

Zambia: European support to help unlock Great North Road's potential for Zambians

- **European support for T2 to eliminate bottlenecks and improve road safety in Zambia on the stretch between Mpika and Nakonde (372km)**
- **EUR 110 million loan to Ministry of Finance will support upgrading of Great North Road, leveraging the Zambian economy and the expansion of intra-Africa trade**

The European Investment Bank (EIB) has signed a EUR 110 million (ZMK 1.27 billion) concessional loan with the Zambian Ministry of Finance in support of the Great North Road (T2), to be followed shortly by the signature of an EU grant of EUR 72.45m that will complement EIB financing.

Support for a regional project

The overall project, co-financed by the government and AfDB, will upgrade and widen some 372 kilometres of road between Mpika and Nakonde, making for both faster and safer travelling. It also includes the rehabilitation of about 50km of feeder roads and complementary initiatives in the area, as well as technical assistance. The T2 Upgrade is a key national project with a strong regional dimension, connecting Zambia to neighbouring Tanzania and Zimbabwe. It is also part of several important international transport routes including the continental Trans-Africa Highway from Cape Town to Cairo. The reconstruction of the T2 will thus boost continental integration and help transform Zambia from a land-locked to a land-linked country. The EIB and EU package will finance the 162km stretch from Mpika to Chinsali.

Technical improvements

Apart from creating better conditions for transport and communication, the project will contribute to provide economic and social opportunities, including better accessibility to markets, employment and additional investments both at national and regional levels. By unlocking and diversifying the country's economic potential, the road upgrade is expected to promote inclusive growth and reduce poverty.

Safety measures will be introduced to reduce the risk of accidents for both road users and local communities. The design has taken into account that women use the road for more diverse needs and destinations (such as health centres and educational facilities). Finally, adaptation measures are considered to make the road more resilient to climate change, in particular with respect to the high risk of wild fire and flooding. Works contracts will be tendered according to international competitive bidding process.

Saving time, life and the environment

EIB Vice-President **Ambroise Fayolle**, responsible for operations in Sub-

Saharan Africa, commented: “The upgrade of the Great North Road will be invaluable for Zambia and the wider region. Enhanced road transport should lead to time-saving and cost-reduction, making Zambia and other countries along the North-South corridor more productive and rendering their economies more competitive, which will ultimately have an effect on poverty alleviation. This underlines the Bank’s longstanding support to regional transport corridors on the African continent that enable economic and social development which in turn supports the UN’s Sustainable Development Goals.”

The Ambassador of the European Union to Zambia, H.E. **Alessandro Mariani**, indicated that: “The T2 upgrade fully supports the joint Africa-EU cooperation strategy. The objective is to reduce poverty, which can be attained facilitating regional trade and economic integration through the improvement of key transport infrastructures such as regional transport corridors. Through an additional EUR 72.45m grant (870 million Zambian Kwacha) to be signed in the coming months, the European Union will complement the concessional loan of the EIB (the EU Bank) thus providing an excellent financial solution for the full benefit of Zambia. This new opportunity to blend financial resources (sizeable grant + concessional loan) – already made by the EU in Zambia in the road, water and energy sectors – is very important in the Zambian context.”

RDA Director and CEO, Elias Mwape said: “The Bank has provided substantial non-financial added value in terms of project preparation since 2015. Thanks to its early involvement and the mobilisation of technical assistance, the EIB helped RDA design a bankable and sustainable project – especially with respect to structuring, road safety, climate resilience, technical solutions and social standards – incorporating lessons learnt from GER Rehabilitation and EU’s best practice. During implementation, the EIB will provide further technical assistance to the RDA through a Project Implementation Consultant and audits to support the implementation of the project.”

EIB has a longstanding relationship with Zambia, first lending to a project in the country in 1978, and this will be the second intervention for the benefit of strategic transport corridors after the signature in 2011 of the Bank’s EUR 80 million loan for the Great East Road Rehabilitation. In total, the EIB has provided EUR 474 million in financing in Zambia in the past seven years, in a wide range of public infrastructure (transport, water, sanitation, energy), as well as in private sector through local banks and microfinance institutions to support SMEs and micro-entrepreneurs.