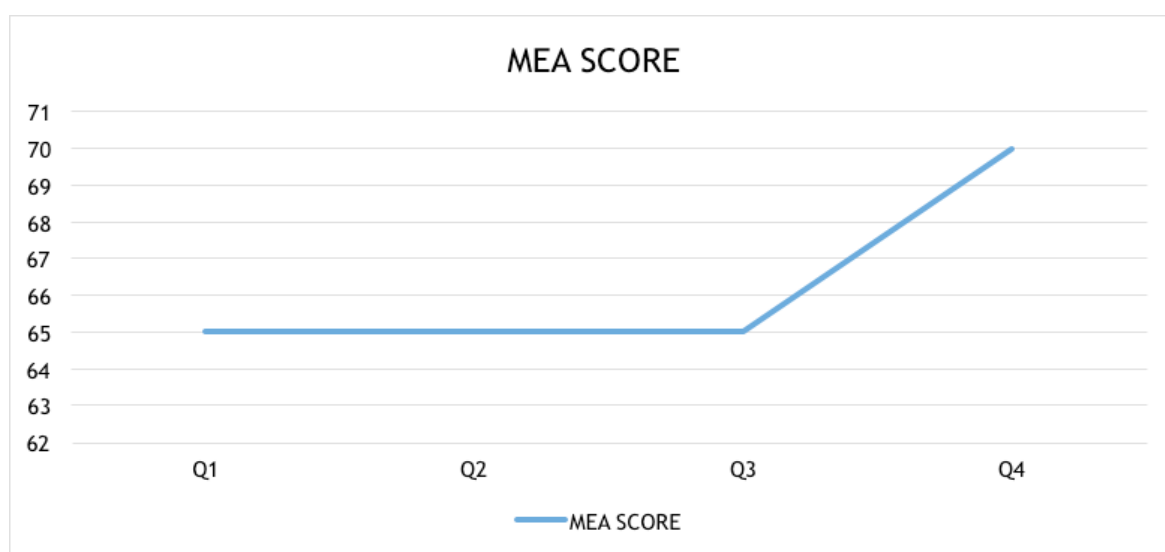


Figure 44: MEA Score

11.1.3 Renovation Works

During the period under review the maintenance unit carried out the following works;

Serenje Station

During the period under review aluminum counters were fitted by a contractor. Blue Circle Contractors fitted eleven (11) Air conditioning units at the station.



Figure 45: Serenje Office before – after renovations

Petauke Station

In mid-January 2020, the Maintenance unit travelled to Petauke to undertake plastering and painting of the ablution block. During the same quarter allumiums counters where fitted at a cost at the station. Seven (7) Air-conditioning units were installed at the station.

Mansa Station Generator Servicing:

The generator at Mansa Station required emergency service after it began to cut out on its own due to prolonged service interval (last service was May 2018). A team of two (2) Maintenance Assistants was dispatched to the station in September 2020 and they successfully serviced the generator restoring it to full usability. The station now has reliable back up power once again.

Servicing of Generator at Mansa



11.1.4 Head Office Construction

Works for the construction of Head Office have resumed. The main Contractor, Woodlock Limited, took possession of the site on 29th October 2020. The effective commencement date of the contract is 16th November 2020 with a duration of four (4) months running up to March 2021.

11.2 IMPROVING AGENCY BRANDING

11.2.1 Strengthening Customer Relations Management

In the period under review, a customer relations management workshop was in the fourth quarter undertaken in collaboration with the Public Relations Department (PR) to train frontline staff so as to equip them with the skills that are cardinal in the execution of their duties. Frontline staff from across RTSA stations were selected from Transport, Finance, Human Resource and Administration and Public Relations with a total of 40 members of staff in attendance.

In order to intensify anti-corruption campaigns and publicise various mechanisms put in place to prevent corruption in the acquisition of various RTSA services, the Agency in the period under review undertook media sensitization programmes.

Through a designated officer, the IC featured on fourteen radio programs. Two programs were aired on Millenium Radio, namely RTSAs Integrity Committee on 27th January 2020 and Procedures for reporting corruption cases at RTSA on 19th February 2020. Further, Ethics and Integrity at RTSA was aired on Classic Woods FM on 3rd March 2020.

A further two programs were aired on Millenium Radio, namely RTSAs Integrity Committee on 3rd April 2020 and Procedures for reporting corruption cases at RTSA on 10th June 2020. Further, Ethics and Integrity at RTSA was aired on ZNBC Radio 2 on 25th June 2020.

In ensuring consistency in integrity sensitization, three programs were aired on Millenium Radio, namely the role of the Integrity Committee at RTSA on 13th July 2020, Procedures for reporting corruption cases at RTSA on 7th August 2020 and Ethics and Integrity at RTSA on 14th September 2020. Further, two programs were aired on ZNBC radio 2, namely the role of the Integrity Committee at RTSA on 2nd July 2020 and Procedures for reporting corruption cases at RTSA on 10th September 2020.

Further, three programs were aired on Millenium Radio, namely the role of the Integrity Committee at RTSA on 7th October 2020, Procedures for reporting corruption cases at RTSA on 13th November 2020 and Ethics and Integrity at RTSA on 28th December 2020.

However, due to the COVID-19 pandemic sensitizing members of the public and staff alike proved difficult due to the restriction on movements. For members of staff, weekly integrity messages were circulated via the intranet.

The Agency was in the period under review called upon to make presentations at various Integrity Committee trainings the Anti-Corruption Commission was undertaking. The presentations on "Mainstreaming Integrity in the RTSA" were made to several participants on 27th August 2020 in Livingstone and to cabinet office participants on 10th September 2020 in Lusaka and finally on 15th October 2020 at the Local Government Training Institute in Chalimbana. This without a doubt further improved the Agency's corporate image.

Financial Statements

CYMA

Chartered Public Accountants & Management Consultants

4th Floor, Electra House,

Cairo Road

P O Box 38298

Lusaka

Tel: +260-211-231960

Fax: +260 211-237693

Email: cyma@zamtel.zm

REPORT AND FINANCIAL STATEMENTS

For the year ended 31st December 2020



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REPORT AND FINANCIAL STATEMENTS

GENERAL INFORMATION

For the year ended 31st December 2020



1 Board of directors

		Date Appointed/Replaced
Dr. Cornelius Chipoma	Chairperson	6th August 2019
Mr. Daniel Kampilimba	Vice Chairperson	25th January 2019
Ms. Mwenya Bwalya	Director	25th January 2019
Mr. Patrick Malindi	Director	25th January 2019
Ms. Mumeka Walumweya	Director	25th January 2019
Eng. Elias Mwape	Director	18th May 2019/June 2020
Eng. George Manyele	Director	23rd June 2020
Mr. Henry Nkhoma	Director	6th August 2019
Eng. Wallece Mumba	Director	25th January 2019
Ms. Lombe Kamukoshi	Director	25th January 2019
Eng. Misheck Lungu	Director	25th January 2019
Mr. Charles Mafumo	Director	18th May 2020
Ms. Foster Chileshe	Director	18th May 2020
Mr. Gladwell Banda	Board Secretary	2nd January 2020

2 Management

Mr. Gladwell Banda	Director and CEO
Eng. Alinani Msisya	Deputy Director - Safety
Mr. Joseph Mumba	Deputy Director - Transport
Mr. Progress Saiwana	Head Finance
Ms. Vivian Mupunda	Head Internal Audit & Risk Management
Mr. Brian Sikute	Head Information and Communication Technology
Ms. Mundi Mwanza	Head Human Resources and Administration
Mr. Chunky Kanchele	Head Planning, Research and Development
Mr. Fredrick Mubanga	Head Public Relations
Mr. Aaron Tembo	Legal Counsel
Ms. Janet Mumba	Procurement Specialist

3 Bankers

United Bank for Africa (Zambia) Ltd
Stand 22768
Acacia Park/Thabo Mbeki Road
Lusaka, Zambia

Zambia National Commercial Bank Plc
Government Complex Branch
P.O Box 30097
Lusaka, Zambia

4 Auditors

CYMA Chartered Public Accountants and Management Consultants
4th Floor, Electra House,
Cairo Road,
PO Box 38298
Lusaka, Zambia

5 Registered office

Plot 6956
Dedan Kimathi Road
P.O. Box 32167
Lusaka, Zambia

REPORT AND FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

For the year ended 31st December 2020



The Board of Directors present their report and the audited financial statements for the year ended 31st December 2020.

Principal Activities

The Agency is mandated to register motor vehicles; issue licences and permits; conduct road safety for the benefit of all sections of the community; and collect all levies and revenues under the Road Traffic Act No. 11 of 2002 (the "Act") on Government's behalf.

Financial Results

The deficit for the year was **K44 Million** (2019: Deficit of K6 Million as restated).

Property and Equipment

The following were the additions to property and equipment during the year:

	2020 K'000	2019 K'000
Motor vehicles	5,170	31,509
Capital work in progress	4,755	3,437
Office equipment	1,194	1,333
Office furniture and fittings	4,650	1,187
Leasehold buildings	613	238
	<u>16,382</u>	<u>37,703</u>

Number of Employees and Remuneration

The total remuneration paid to the employees during the year for the Agency was **K159 million** (2019: K107 Million). The average number of employees in each month for the year was as follows:

Month	Number	Month	Number
January	606	July	622
February	608	August	628
March	608	September	628
April	607	October	628
May	618	November	632
June	622	December	628

Gifts and Donations

The Agency made a donation of Road Safety school books during the year of **K1.2 million** (2019:Nil).

Related Party Transactions

Related party transactions are disclosed in Note 17 to the financial statements.

Health and Safety of Employees

The Directors are aware of their responsibilities regarding the health and safety of employees and have put appropriate measures in place to safeguard the safety and health of employees.

Corporate Governance

The Directors are committed to high standards of corporate governance, which are fundamental to discharging their leadership responsibilities. The Board applies integrity, principles of good governance and accountability throughout its activities.

REPORT AND FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

For the year ended 31st December 2020



Events Subsequent to the Reporting Date

The Directors are not aware of any matter that is material to the financial affairs of the Agency that occurred between the reporting date and the date of approval of these financial statements.

Auditors

Messrs. CYMA Chartered Public Accountants & Management Consultants, have indicated their willingness to continue in office. A recommendation proposing their reappointment and their remuneration will be put to the Board.

By order of the Board.

Mr. Gladwell Banda
Secretary

Date: 31st March 2021

REPORT AND FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITIES

For the year ended 31st December 2020



The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Road Traffic Act No. 11 of 2002 (the "Act"). Their responsibility includes; designing, implementation and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

DIRECTORS' STATEMENT

The Road Traffic Act No. 11 of 2002 requires the directors to prepare financial statements for each year which present fairly, of the state of affairs of the Agency and of the surplus or deficit for the period.

In the opinion of the Directors;

- (a) The statement of comprehensive income is drawn up so as to present fairly the deficit for the year ended 31st December 2020;
- (b) The statement of financial position is drawn up so as to present fairly the state of affairs of the Agency as at 31st December 2020;
- (c) The financial statements have been prepared in accordance with the International Financial Reporting Standards and are in compliance with the Road Traffic Act No. 11 of 2002. Other records and registers required by the Act have been properly kept in accordance with the Act.

The financial statements of the Agency which were prepared on a going concern basis were approved by the board of Directors on 31st March 2021 and are signed on its behalf by:

Dr. Cornelius Chipoma
Board Chairperson

Mr. Gladwell Banda
Director and CEO (Board Secretary)

Chartered Public Accountants & Management Consultants

LUSAKA

4th floor, Electra house

Cairo Road

Lusaka

Email: cyma@zamtel.zm**Postal Address**

P O Box 38298

Tel: +260 211-231-960

Fax: +260 211-236-779

INDEPENDENT AUDITOR'S REPORT

To the Members of the Road Transport and Safety Agency (RTSA)

Opinion

We have audited the accompanying financial statements of the Road Transport and Safety Agency ("the Agency") set out on pages 7 to 32, and Appendix I. These financial statements comprise the statement of financial position at 31st December 2020, the statement of comprehensive income, the statement of changes in the capital fund and the statement of cash flows for the year then ended, and the notes to the financial statements, Appendix I, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements referred to above, give a true and fair view of the financial position of the Agency as at 31st December 2020, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs), and in the manner required by the Road Traffic Act No. 11 of 2002.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Agency in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA" Code), together with other ethical requirements that are relevant to our audit of the financial statements in Zambia. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Road Traffic Act No. 11 of 2002, which we obtained prior to the date of the auditor's report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance or conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Road Traffic Act No. 11 of 2002, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to in accordance with the Act, to cease operations, or have no realistic alternative but to do so.

The Directors are also responsible for overseeing the Agency's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

REPORT AND FINANCIAL STATEMENTS

For the year ended 31st December 2020

Independent Auditor's Report_Road Transport and Safety Agency

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- vi) Obtain sufficient appropriate audit evidence regarding the financial information of the Agency activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


Report on other legal and regulatory requirements

As required by the Road Traffic Act No.11 of 2002 we report to you, based on our audit, that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion proper books of accounts, other records and registers have been kept by the Agency, so far as appears from our examination of those books and registers; and
- c) the Agency's statement of financial position and statement of comprehensive income are in agreement with the books of account.

CYMA Chartered Accountants and Management Consultants

The engagement partner on the audit resulting in this auditor's report is:


Dr. Chintu Y Mulendema
Managing Partner

Practicing Certificate Number AUD/F000113


Date

REPORT AND FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2020



Expressed in Kwacha ('000)

	Notes	2020	(Restated) 2019
Income			
Government grants	5	355,972	251,492
Interest and other income	6	585	492
		356,557	251,984
Expenditure			
Staff related expenses	Appendix I	(158,663)	(106,617)
Administration expenses	Appendix I	(124,356)	(20,350)
Operating expenses	Appendix I	(117,548)	(131,109)
(Deficit)/surplus for the year		(44,010)	(6,092)
Other comprehensive income			
Amortisation during the year	7	68	68
Total comprehensive (loss)/income for the year		(43,942)	(6,024)

REPORT AND FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

For the year ended 31st December 2020



Expressed in Kwacha ('000)

	Notes	2020	(Restated) 2019
Assets			
Non-current assets			
Property and equipment	8	164,538	203,213
Right of use asset	9	2,734	4,012
		167,272	207,225
Current assets			
Other receivables	11	27,623	19,817
Inventory	12	85,330	58,757
Cash and cash equivalents	13	3,953	3,374
		116,906	81,948
Total assets		284,178	289,173
Capital and Liabilities			
Capital and reserves			
Capital fund	7	(67,080)	(23,480)
Capital grant	7	3,257	3,325
Revaluation reserves	7	16,777	17,119
		(47,046)	(3,036)
Non-current liabilities			
Other payables and accruals	14	110,133	117,730
Lease liability	15	265	1,627
		110,398	119,357
Current liabilities			
Other payables and accruals	14	219,984	170,939
Lease liability	15	842	1,913
		220,826	172,852
Total liabilities		331,224	292,209
Total capital funds and liabilities		284,178	289,173

The responsibility of the Agency's Directors with regard to the preparation of the financial statements are set out on page 4. The statement of financial position above was laid before the board in a general meeting and approved by the Board of Directors on 31st March 2021 and were signed on its behalf by:

Dr. Cornelius Chipoma
Board Chairperson

Mr. Gladwell Banda
Director and CEO (Board Secretary)

REPORT AND FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

	Notes	2020	(Restated) 2019
Reconciliation of deficit to net cash flows from operating activities			
Deficit	Page 7	(43,942)	(6,024)
Adjusted for non-cash items			
Depreciation of property and equipment	8	54,152	54,904
CWIP written off	8	-	32,654
Impairment of receivables	11	-	107
Depreciation of right of use assets	9	1,278	1,441
Amortisation of capital grants	7	(68)	(68)
Interest income	6	(266)	(99)
Interest on leases	9	842	1,019
(Gain)/Loss on disposal of property and equipment	6	(221)	4,225
		11,775	88,159
Changes in operating working capital		7,069	(63,718)
Increase in inventory	12	(26,573)	(51,652)
Decrease in other receivables	11	(7,806)	(11,758)
Increase/(decrease) in other payables and accruals	14	41,448	(308)
Cash from operating activities		18,844	24,441
Interest expense	9	(842)	(1,019)
Net cash from operating activities		18,002	23,422
Payments for property and equipment	8	(16,382)	(37,703)
Proceeds from disposal of property and equipment		1,238	1,739
Net cash from investing activities		(15,144)	(35,964)
Interest income	6	266	99
Lease payments	15	(3,387)	(1,913)
Net cash generated from financing activities		(3,121)	(1,814)
Net increase/(decrease) in cash and cash equivalents		579	(13,337)
Net cash and cash equivalents at the beginning of year	13	3,374	16,711
Net cash and cash equivalents at the end of the year	13	3,953	3,374
Comprising of:			
Cash and bank balances		3,923	3,364
Station imprest		30	10
		3,953	3,374

REPORT AND FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN CAPITAL RESERVES

For the year ended 31st December 2020



Expressed in Kwacha ('000)

	Capital fund	Capital grant	Revaluation reserves	Total
Balance at 1 January 2020	(23,480)	3,325	17,119	(3,036)
Amortisation during the year	342	(68)	(342)	(68)
Deficit for the year	(43,942)	-	-	(43,942)
Prior year end adjustment				-
Balance as at 31 December 2020	(67,080)	3,257	16,777	(47,046)
Balance at 1 January 2019	(17,806)	3,393	17,468	3,055
Amortisation during the year	349	(68)	(349)	(68)
Deficit for the year	(6,024)	-	-	(6,024)
Balance as at 31 December 2019 <i>(Restated)</i>	(23,480)	3,325	17,119	(3,037)

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

1. General information

The Road Transport and Safety Agency (the "Agency") was enacted through Parliament by the Road Traffic Act No. 11 of 2002 to carry out the affairs of the former Road Traffic Commission and the National Roads Safety Council. The Agency is mandated to register motor vehicles; issue licences and permits, conduct road safety for the benefit of all sections of the community; and collect all levies and revenues under this Act on Government's behalf.

These financial statements relate only to the operations funded under the Government Grants and the National Road Fund Agency funding as approved by the Ministry of Finance. These financial Statements have been prepared from 1 January 2020 to 31 December 2020.

2. Adoption of new and revised standards

2.1 New and amended IFRS Standards that are effective for the current year

2.1.1 Impact of initial application of amendments to references to the conceptual Framework in IFRS Standards

In the current year, the Agency has applied various amendments to the Conceptual Framework in IFRS Standards (as issued by the IASB in March 2018) that is effective for annual periods that begin on or after 1 January 2020.

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

Financial impact of the initial application of amendments to references to the conceptual Framework in IFRS Standards

In the current year, the Agency has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

These notes form part of the financial statements on pages 7 to 10

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

2. Adoption of new and revised standards (Continued)

2.1 New and amended IFRS Standards that are effective for the current year (Continued)

2.1.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Agency has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 17	Insurance Contracts - effective for accounting periods beginning on or after 1 January 2023.
Amendments to IFRS 3	Definition of a business - effective for accounting periods beginning on or after 1 January 2022.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Agency in future periods.

These notes form part of the financial statements on pages 7 to 10

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

3. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

3.1 Statement of compliance

The Agency's financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Agency takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Agency had a capital deficiency of **K67million** (2019: K23million as restated) as at the reporting date, and as of that date its current liabilities exceeded its current assets by **K104million** (2019: K91 million as restated). On the basis that the Agency is Grant aided and funding by the Government has continued in the subsequent period, the Directors are of the opinion that the preparation of these financial statements on the going concern basis remains appropriate.

3.3 Income

Income represents the revenue grants received from the Government of the Republic of Zambia as appropriated and ratified by Parliament during the year and is accounted for on a cash basis.

These notes form part of the financial statements on pages 7 to 10

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

3. Significant accounting policies (Continued)

3.4 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.5 Provisions

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, for which it is probable that the Agency will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.6 Foreign currencies

In preparing the financial statements of the Agency, transactions in currencies other than the Agency's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming a part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3.7 Taxation

The Agency is not subjected to income taxes in the Republic of Zambia.

3.8 Property and equipment

Plant and equipment are

Depreciation is charged to

Leasehold buildings	2%
Motor vehicles	25%
Office furniture, fittings and equipment	20%
Computer software	33%

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

3. Significant accounting policies (Continued)

3.8 Property and equipment (continued)

Capital work in progress is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at each reporting date. The effect of any changes in estimate is accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.9 Impairment of tangible assets

At each reporting date, the Agency reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Agency estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.10 Leases

The Agency had made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the Agency has continued with the definitions of a lease in accordance with IAS 17 and IFRIC 4 for those contracts entered or modified before 1 January 2019. The Agency applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. The implementation of these definitions had changed the scope of some of the contracts that meet the definition of the lease for the Agency as disclosed in *Note 9*.

The Agency accounts for its leases as follows:

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

3. Significant accounting policies (Continued)

3.10 Leases (Continued)

- (a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- (c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost method, and includes all expenditure incurred in bringing the inventories to their present value and condition, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

The amount of any write down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write down or loss occurs.

3.12 Financial instruments

Financial assets and financial liabilities are recognised in the Agency's statement of financial position when the Agency becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
-

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

3. Significant accounting policies (Continued)

3.12 Financial instruments (Continued)

Financial assets (Continued)

Classification of financial assets (Continued)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Agency may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Agency may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Agency may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

3. Significant accounting policies (Continued)

3.12 Financial instruments (Continued)

Financial assets (Continued)

Classification of financial assets (Continued)

(i) Amortised cost and effective interest method (continued)

For purchased or originated credit-impaired financial assets, the Agency recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Agency recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Agency recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Agency measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

(ii) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Agency compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Agency considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Agency's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Agency's core operations.

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

3. Significant accounting policies (Continued)

3.12 Financial instruments (Continued)

Financial assets (Continued)

(ii) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligation.

Irrespective of the outcome of the above assessment, the Agency presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Agency has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Agency assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Agency considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Agency, in full (without taking into account any collateral held by the Agency).

Irrespective of the above analysis, the Agency considers that default has occurred when a financial asset is more than 90 days past due unless the Agency has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

These notes form part of the financial statements on pages 7 to 10

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

3. Significant accounting policies (Continued)

3.12 Financial instruments (Continued)

Financial assets (Continued)

(iii) Credit-impaired financial assets (Continued)

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Agency writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over law of limitation period past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Agency's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Agency's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Agency in accordance with the contract and all the cash flows that the Agency expects to receive, discounted at the original effective interest rate.

The Agency recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Agency derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Agency neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Agency recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Agency retains substantially all the risks and rewards of ownership of a transferred financial asset, the Agency continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Agency has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

3. Significant accounting policies (Continued)

3.12 Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

The Agency does not transact in equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Agency derecognises financial liabilities when, and only when, the Agency's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical judgments in applying accounting policies

In the application of the Agency's accounting policies, which are described above, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4.1.1 Income taxes

The Agency is not subjected to income taxes in the Republic of Zambia.

4.1.2 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables. The Agency does not have significant concentrations of credit risk. The Agency's credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

For cash and cash equivalent balances, the Agency's exposure and credit ratings of counterparties are regularly monitored and the aggregate value of transactions spread amongst approved financial institutions. The Agency actively seeks to limit the amount of credit exposure to any one financial institution and credit exposure is controlled by counterparty limits that are reviewed and approved by the Agency. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' for International and regional banks with a local presence are accepted.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Useful lives of equipment

The Directors reviewed the estimated useful lives of property, plant and equipment at the end of each annual reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss. The Directors judged a residual value of zero as a result of the fact that plant and equipment are not held for trading and are normally scrapped at the end of their useful lives.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

	2020	(Restated) 2019
5. Income		
Funds appropriated through the Ministry of Finance	112,214	103,314
Funds appropriated through the National Road Fund Agency (NRFA)	243,758	148,178
	<u>355,972</u>	<u>251,492</u>
Government grants comprise of two funding streams: the Ministry of Finance to support the Administration and National Road Fund Agency (NRFA) to support the Annual Work plan. No any other income was received during the year.		
6. Interest and other income		
Sundry income	98	393
Profit on disposal of property and equipment	221	-
Interest received	266	99
	<u>585</u>	<u>492</u>

Sundry income relates to income received from sales of tender documents. Interest received is on bank accounts.

7. Capital fund and reserves

Capital fund

The Capital fund represents surplus income which the Agency has retained from Government funding for the funding of its operations.

Capital grant

Capital grants are deferred and credited to the income and expenditure statement in equal annual installments over the expected useful lives of the related assets.

The movement on capital grants is made up as follows:

Balance at the beginning of the	3,325	3,393
Additions to capital grants	-	-
Amortisation during the year	(68)	(68)
	<u>3,257</u>	<u>3,325</u>

Capital revaluation

The leasehold property were revalued in 2015 by the department of Government valuation so as to reflect current market values.

Capital revaluation represents those amounts attributable to the revaluation on the property and equipment carried on the financial position of the Agency as at 31 December 2020.

REPORT AND FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



<i>Expressed in Kwacha ('000)</i>						
8. Property and equipment						
	Leasehold land and buildings	Office equipment	Motor vehicles	Fixtures and fittings	Computer software	Capital work In progress
Cost or valuation						Totals
At 1 January 2019	38,436	33,392	65,660	35,289	784	203,884
Additions	238	1,333	31,509	1,187	-	3,437
Reclassification	415	13,687	-	(415)	114,020	(127,707)
Disposals	-	-	(10,650)	-	-	-
Adjustment*	172	(9,725)	(1,663)	(23,874)	-	(32,654)
At 31 December 2019	39,261	38,687	84,856	12,187	114,804	46,960
Additions	613	1,194	5,170	4,650	-	4,755
Derecognition	(47)	-	-	-	-	-
Disposals	-	-	(9,143)	-	-	-
Adjustment**	-	-	127	-	-	-
At 31 December 2020	39,827	39,881	81,010	16,837	114,804	51,715
Depreciation						
At 1 January 2019	3,437	28,564	54,594	25,977	775	-
Charge for the year	801	4,769	10,109	1,215	38,010	-
Reclassification	232	-	-	(232)	-	-
Eliminated on disposals	-	-	(4,712)	-	-	-
Adjustment*	172	(10,301)	(1,663)	(18,206)	-	-
At 31 December 2019	4,642	23,033	58,327	8,754	38,785	-
Charge for the year	808	4,825	9,017	1,492	38,010	-
Derecognition	(37)	-	-	-	-	-
Eliminated on disposals	-	-	(8,121)	-	-	-
At 31 December 2020	5,413	27,858	59,223	10,246	76,795	-
Carrying value						
At 31 December 2020	34,414	12,023	21,787	6,591	38,009	51,715
At 31 December 2019	34,619	15,654	26,529	3,433	76,019	46,960
						203,213

These notes form part of the financial statements on pages 7 to 10

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

8. Property and equipment (Continued)

As at 31 December 2020, the directors have reviewed the balances as reflected in the statement of financial position and are of the considered view that the amounts reflect the fair value of the assets as at the reporting date.

** The 2020 motor vehicle adjustment amounting to K127 relates to an error adjustment posted to 2018 accounts and had under cast the actual cost or valuation and was being carried along as a negative balance. The directors have decided to have this figure removed so as to present fairly the cost or valuation of motor vehicles.

* In 2019, the Agency conducted a full asset verification of its property and equipment. Findings of this exercise revealed that there was need to make an overall adjustment of K35 264 worth of assets to reflect a true and fair view of the Agency's usable assets. The K35 264 was recognised in 2019 inline with the provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Agency was unable to determine which period these anomalies could have related to and as such provisions as per paragraph 44 were followed. This is because it is impractical to determine the period-specific effects of an error on comparative information for one or more period presented and therefore we have recognised the adjustments in the current year's statement of comprehensive income. No such adjustments have been made during the year ended 31st December 2020.

These errors where as a result of lack of fixed asset reconciliations being carried out between the ledger and the fixed asset register. Due to the nature of these errors it could not be established in which exact period these misstatements could have occurred. Assets that could not be verified where removed from the register, while assets that were fully depreciated but were not on the register where brought on the register at cost with full depreciation respectively. This been a big institution (Agency), regular verifications should have been performed to determine the condition and the existence of the asset in which case could not be ascertained and led to the findings that some assets never existed or were fully depreciated.

Due to the nature of assets and circumstances around this adjustment, it has proved impracticable for management to determine the period to which the assets could be attributed to.

In 2019, a Capital work in progress adjustment was made amounting to K32 654 related to the cost of E-Zamtis project consumables which were incorrectly capitalized to CWIP instead of being expensed. This cost has since been expensed to the income statement accordingly. No such adjustments have been made during the year ended 31st December 2020.

The Agency's buildings are stated at their revalued amounts, being their fair value at the date of revaluation. The revalued amount for some of the buildings as at 1 January 2020 were performed on 11 December 2015 by the Department of Government Valuation since RTSA is a government Agency.

The information below shows the valuation techniques used as well as the significant inputs used.

Property, plant and equipment	Valuation technique	Description of valuation technique	Observable inputs
Buildings	Depreciated Current Replacement Value (DCRV)	The valuation was prepared in accordance with the current edition of the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual (2012), as recognised by the Surveyors Institute of Zambia, Valuation Chapter. The basis adopted is market value. This is an estimated amount for which a property is exchanged on the date of valuation between a buyer and a willing seller in an arms length transaction after proper marketing where in the parties had acted knowledgeably, prudently and without compulsion.	Market Value - Direct Comparative method

Details of some of the Agency's buildings and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 1	Level 2	Level 3	Fair value as at 31 December 2020	Fair value as at 31 December 2019
Buildings			20,343	20,343	20,343

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

	2020	(Restated) 2019
9. Right of use assets		
Leasehold building		
Cost		
At 1 January	5,453	-
Additions	-	5,453
At 31 December	5,453	5,453
Accumulated depreciation		
At 1 January	(1,441)	-
Charge for the year	(1,278)	(1,441)
At 31 December	(2,719)	(1,441)
Carrying amount		
At 31 December	2,734	4,012
Amounts recognised in statement of comprehensive income		
Depreciation	1,278	1,441
Interest expense on lease liabilities	842	1,019
10. Capital commitments		
The Agency had capital commitments through a prepayment of K2.9million for the acquisition of toll trucks for the year ended 31 December 2020 (2019- Knil). This amount is included as part of other receivables.		
11. Other receivables		
Receivables principally comprise amounts receivable in respect of employee advances, miscellaneous receivables and prepaid amounts.		
Employee advances	4,016	2,145
Impairment	-	(107)
Total employee advances		2,038
NRFA receivable	17,438	17,438
Other receivables	6,169	341
Total receivables	27,623	19,817
Employees loans and advances		
Employee advances are considered to be non-derivative financial assets as they have fixed and determinable conditions attached to repayment, and are not quoted in an active market. No interest is charged on advances.		
The make up of employee advances at the reporting date was as follows:		
Salary advances	224	1,373
Material loans	2,916	586
Retireable imprest	872	182
Other loans	4	4
	4,016	2,145
12. Inventory		
Inventory	85,330	58,757

Inventory mainly consists of security documents and forms which are held under custody with the Ministry of Finance. The cost of the requisitioned documents and forms is released to the income statement as and when required by stations for issuance of licences and toll permits, against the inventory balance held at Ministry of Finance.

Other items included in inventory include motor vehicle spares, law enforcement gear, IT equipment and administration stationary. Inventory is valued at weighted average cost.

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

	2020	(Restated) 2019
13. Cash and cash equivalents		
Bank balances	2,716	3,041
Station imprest	1,207	323
Petty cash	30	10
	3,953	3,374

14. Other payables and accruals

Other payables principally comprise amounts outstanding in respect of employee related accruals, purchases and on going costs, as well as amounts accrued in respect of operating costs.

The make up of the other payables at the balance sheet date was as follows:

Employee related accruals	157,822	124,338
Local suppliers	134,679	122,200
Foreign suppliers*	5,839	5,531
Sundry payables and accrued expenses	20,683	27,138
Accrued penalties	11,094	9,462
	330,117	288,669
Less: Employee related accruals - included in non current liabilities	(110,133)	(117,730)
Included in current liabilities	219,984	170,939

*Included in the payables (foreign suppliers) is an amount of K3 million owed to On Track Innovations (OTI) which has become likely that settlement is neither planned nor likely to occur. The associated exchange differences will only be recognised to the statement of comprehensive income on repayment. This is consistent with note 3.6 of these financial statements. The directors have made the relevant prior year end adjustment as per note 19.

The make up of employee related accruals at the reporting date was as follows:

Terminal benefits	89,801	76,244
Gratuity	33,628	20,207
Leave pay	18,656	13,682
Pay As You Earn payable	13,605	12,823
NAPSA	851	693
Employee bank loans	829	376
Personal levy	50	50
Insurance claims	263	263
National Health Insurance	139	-
	157,822	124,338

Included in employee related accruals are the following provisions :

	Gratuity	Leave Pay	Terminal benefits
Balance at the beginning of the year	20,207	13,682	76,244
Additional provisions for the year	26,222	11,623	13,557
Payments made during the year	(12,801)	(6,649)	-
At end of the year	33,628	18,656	89,801

15. Lease liabilities

At the beginning of the year	3,540	-
Additions	954	5,453
Repayments during the year	(3,387)	(1,913)
Net obligations under operating lease	1,107	3,540

The Agency enters into leasing arrangements. The average term of leases entered into is two years.

Analysed as:

Non-current	265	1,627
Current	842	1,913

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

(Restated)

2020 2019

16. Contingent liabilities

The Agency had known contingent liabilities arising from litigation processes from former employees and other institutions from operating and business transactions.

The directors estimate the combined contingent liability at K1.8million from the preliminary court documents and proceedings from the various active case files. The estimation is based on the known contested cases as at 31st December 2020 and is therefore disclosed as a contingent liability because the chance that the Agency will have to pay is not considered remote.

The directors will reassess this position once conditions are met that an outflow of economic benefits will be required for an item previously dealt with as a contingent liability.

17. Related party transactions

In the context of the Agency, related party transactions include any transactions made by any of the following:

- The Government of the Republic of Zambia
- Senior management
- The Board of directors of the Agency

The transactions to be reported are those that affect the Agency in making financial and operating decisions.

Examples of such transactions include:

- Funding
- Investments;
- Financial (loans);
- Procurement and investment contracts; and
- Disposal of assets.

The Agency undertakes to disclose the nature of related party relationships, types of transactions necessary for the understanding of the annual financial statements.

Transactions

The effect of related party transactions on the results for the year are as follows:

- Government funding received

355,972 **251,492**

Compensation of key management

The remuneration of the directors and deputy directors and other members of key management is determined by the board of directors having regard to the Government funding received and market trends.

The remuneration of the Director and Deputy Directors and other members of key management during the year was as follows:

Short term benefits	6,510	6,794
Post employment benefits (gratuity)	2,378	2,378
Board of Directors	2,390	827
Total	11,278	9,999

18. Events after the reporting period

Covid-19 has affected the global economy and will continue to have an impact on the Agency in that operations are effected by the negative impact on revenue collection and subsequently future funding to the Agency.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

Expressed in Kwacha ('000)

19. Prior period adjustments

In order to present a fair view of the expenses, liabilities, income and assets of the Agency for years ended December 2019 and 2018, management have taken the view that accounts for 2019 and 2018 should be restated. The restatements have impacted the financial statement as tabulated below.

a. Statement of comprehensive income

for the year ended 31 December 2020

	Notes	2019		2018		Restatement	
		Restated	Previously reported	Restated	Previously reported	2019	2018
			Notes				
Income							
Government grants	I	251,492	234,054	253,161	253,161	17,438	-
Interest and other income		492	492	5,848	5,848	-	-
		251,984	234,546	259,009	259,009	-	-
Expenditure							
Staff related expenses		(106,617)	(106,617)	(116,161)	(116,161)	-	-
Administration expenses		(16,236)	(16,236)	(41,356)	(41,356)	-	-
Operating expenses	II	(135,116)	(176,554)	(74,888)	(97,396)	41,438	22,508
		(257,969)	(299,407)	(232,405)	(254,913)	-	-
(Deficit)/surplus for the year		(5,985)	(64,861)	26,604	4,096	-	-
Other comprehensive income						-	-
Amortisation of capital grant		68	68	-	-	-	-
Total comprehensive (loss)/income for the year	III	(5,917)	(64,793)	26,604	4,096	58,876	22,508

These notes form part of the financial statements on pages 7 to 10



REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

19. Prior period adjustments (Continued)

b. Statement of financial position

	Notes	2019		Notes	2018		Restatement	
		Restated	Previously reported		Restated	Previously reported	2019	2018
Assets								
Non-current assets								
Property and equipment		203,211	203,211		264,094	264,094	-	-
Rights of use assets		4,012	4,012		-	-	-	-
		207,223	207,223		264,094	264,094		
Current assets								
Other receivables	I	19,817	2,379		8,059	8,059	17,438	-
Inventory		58,757	58,757		7,105	7,105	-	-
Cash and cash equivalents		3,374	3,374		16,711	16,711	-	-
		81,948	64,510		31,875	31,875		
Total assets		289,171	271,733		295,969	295,969		
Capital and liabilities								
Capital and reserves								
Capital fund	III	(23,480)	(82,249)	A	4,702	(17,806)	58,769	22,508
Capital grant		3,325	3,325		3,393	3,393	-	-
Revaluation reserves		17,119	17,119		17,468	17,468	-	-
		(3,036)	(61,805)		25,563	3,055		
Non-current assets								
Other payables and accruals	IV	117,730	117,730	A	62,815	85,323	-	(22,508)
Lease liability		1,627	607		-	-	1,020	-
		119,357	118,337		62,815	85,323		
Current liabilities								
Other payables and accruals	I, IV	170,937	213,289		207,591	207,591	(42,352)	-
Lease liability		1,913	1,913		-	-	-	-
		172,850	215,202		207,591	207,591		
Total liabilities		292,207	333,539		270,406	292,914		
Total capital and liabilities		289,171	271,734		295,969	295,969		

These notes form part of the financial statements on pages 7 to 10

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

19. Prior period adjustments (Continued)

c. Statement of cash flows

	Notes	2019		Notes	2018		Restatement	
		Restated	Previously reported		Restated	Previously reported	2019	2018
Cash flows from operating activities	III	(5,917)	(64,793)	A	26,604	4,096	58,876	22,508
(Deficit)/surplus								
Adjustments for:								
Interest income		(99)	(99)		(63)	(63)	-	-
Interest expense		1,019	1,019		-	-	-	-
CWIP written off		32,654	32,654		-	-	-	-
Impairment of receivables		107	107		-	-	-	-
Depreciation of right of use		1,441	1,441		-	-	-	-
Depreciation of property and equipment		54,904	54,904		17,113	17,113	-	-
Amortisation of capital grant		(68)	(68)		-	-	-	-
Loss on disposal of property and equipment	V	4,223	4,116		392	392	107	-
Cash operating surplus		88,264	29,281		44,046	21,538		
Working capital movements		(61,572)	(2,803)		(18,102)	4,406		
(Increase)/decrease in inventory		(51,652)	(51,652)		585	585	-	-
Decrease/(increase) in other receivables	I	(11,758)	5,680		(4,344)	(4,344)	(17,438)	-
Increase in other payables and accruals	II	1,838	43,169	A	(14,343)	8,165	(41,331)	(22,508)
		26,694	26,480		26,944	25,944		
Interest expense		(1,019)	(1,019)		-	-	-	-
Net cash generated from operating activities		(1,019)	(1,019)		-	-		
Cash flows from investing activities								
Payments for property and equipment		(37,703)	(37,703)		(13,629)	(13,629)	-	-
Proceeds from disposal of property and equipment		1,525	1,739		1,633	1,633	-	-
Net cash outflows from investing activities	V	(36,178)	(35,964)		(11,996)	(11,996)	(214)	-
Cash flows from financing activities								
Interest income		99	99		63	63	-	-
Lease payments		(2,933)	(2,933)		-	-	-	-
Net cash generated from financing activities		(2,834)	(2,834)		63	63		
Net (decrease) increase from financing activities		(13,337)	(13,337)		14,011	14,011		
Net cash and cash equivalents at the beginning of the year		16,711	16,711		2,700	2,700	-	-
Net cash and cash equivalents at the end of the year		3,374	3,374		16,711	16,711		

These notes form part of the financial statements on pages 7 to 10

REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020



Expressed in Kwacha ('000)

19. Prior period adjustments (Continued)

Notes to the prior year adjustments

I The 2019 income was understated by K17,438 because of an oversight in accounting for withheld commissions due to ZAMPOST to recover the previously unremitted collections of levies by ZAMPOST. In 2019 RTSA recognised the liability of K17,438 due to Ministry of Finance (MoF) for the fully recovered unremitted collections, but did not recognise the receivable due from the National Road Fund (NRFA) for the unpaid claims due to ZAMPOST that RTSA had utilised to recover the unremitted collections of levies by ZAMPOST. In the same instance, other receivables was also understated by K17,438 at the time the 2019 were prepared.

II The 2019 operating expenses were overstated by K41,332 due to the overstatement of OTI quarterly maintenance accruals which were never billed as the vendor had dissented its contractual obligations for the ZAMTIS project. The Agency subsequently terminated the contract due to non-performance on the part of OTI. It had come to the attention of the Directors' that the ownership representation of OTI has since come into question and its very unlikely that the amount due to OTI will not be settled in the long-term. As a consequence of this, accounts payable were overstated by K41,332 and has since been restated.

III Total comprehensive income for 2019 was understated as a result of I and II above.

IV The 2019 other payables was overstated by K1,020 and the lease liability was understated by K1,020. The Agency has since reallocated the restatement to the correct account balance.

V The 2019 loss on disposal was understated by K107. As a consequence, proceeds from the disposal of property and equipment was overstated by K214.

A The 2018 operating expenses were overstated by K22,508 due to the overstatement of OTI quarterly maintenance accruals which were never billed as the vendor had dissented its contractual obligations for the ZAMTIS project. The Agency subsequently terminated the contract due to non-performance on the part of OTI. It had come to the attention of the Directors' that the ownership representation of OTI has since come into question and its very unlikely that the amount due to OTI will be settled in the long-term. As a consequence of this, total comprehensive income, capital fund and other accounts payable were overstated by K22,508 and has since been restated.

These notes form part of the financial statements on pages 7 to 10

REPORT AND FINANCIAL STATEMENTS

DETAILED EXPENDITURE ANALYSIS

For the year ended 31st December 2020



Appendix I

Expressed in Kwacha ('000)

	2020	(Restated) 2019
Staff Related Expenses		
Basic pay	81,833	74,913
Gratuity	25,116	9,836
Housing allowance	11,867	-
Other allowances	24,578	9,460
Leave Pay	9,745	7,736
NAPSA: employer's contributions	4,920	3,987
Workers' Compensation	604	685
	158,663	106,617
Administration Expenses		
Depreciation	55,430	56,345
Other staff costs	8,322	6,303
Consultancy/Professional fees	128	2,869
Hire of goods and services/rentals	617	2,084
Audit expenses	328	1,521
Sundry expenses	-	1,724
Insurance - Life	1,592	1,541
Interest expense on leases	842	1,019
Staff welfare	843	931
Board expenses	2,390	827
Subscriptions and publications	300	334
Printing and stationery	277	238
Bank charges and interest	145	160
Cleaning expenses	13	121
Postage and telephones	10	89
Security	-	26
Computer consumables	20	11
Repairs and maintenance	177	2
Loss on disposal of assets	-	4,223
Electricity, water and rates	33	-
Other charges*	52,889	(60,018)
	124,356	20,350
Operational Expenses		
Registration, licensing and examination connectivity	13,139	44,614
Station running costs	24,988	21,595
Printing and stationery	41,095	25,679
Travel expenses	18,846	21,843
Fuel	9,630	8,529
Highway patrol costs	1,625	5,186
Advertising and public relations	7,441	2,673
Conferences and seminars	475	727
Repairs and consumables	309	262
	117,548	131,109
Total expenses	400,567	258,077

NOTE:

*The 2019 amount relates to the Agency's derecognised PAYE accrued penalties and interest which were accrued in 2015, 2016 and 2017 amounting to K73,080,016. This was after the Agency had paid off all the outstanding PAYE principle amounts and ZRA waived all the penalties and interests.

These notes form part of the financial statements on pages 7 to 10 and the notes on pages 11 to 32

NOTES



Road Transport & Safety Agency

Head office: Premium House

P.O. Box 32167, Lusaka

Tel: +260-211-228797

Fax: +260-211-231601



: askrtsa



twitter@rtsa2006



www.rtsa.org.zm



askrtsa@rtsa.org.zm



Toll Free 983



0965 429499



Hotline: 0955 983983
+260 211 228798