

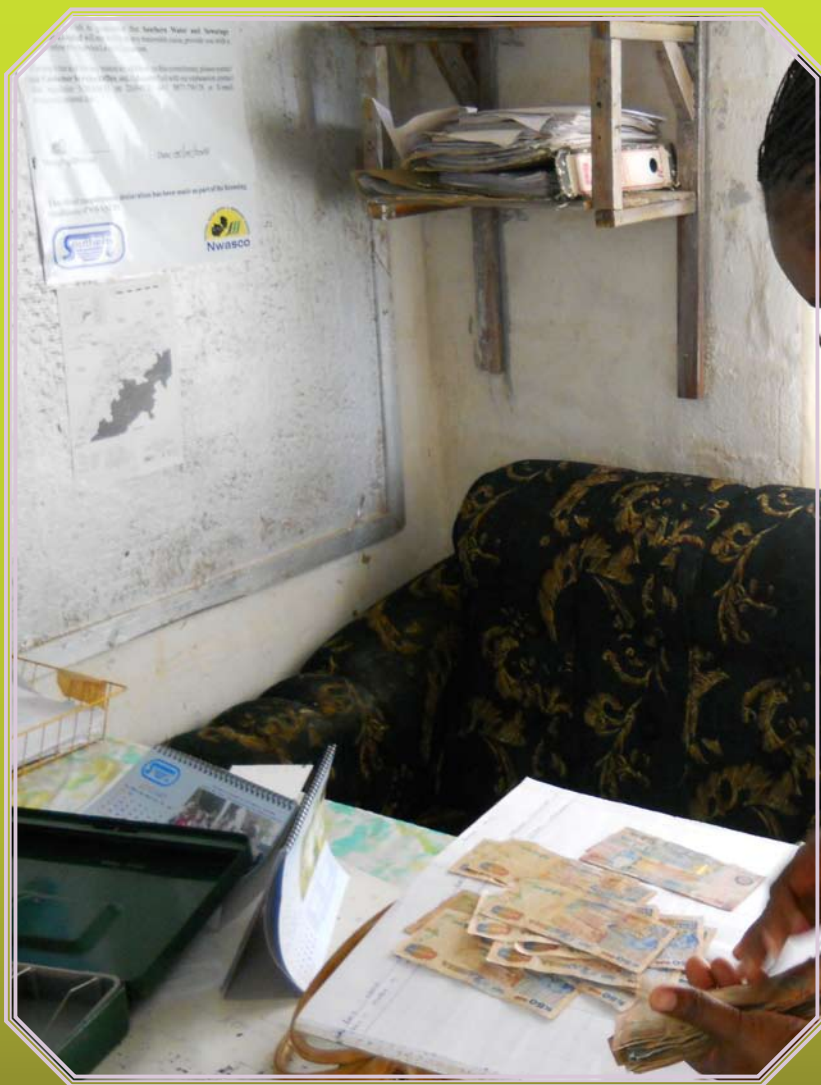
# NWASCO Case Study

## Assignment 3



# Urban and Peri-Urban Water Supply and Sanitation Sector Report 2011/2012





# 2

## INVESTMENT FUNDING TO THE WATER SUPPLY AND SANITATION SUB SECTOR

Over  
**10**  
Years  
of Regulating WSS  
service provision

## 2.1 INTRODUCTION

Since 1993, Zambia has been reforming its water sector following continued deterioration of service delivery to its citizen. One of the major contributing factors identified was the poor state of infrastructure. To address this, investment funding became critical. One of the 7 seven sector principles enshrined in the National Water Policy of 1994 (revised in 2010) was "increased Government spending priority and budget spending to the sector". This meant that the government needed to give more priority to the water sector in terms of funding. This funding was primarily meant for capital investments so as to increase access to water supply and sanitation services and improve the quality of service.

## 2.2 NATIONAL BUDGETARY ALLOCATION

The allocation of funds to WSS from the national budgets has been inadequate. The situation has been compounded by the low disbursements from government particularly for investments in the sector and exacerbated by the increasing government debt to commercial utilities through non payment of water and sanitation bills. This poses a serious threat to the sustainability of the water supply and sanitation sub sector. Table 7 shows the trend from 2006 to 2011.

The sector budget allocation for the year 2011 stood at 2.7% of the total National budget. Although this was slightly higher than that of 2010 (2.6%), the budget performance was not desirable. The 2012 budget has an allocation of 0.5% of the total National budget towards WSS. Although seemingly low, this is higher than the previous allocation in monetary terms because of the increased budget figure for the year. However, the percentage

demonstrates decreasing priority to WSS in terms of budgetary allocation. It is such scenarios that continue to increase the gap between WSS demand and service delivery.

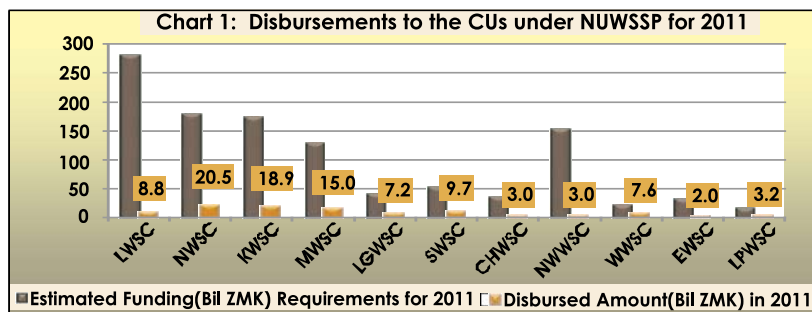
**Table 7: Budgetary allocations to water supply and sanitation**

	2007	2008	2009	2010	2011
Budget- % share of total expenditure	2.8%	2.9%	1.4%	2.6%	2.7%
Budget allocation (bil ZMK)	317.92	370.01	213.906	434.668	543.267

## 2.3 MEETING THE INVESTMENT GAP - NATIONAL URBAN WATER SUPPLY AND SANITATION PROGRAMME

To address the investment gap, the Government developed the National Urban Water Supply and Sanitation programme (NUWSSP) as a roadmap to providing potable and reliable water supply and adequate sanitation services for the urban and peri urban dwellers.

The NUWSSP tabulates investment needs for the CUs for the period 2011-2030, with an estimated amount of US\$4.081 billion. For the year 2011, the total investment costs were estimated at US\$ 190 million (aprox. ZMK969 billion at an exchange rate of K5,100). However, only K94billion was disbursed to the 11 CUs under the programme from government as depicted in Chart 1.



From the chart, it is clear that although efforts were made, there was a huge deficit. The funding details and earmarked works for the K94 billion are elaborated in Table 8.

**Table 8: Disbursements to CUs**

CU	AMOUNT RECEIVED (BIL ZMK)	WORKS
CHWSC	3.115	Nakonde water supply improvement works and procurements of pumps for Kasama, Mpika and Luwingu
KWSC	18.99	Metering in Masala, Kabushi (Ndola) and Mpatamatu (Luanshya). Repair works in Mpatamatu. Sanitation works in Masala and other areas. Extension of service in Kabushi, Twapia. Procurement of pumps for Twapia, Misundu, Masaiti, Itawa Townships and all of Ndola.
LGWSC	7.2	Sanitation works in Bwacha, Ngungu, Chimanimani, Buchi, Cholwa, Kasanda and Mine areas of Kabwe.
LWSC	8.18	Water network rehabilitations in Shikabeta, Bauleni and Tiyende Pamodzi. Drilling of boreholes in Bauleni and Ngombe areas of Lusaka.

CU	AMOUNT RECEIVED (BIL ZMK)	WORKS
MWSC	15.049	Water supply improvement in Butondo, Kamuchanga, Lulamba/ Chikola and Kankoyo, metering for Kankoyo in Mufulira and Lulamba/ Chikola in Chingola. Procurement of Pumping equipment and rehabilitation of rising main for Kafue treatment plant in Mufulira.
NWSC	20.49	Resuscitation of Chambishi water intake at Kafue river and metering. Water supply and sewerage improvement in Chamboli, Ipusukilo, Wusakili and Chipata Townships in Kitwe and Margum in Kalulushi. Construction of toilets in Buchi/Kamitondo in Kitwe.
NWWSC	3	Water supply improvement in Wisdom area and Muselepete in Solwezi (including kiosks) and Chingi in Chavuma. Drilling of 2 boreholes and erecting an overhead tank to supply area around Kansanshi mine in Solwezi.
SWSC	9.68	Water supply improvements in Nega-nega-Mazabuka, Kashitu Compound-Livingstone, Lusitu-Siavonga, Pemba and Mbabala-Choma. Works included replacing and extension of old networks, drilling and equipping of a new boreholes, erecting water tanks, construction of water kiosks and installation of chlorine dosing equipment
WWSC	5	Sichilli and Mwandi- water supply network; two boreholes, elevated tank - 254m <sup>3</sup> , two kiosks and communal taps.
EWSC	2	Petauke, Lundazi, Mambwe and Chama – for supplementary works in the phase 1 of the German funded projects and involved network extensions and metering.
LPWSC	3.2	For replacement of an 8km falling mains from the spring source into the treatment plant in Kawambwa town.

Apart from the ZMK94 billion releases to the sector through the NUWSSP, CUs received funding from other sources as depicted in Table 9. The total funding to the sector during the year under review amounted to K254.4 billion.

**Table 9: Other Funding to the Sector 2011**

SOURCE	PROJECT NAME	IMPLEMENTING AGENCY	DISBURSEMENT
<b>Cooperating Partners-Grants</b>			
<b>AfDB</b>	Central province 8 centres WSS	MLGH	US\$ 0.4 mil
<b>Denmark</b>	Water and Sanitation	MLGH/MEWD/DTF/NWASCO	US\$ 7.61 mil
<b>EU</b>	Implementing of integrated water resource management in Zambia	GRZ	US\$ 0.24 mil
<b>Germany</b>	Devolution Trust Fund, phase III, Urban Water Supply Eastern Province, phase II, GRESAP Ground-water Management Lusaka(BGR)	MLGH	US\$ 1.5 mil, US\$ 3.07 mil, US\$ 0.71 mil
	Study and expert fund VI	GRZ	US\$ 0.28 mil
	Water Sector Reform Program	MEWD	US\$ 2.73 mil
<b>Japan</b>	Improvement of Water Supply Condition in Ndola city	MLGH	US\$ 0.77 mil
	Support in National Roll-out of sustainable Operation and maintenance Programme (SOMAP 3)		US\$ 0.5 mil
<b>Ireland</b>	Rural water and Sanitation Northern Province (Province Administration and 4 Districts)	CARE International/Chambeshi WSC	US\$ 0.41 mil

SOURCE	PROJECT NAME	IMPLEMENTING AGENCY	DISBURSEMENT
<b>Concessional Loans</b>			
<b>WB Group</b>	ZM-Water Sector Performance Improvement	MLGH	US\$ 2.33 mil
<b>ADB Group</b>	WSS Project	Nkana WSS	US\$ 1.09 mil
	Central province 8 centres Water Supply Projects	MLGH	US\$ 0.15 mil
	Water Program	MLGH	US\$ 1.56 mil
<b>Other-Private Sector (Loans and Grants)</b>			
<b>ZANACO Loan</b>	Water supply-Farm 1917 and 1080 and Hillview in Lusaka	LWSC	ZMK 14 bil
<b>Mopani Grant</b>	Wusakile Sanitation Project in Kitwe	NWSC	ZMK 21.7 bil
<b>MOH Grant</b>	Mupambe Sanitation Project in Mufulira	MWSC	ZMK 5.6 bil

## 2.4 CONCLUSION

It is evident that financing towards the sector is a mammoth task needing concerted efforts by various actors. Whilst there were some funds channelled towards investments in the sector, there is need to do much more, considering the enormous investment requirements. A total of K254.4 billion was invested against an investment requirement of K969 billion during the year under review.