



Strengthening Capacity in developing bankable transport infrastructure projects for enhanced connectivity”

Case Study: Kazungula Bridge Project

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Virtual

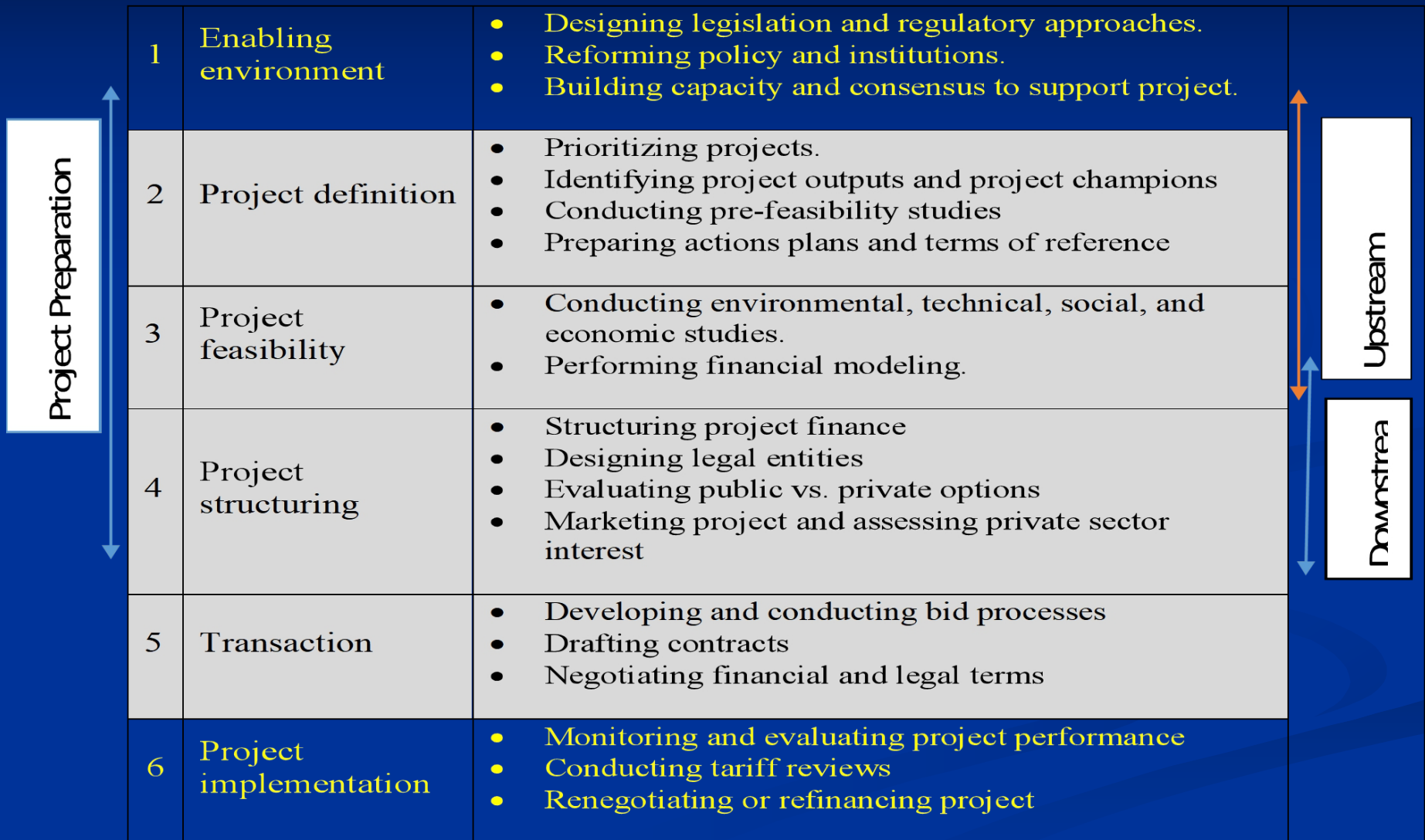
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Outline

- 1) Project preparation cycle
- 2) Case Study -Kazungula Bridge.
- 3) Challenges
- 4) Key take aways

Project Preparation Cycle

Project Preparation Phases & Work for PPFs



Kazungula Bridge Case Study

- **Focus:** Road Transportation
- **Country:** Zambia/ Botswana
- **Project cost** US\$ 259.3 million
- **AfDB Financing:** UA 51 million
- **Board Approval Date:** December 2011
- **Outline of the Project:** Construction of 923 long concrete bridge across the Zambezi river connecting Zambia and Botswana; and construction of two OSBPs (Botswana and Zambia).
- **Status:** Completed and awaiting commissioning



Packages of Kazungula Bridge

- Packages of Kazungula Bridge are divided into three contract packages namely:
 1. Package one: bridge and approach Ramps;
 2. Package two: one stop border post (OSBP) facilities Botswana side and approach road; and
 3. Package three: one stop border Post (OSBP) facilities Zambia side and approach road.

Project Preparation for Kazungula Bridge

■ Pre-development

- 1) The project is priority operation for Botswana and Zambia.
- 2) It is also a priority regional project for SADC as well as part of the NSC project i.e., Cape to Cairo corridor
- 3) Early-stage preparation of the project was supported by Japan through JICA in 2001.
- 4) The AfDB also carried out a project assessment and prepared an appraisal document in 2011, the results of which supported the approval of funding for the project by AfDB.
- 5) One-stop Border Posts that are part of the KBP were recommended in line with SADC's Protocol (1996) to reduce border delays among SADC nations

Steps taken to make the Kazungula Bridge Project bankable

- JICA 2001 Study found that:
 1. The bridge and the one-stop border were both economically found to be feasible in with IRR of more than 12%;
 2. The bridge would contribute to job creation schemes; and
 3. Generate new businesses in terms of direct service provision associated with the bridge e.g., toll and bridge management, border clearance services, and small-scale trade and retail trade.

Steps taken to make the Kazungula Bridge Project bankable

■ AfDB 2011 Study:

1. The AfDB also carried out a thorough assessment of the project through the development of:
2. Project Concept Note and an appraisal document in 2011; and
3. The appraisal document led to the approval of the UA 51 million by the Board of AfDB.

Other Issues covered During Preparation of the Project

- Other Issues covered during preparation of the Project included:
 1. Agreement on the location of construction of the bridge;
 2. Acquisition from both Botswana and Zambia of necessary licenses, permits and authorisations required to develop the project;
 3. Appraisal of the credibility and governance structures of both Botswana and Zambia.
 4. Procurement and financial Management arrangements for the project

Mobilisation of Contractors

- After the project had reached financial close:
 1. In 2015, Botswana and Zambia invited bids for the construction of Kazungula Bridge Project;
 2. And as a result of this process, Daewoo Engineering and Construction was selected to be the contractor of the project; and
 3. Although concerns were raised about the technical evaluation of bids, which led to one of the financiers dropping out, Zambia and Botswana stated that Daewoo were technically qualified to do the work, and as a result the contract was awarded to Daewoo

Financing Option of Kazungula Bridge

- Various financing options for Kazungula Project were investigated including PPP model with varying combination of public and private scenarios.
- The feasibility study concluded that an attractive return on investment required an investment of approximately 20% of capital cost with 100% of revenue as private income, which the two Governments found to be unattractive.
- For this reason, The financing of capital expenditure with 100% public funds was therefore recommended for the project.
- The study also recommended that a PPP option could be considered in the medium to long-term for operations and maintenance purposes only.

Challenges

- There were a number of challenges that the project went through and these included:
 1. Boundary Dispute;
 2. Tender Dispute; and
 3. Resources for project preparation.

Key Take Aways

- Key take aways include:
 - 1) Need to prepare the project adequately covering not only upstream issues but also down stream issues;
 - 2) Need to ensure alignment of the project with the priorities of the nations as well as region (in the case of this project it was Botswana, Zambia, and SADC priorities).
 - 3) Need to put in place all the agreements between RMCs.
 - 4) Need to be honest brokers as well as respect RMCs' point of view

Key Take Aways

- Other key takeaways include:
 - 1) There is also need for RMCs to adopt Best Practices for Project preparation;
 - 2) Need to harmonise the regulation for preparation and development of transport project;
 - 3) Need to mainstream soft infrastructure in project preparation; and
 - 4) Last but not the least develop capacity building programmes to support RMCs to prepare bankable projects.

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Thank You