Bank Press Release No. 66/51
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Subject: $17.5 million loan to Zambia for roads

The World Bank has approved a loan equivalent to $17.5 million to Zambia for the improvement of sections of two of the country's most important trunk roads: the Great East Road linking Lusaka, the capital, with the Eastern Province and neighboring Malawi, and the Great North Road linking the center of the country with the Northern Province and Tanzania. These roads are key international routes and traverse important agricultural areas. Their improvement will reduce transport costs substantially, provide quicker and more reliable transport for both passengers and freight, increase the effectiveness of public administration, and improve communications between the outlying provinces and the more developed center of the country.

Zambia has an area of about 291,000 square miles and a population of some 3.8 million. Copper mining and refining dominates the economy, followed by commercial farming near the railroad serving the copper industry. Economic activity is, therefore, concentrated in the copperbelt, a relatively small area in the north-central part of the country, and along the "line of rail", a narrow north-south strip where the larger towns are located. More than two-thirds of the population is engaged in subsistence farming.

As a landlocked country heavily dependent on exports and imports, Zambia must have reliable access to the sea, as well as a good internal transportation network to facilitate economic growth. Zambia's best developed link to the sea is the Rhodesia Railways, owned jointly by Zambia and Rhodesia, which extend from the
copperbelt through Rhodesia to the Mozambique ports of Beira and Lourenco Marques, both a distance of 1,500 miles. There are three alternate rail or rail-water routes to ports in Angola, the Democratic Republic of the Congo and Tanzania. Zambia's trunk road network also connects with the transport systems of Tanzania and Malawi which provide outlets to the sea.

Traditionally the greater part of Zambia's copper exports and all its petroleum imports have been transported over the Rhodesia Railways. Since the unilateral declaration of independence by Rhodesia, this traffic pattern has changed and Zambia has been faced with an emergency transport problem. Much of the exports and imports are now being transported over alternate routes, with heavy truck traffic using the Great North Road and the Great East Road to reach Dar es Salaam in Tanzania and, via the Malawi railway, the port of Beira.

Within Zambia railways contribute little to the internal exchange among the various regions. The process of economic development and diversification will be helped most by investment in improving the existing trunk road network and in improving and constructing agricultural feeder roads. The only bituminous paved road at present is the trunk road along the rail line; other roads are gravel surfaced or earth roads. While the geographical distribution of the main roads is generally adequate, structural standards are low and constant maintenance is required.

In 1964 the World Bank financed a transportation survey by consultants who recommended a transport development plan for the period 1966-70. The project being assisted by the Bank loan has high priority in the Government's highway program which is based on these recommendations. The 386-mile Great East Road and the 500-mile Great North Road, with its 235-mile branch to Lake Tanganyika, are the two most important trunk roads in Zambia outside the line of rail. The Great East Road forms the backbone of a secondary system that serves an area of about 30,000 square miles and the Great North Road provides access to an area of nearly 60,000
square miles. The Eastern Province is rapidly developing and already produces a substantial part of two of Zambia's most important crops -- tobacco and ground nuts; it also produces maize, cotton and cattle. Production is transported over the Great East Road either for domestic markets or export. The Great North Road also serves the Mkushi River area which is an important source of food for the labor force of the copperbelt.

The project includes the improvement, reconstruction and bituminous paving of two sections of the Great East Road, from Chelston to Rufunsa (92 miles) and from Nyimba to 3 miles east of Fort Jameson (159 miles); the improvement and bituminous paving of a section of the Great North Road from Kapiri Mposhi to Serenje (122 miles); and the detailed engineering of the Great North Road from Serenje to Mpika (147 miles).

Execution of the project is the responsibility of the Ministry of Transport and Works with the Roads Department in charge of its administration. Consultants will supervise construction and will also carry out the final design of the Serenje-Mpika section of the Great North Road. Construction will be carried out under unit price contracts which have been awarded on the basis of international competitive bidding.

The project is scheduled for completion by the end of 1969 at a total estimated cost equivalent to $29 million. The Bank loan of $17.5 million will cover the estimated foreign exchange requirements and the local currency costs will be met by the Government through budgetary appropriations.

The loan will be for a term of 20 years and bear interest at the rate of 6% per annum. Amortization will begin in July 1970. This is the first operation by one of the World Bank Group of institutions in Zambia since it became independent in 1964. Zambia was also a beneficiary of four loans, two for railways and two for electric power, which were made before independence.