

# WASH BUDGET BRIEF

MAKING WASH SERVICES MORE ACCESSIBLE

unicef   
for every child

2023

## KEY MESSAGES AND RECOMMENDATIONS

1

The WASH budget has been on the decline in the last three years as a percentage of GDP. The share of WASH declined by 0.4 percentage points from 0.8 percent of GDP in 2021 to 0.4 percent of GDP in 2023. It also decreased by 42 percent in real terms and by 21 percent in per capita terms in the same period. This is an undesired trajectory for achieving universal access to safe and affordable WASH services by 2030. The allocation to WASH sector in 2023 is a percentage of the required allocation to achieve SDGs by 2023 under the Zambia Water Investment Programme.

### RECOMMENDATION:

Significant investments are required in the sector. A Zambia Water Investment Programme estimate of the financing requirements needed to extend WASH services to the unserved and underserved, shows that current funding is a small fraction of what is needed each year. Coupled with this is the need to devise an innovative and more diversified financing mix that includes not only the Government but the private sector and households.

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There has been significant resources allocated towards Capital Expenditure over the past years. Use of Goods and Services (which includes operations and maintenance) remains critically under-funded.

**RECOMMENDATION:**

The Government needs to invest more in operations and maintenance. Allocations to capital expenditure have been increased in 2023, in line with the policy focus, although more capital investments are required. WASH budget allocation needs to strike a balance between recurrent transactions (including maintenance) and capital financing for sustainable supply of services, factoring in Zambia's population growth.

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The increased share of domestically-financed budgets is a step towards sustainable financing of the WASH sector and supplements the dominance of foreign financing which comes mostly as loans and adds to the nation's fiscal burden.

**RECOMMENDATION:**

Sustainable service delivery for water and sanitation should rely primarily on domestic public resources, while being supported by international cooperating partners. The Government therefore needs to devise strategies, policies and mechanisms to attract additional private and public finance to the WASH sector.

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Public institutions' failure to pay their water bills adds to the operational and financial challenges commercial utilities experience, which has an impact on service delivery.

**RECOMMENDATION:**

The Government should ensure that payments to Commercial Utilities are given priority and improve CU systems to ensure collection of payments in order to continue safeguarding the human rights to water and sanitation for all.



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## INTRODUCTION

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This Water, Sanitation and Hygiene (WASH) budget brief explores the extent to which the Government of the Republic of Zambia (GRZ) will support the WASH sector in 2023. The brief analyses the size and composition of budget allocations to the water supply and sanitation sector, and water resources management, for the fiscal year 2023, as well as spending trends for the past few years, in order to inform policy, strategies and legislation to tackle water supply and sanitation challenges.



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# OVERVIEW OF THE WATER AND SANITATION SECTOR

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## WASH SECTOR POLICIES, STRATEGIES AND PROGRAMMES

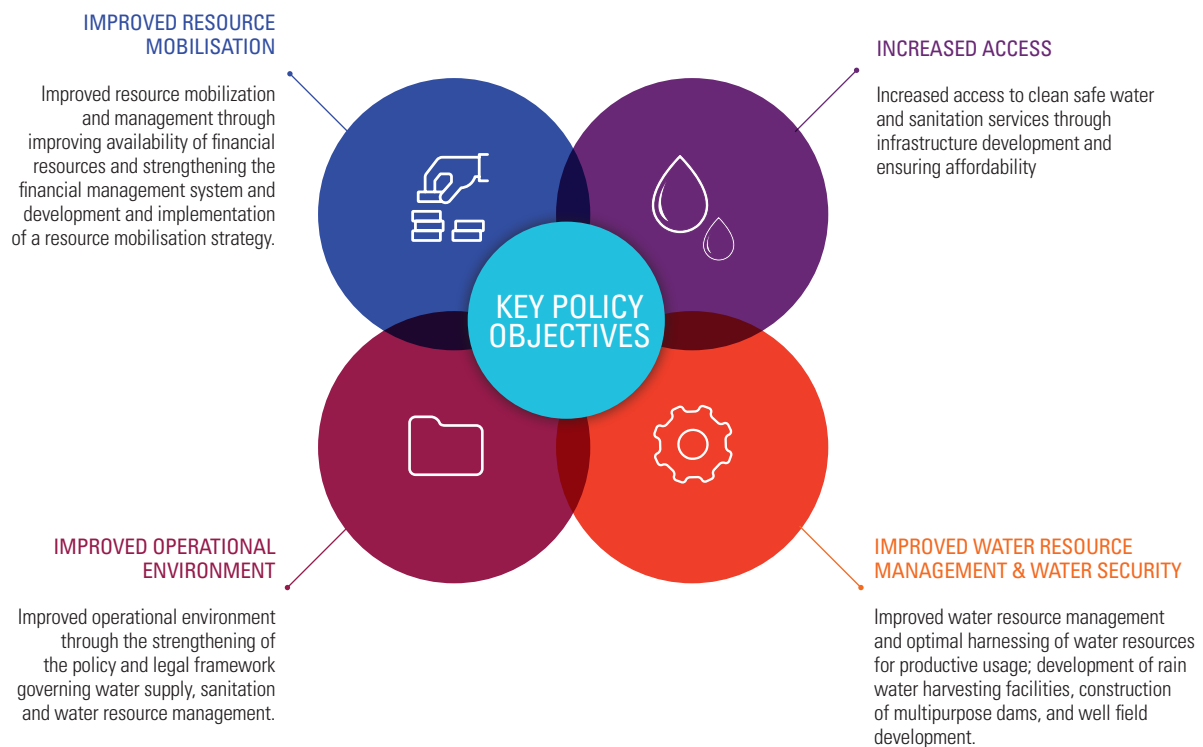
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**The Government manages Water Policy, Water Resources Management and the development of Water Supply and Sanitation through the Ministry of Water Development and Sanitation.**

Components of hygiene promotion fall under the ministries responsible for Education, Health and Local Governance, among others.

**Key policy objectives.** Given the aspirations for achieving universal access to clean and safe water supply and sanitation for all by 2030 (Sustainable Development Goal 6), and ensuring national water security to support the economic, human and social development of the country, the key policy objectives in the medium term, as gleaned from the Medium-Term Budget Plan, are outlined in the Figure 1.

**FIGURE 1: SHORT- TO MEDIUM-TERM KEY POLICY OBJECTIVES FOR THE WASH SECTOR**



*Source: Author's own elaboration from strategies in the 2022-2024 Medium-Term Budget Plan and 2022 Estimates of Revenue and Expenditure*

**Access to water will be increased through infrastructure development and rehabilitation as well as through affordable water services.** In order to increase access to clean and safe water and provide sanitation services, the Government, working with cooperating partners, will continue to rehabilitate old and dilapidated water supply and sanitation infrastructure as well as embark on new projects in both rural and urban areas. In 2023, the Government plans to construct 3,405 boreholes and rehabilitate 900 boreholes. Further, the Ministry will construct 110 kilometres of water distribution networks and connect 30,000 households<sup>1</sup>.

To ensure affordability of water, the Government in 2022 revised fees and charges on boreholes. This reduced the cost of drilling boreholes by scrapping off fees for application and registration and annual fees to drill domestic boreholes.

**Water resources management and water security will also be improved.** The Ministry intends to enhance national water security to secure the availability of water resources in order to improve water resource management. As a result, the Ministry aims to build small dams, complete their construction, rehabilitate them, and maintain them. It also plans to drill boreholes and develop wellfields. To further guarantee that globally shared water resources are efficiently and sustainably utilized for Zambia's social and economic development, the Ministry will coordinate, develop, and execute initiatives on transboundary water resources.

<sup>1</sup> Source: Ministry of Finance, Estimates of Revenue and Expenditure ("Yellow Book"), 2023

**The operational environment will be improved through the strengthening of the policy and legal framework.** To strengthen the policy and legal framework, the Government will, over the medium term, finalise the review of the 2010 National Water Policy; the Water Supply and Sanitation Act No. 28 of 1997, and the Water Resource Management Act No. 21 of 2011.

**Launch of the Zambia Water Investment Programme.** The President launched the Zambia Water Investment Programmes (ZIP) in July 2022, with the goal of transforming and improving Zambia's investment outlook for water security and sustainable sanitation in line with the national aspirations for a prosperous, peaceful, inclusive, and equitable country by 2030. The ZIP seeks to mobilise USD5.75bn between 2022 – 2030 to be financed from regular budget (19 percent), ODA (15 percent), Private Sector (PPP – 15 percent) and other International Initiatives and Climate Finance (36 percent). The ZIP's major goal is to increase employment creation by making gender-sensitive investments in water security, industrialization, and climate resilient development.

**Commissioning of the Kafue Bulk Water Supply Project.** The Government commissioned the Kafue Bulk Water Supply Project in 2022, which is intended to provide clean and safe water as well as proper sanitation to over 500,000 people in Lusaka.

**Water resource mobilization and management will be improved through innovative financing strategies.** While taxes (and higher budgetary allocations to water) and user tariffs remain the primary source of financing the water and sanitation sector, new strategies and ideas are needed to leverage resources from all sources. The improvement of water resource mobilization and management will be done through improving availability of financial resources and financial accountability, strengthening the financial management system and development and implementation of a resource mobilization strategy. This includes, inter alia, applying, over the medium-term, part of the Constituency Development Funds to improve the water supply and sanitation conditions at constituency level so as to achieve the goal of having waterborne toilets and running water in all the government schools, health centres and peri-urban areas across the country.

## WASH SECTOR PERFORMANCE

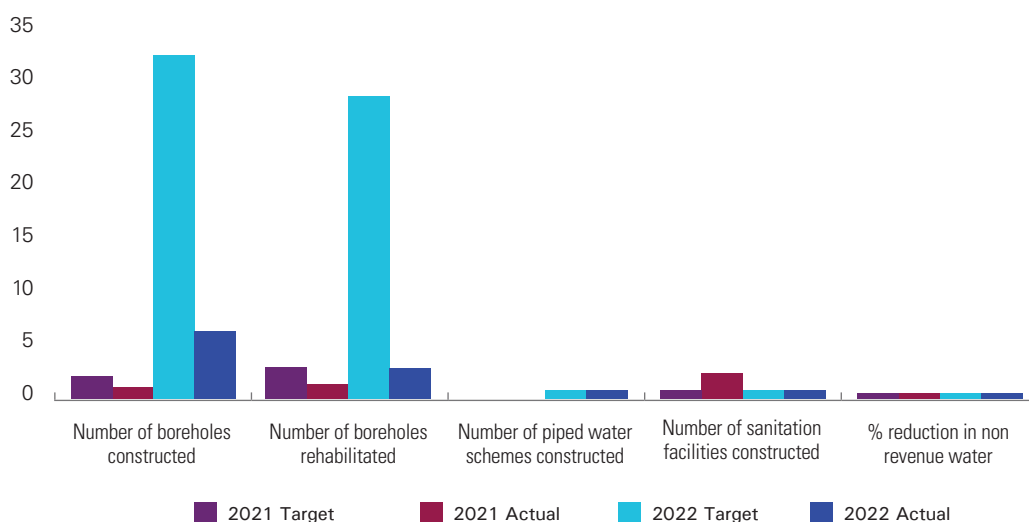
**Access to water and sanitation.** Zambia aims for universal access to safe and affordable water and sanitation services by 2030 but access levels remain stubbornly low. As of 2020, only two-thirds of Zambians had access to basic water services, and about half had access to basic or limited sanitation. These access rates have remained almost stagnant over the past fifteen years and is mostly attributed to low public investment in the sector. Access to improved sources of water and sanitation has remained low especially in rural parts of the country. In 2022, the Government committed to improving water and sanitation services by ensuring that all public facilities such as schools, hospitals, public offices and markets have clean piped water and waterborne sanitation and hygiene facilities by 2024. This initiative could be implemented using the Constituency Development Fund and other financial resources. The President issued a directive on the building of waterborne sanitation facilities in public institutions in 2023 in an effort to promote improved sanitation. This implies moving away from the long lasting Ventilated Improved Pit (VIP) latrine to pour flush toilets. However, experience suggests that pour flush toilets may carry a cost that is multiple times higher than VIP latrines.

**Zambia’s inefficient water utilities create a financial burden on the country and make government support for the sector more difficult.** Inefficiencies have resulted in “hidden costs” or unexpected implicit subsidies to CUs, putting a financial pressure on the government.<sup>2</sup> In order to increase CUs’ cashflows and enable them to contribute to the capital required to extend access, the government must instead focus on financing improvements to CU efficiency. By tying funding to increases in operational efficiency, the government should have a determined strategy to use public financial management systems to encourage efficiency improvements in CUs.

**To serve everyone, water and sanitation service providers must be able to operate and generate revenue. Yet because of non-payment, even by government entities, this ability is frequently in jeopardy.** The financial and operational challenges utilities encounter are considerably exacerbated by these backlogs. Hence, non-payment hinders the realization of the right to water and sanitation as well as the utilities’ ability to provide adequate service. People pay when governments don’t. The burden shifts to those who face increased tariffs and those who are left with poor or no service, who pay with their health.<sup>3</sup> There are several ways to address the issue and improve collection rates. They include: enhancing the systems for metering, billing, and collection, as well as budgeting in advance for necessary services; maintaining efficient spending controls; and enforcing clear rules to improve tariff collection. Government entities’ failure to pay their bills in part results from regulatory and finance gaps in the sector as well political willingness and competing priorities.

**Steady progress has been made towards achieving water supply and sanitation outputs.** Significant emphasis has been placed on the construction and rehabilitation of boreholes and the construction of sanitation facilities. In 2021, a total of 220 boreholes were earmarked to be drilled and only 107 were drilled by end of 2021, a variance of 51percent. Of the 300 boreholes earmarked for rehabilitation in 2021, only 140 boreholes or 46 percent had been worked on by year-end. In 2022, the Government planned to construct 3205 boreholes and rehabilitate 2825 boreholes but only 638 (20 percent) and 300 (11 percent) were achieved respectively. With regard to sanitation facilities, the Government was on track with the number of sanitation facilities constructed. Figure 2 shows the targeted and actual programme outputs in 2021 and 2022.

**FIGURE 2:** MWD&S PROGRAMME OUTPUTS, 2021 & 2022



Source: Ministry of Finance 2023 Estimates of Revenue & Expenditure

<sup>2</sup> <https://blogs.worldbank.org/water/how-zambias-inefficient-commercial-water-utilities-are-slowing-down-progress-service-coverage>

<sup>3</sup> <https://www.giz.de/de/downloads/giz2020-en-government-pay-your-waterbills.pdf>

**The 2018 Zambia Demographic and Health Survey shows marked differences in access to WASH services by the general population between urban and rural areas.** As shown in Table 1:

- **Seventy-one percent of the general population had access to an improved drinking water source in 2018.** However, there are stark differences between rural and urban areas, with 91 percent of the urban population using improved water services compared to 57 percent in rural areas.
- **Just over half of the population (54 percent) used improved sanitation services.** Similar to drinking water services, 79 percent had access to improved sanitation services in urban areas compared to about 38 percent of the rural population.
- **Basic hand washing services are available to about 24 percent of the population.** Access to basic hygiene services is much higher for those in urban areas (36 percent) than for those in rural areas (15 percent). Limited handwashing services are available to about two in every five persons, with urban areas (41 percent) having higher access than rural areas (38 percent).
- **About 10 percent of the population practice open defecation.** This is more prevalent in rural areas (16 percent) compared to urban areas (1 percent).

Sanitation services are mostly paid for by households, although this strategy has not been successful in bridging the access gap. Significant public investments will also be required as households move up the sanitation ladder, particularly in rural areas. The ongoing Lusaka Sanitation Initiative is the only substantial governmental investment in sanitation in Zambia presently. However, to guarantee this initiative's sustainability, the unprecedented cash injection (US\$300 million) would need a re-evaluation of the current finance mechanisms for urban sanitation services.<sup>4</sup>

**TABLE 1:** WASH LADDERS FOR THE GENERAL POPULATION

ZAMBIA	DRINKING WATER			SANITATION			HYGIENE (HAND WASHING)		
	National 2018	Rural 2018	Urban 2018	National 2018	Rural 2018	Urban 2018	National 2018	Rural 2018	Urban 2018
Improved	70.7	57.4	91.1	54.0	37.7	79.0			
Unimproved	29.3	42.6	8.9	36.2	46.8	20.0			
Basic service	63.8	48.5	87.2	32.9	27.8	40.6	23.5	15.3	36.2
Limited service	6.4	8.2	3.5	21.1	9.8	38.3	39.4	38.0	41.4
Open defecation				9.8	15.5	1.0			

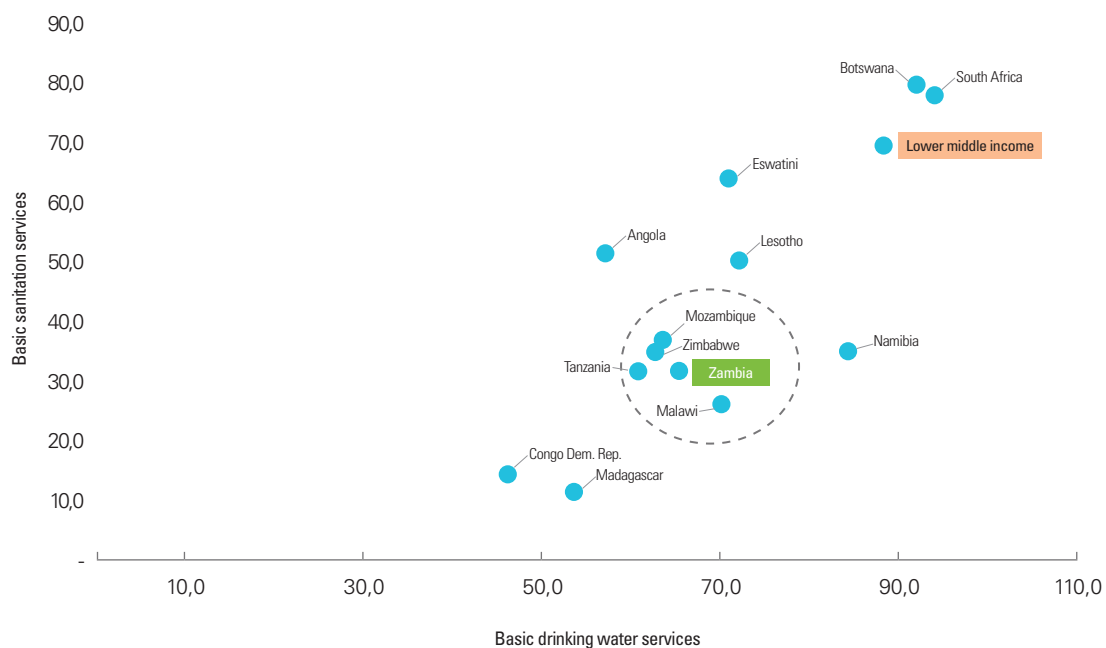
Source: Zambia Demographic and Health Survey, 2018

<sup>4</sup> Zambia Water Supply and Sanitation Sector Diagnostic



**Zambia’s population access to basic drinking and sanitation services lags behind its peers.** The proportion of the population using at least basic drinking services and basic sanitation services in Zambia is way lower than that for lower middle-income countries and most SADC countries. The average proportion of the population using basic drinking water services for lower middle-income countries was 88.5 percent in 2020 compared to Zambia’s 65.4 percent. Further, the proportion of the population using basic sanitation services for lower middle-income countries was 69.9 percent which is 38 percentage-points higher than Zambia’s 31.9 percent. Compared to other SADC countries, Zambia has similar proportions as Tanzania, Mozambique, Zimbabwe and Malawi. Botswana and South Africa have the highest proportion of water and sanitation services, while the Democratic Republic of Congo and Madagascar have the lowest proportions.

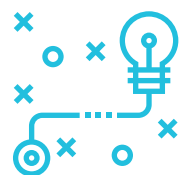
**FIGURE 3:** PROPORTION OF THE POPULATION USING AT LEAST BASIC DRINKING WATER AND SANITATION SERVICES, ZAMBIA COMPARED TO OTHER SADC COUNTRIES, 2020



Source: Constructed from World Development Indicators [downloaded 21/02/2022]

## TAKEAWAY

- WASH services continue to be disproportionately higher in urban areas than in rural areas, thereby disadvantaging those in rural areas.





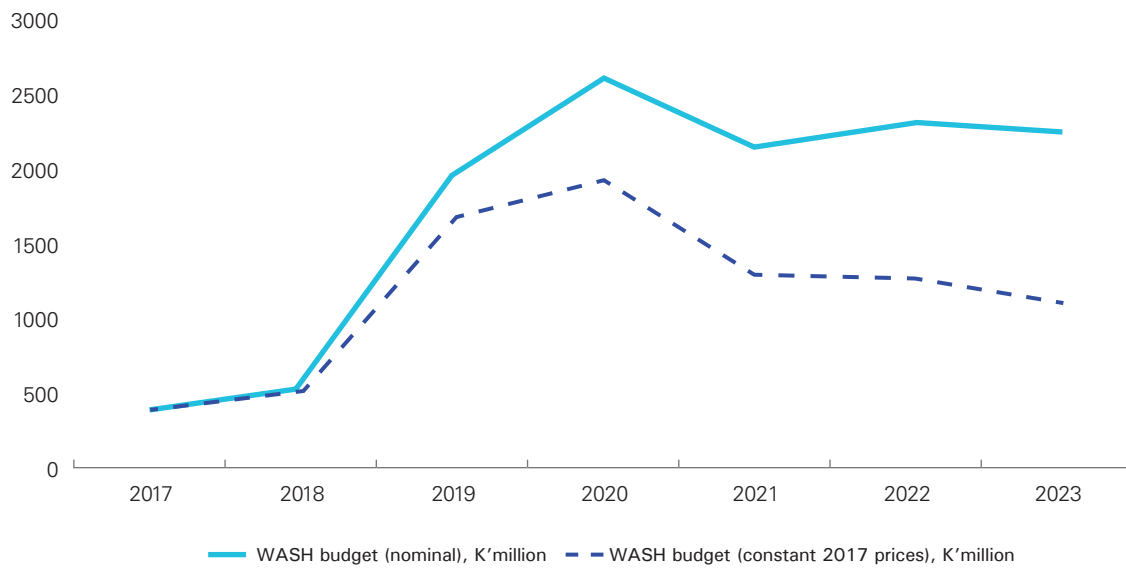
## SIZE AND SPENDING TRENDS

**The water and sanitation budget has declined in 2023.** A total of K2.3 billion has been allocated towards WASH services in the 2023 budget, a nominal decrease of 3.7 percent from K2.4 billion allocated in 2022. In 2022, the government planned to construct 3205 boreholes, rehabilitate 2825 boreholes and connect over 25,000 households through the construction of a 100 kilometre water distribution network. Despite the decline in the allocation to the WASH sector, the Government in 2023 plans to accelerate the completion the construction and rehabilitation of these projects from 2022 in order to keep improving the provision of safe and clean drinking water and adequate sanitation. Government plans to complete the Kafulufuta dam in Copperbelt in 2023 that will connect 1 million households in the Copperbelt province. Through the commitment to provide clean and safe water, the government also plans to complete the Lusaka Water and Sanitation project in 2023.

**In real terms, the WASH spending has continued to decline in the last three years.** It declined by 32 percent from K1.9 billion in 2020 to K1.3 billion in 2021 when the inflation rate in 2021 averaged 22 percent and it declined by 2.8 percent from K1.3 billion in 2021 to K1.2 billion in 2022. With inflation projected to moderate to 8.5 percent in 2023<sup>5</sup>, WASH spending is expected to decline by 11 percent from K1.27 billion in 2022 to K1.13 billion in 2023. Moreover, the planned budget allocations are well below the estimated cost estimates for the rural and urban programs. Worse still, the allocation the Ministry of Finance (MoF) approved to the sector is lower than the budget allocated in the national development plans (NDPs). Figure 4 shows the WASH budget in nominal and real terms.

<sup>5</sup> [https://www.boz.zm/MPC\\_Statement\\_November\\_2022.pdf](https://www.boz.zm/MPC_Statement_November_2022.pdf)

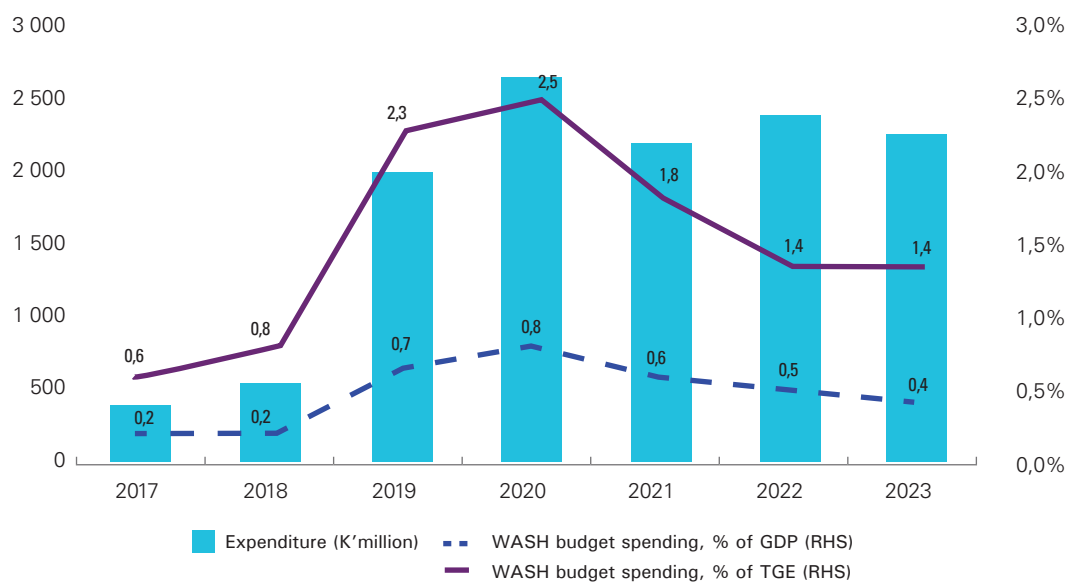
**FIGURE 4:** WATER AND SANITATION BUDGET ALLOCATIONS IN NOMINAL AND REAL VALUES, 2017-2023 (K' MILLIONS)



Source: Constructed from Ministry of Finance Budget Speeches and ZamStats' Consumer Price Indices

**As a percentage of GDP, the allocation to the WASH sector in 2023 has declined.** The allocation to the WASH sector as a percent of Total government expenditure has remained constant at 1.4 percent in 2023 and 2022. This allocation however declined to 1.4 percent in 2022 compared to 1.8 percent in 2021 and 2.5 percent in 2020. In terms of its share of GDP, the WASH budget declined to 0.4 percent in 2023 from 0.5 percent in 2022 and 0.6 percent in 2021 (Figure 5). The very low share on WASH spending suggests that this sector is not given a high priority at the national level as is done with other sectors, such as education and health.

**FIGURE 5:** WATER AND SANITATION BUDGET ALLOCATIONS 2017-2023 (K' MILLIONS), AS PERCENT OF TOTAL GOVERNMENT EXPENDITURE AND PERCENT OF GDP

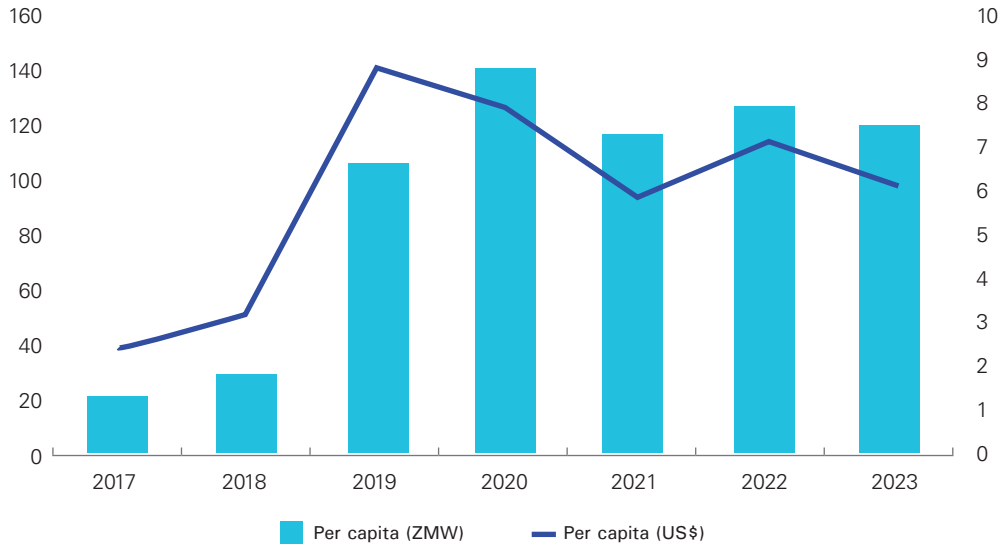


Source: Constructed from the Ministry of Finance Budget Speeches

## PER CAPITA BUDGET

**Per capita WASH budget at national level has declined in 2023.** Per capita spending on WASH services is projected to decline by 7.9 percent from K126 (US\$7.15<sup>6</sup>) in 2022 to K116 (US\$6.2<sup>7</sup>) in 2023. However, this is above the period average of K96.71 (US\$5.98) reported between 2017 and 2023.

**FIGURE 6:** WASH PER CAPITA BUDGET IN KWACHA AND US\$ AT NATIONAL LEVEL, 2017-2023



Source: Constructed from the Ministry of Finance Budget Speeches and Zambia Statistics Agency population projections; Bank of Zambia ZMW/US\$ period average exchange rates



- Despite Government's expressed commitment to the sector, the declining share of WASH budgets during 2020-2023 points to insufficient prioritisation of the sector by the Government.
- With increased population in 2023, there is need to increase the WASH budget in order to ensure that there is equitable provision and access to water supply and sanitation services

**TAKEAWAY**

<sup>6</sup> 2023 US\$ estimate based on period average exchange rate of ZMW17.57/US\$; Source: Bank of Zambia

<sup>7</sup> 2023 US\$ estimate based on period average exchange rate of ZMW18.5/US\$; Source: Bank of Zambia



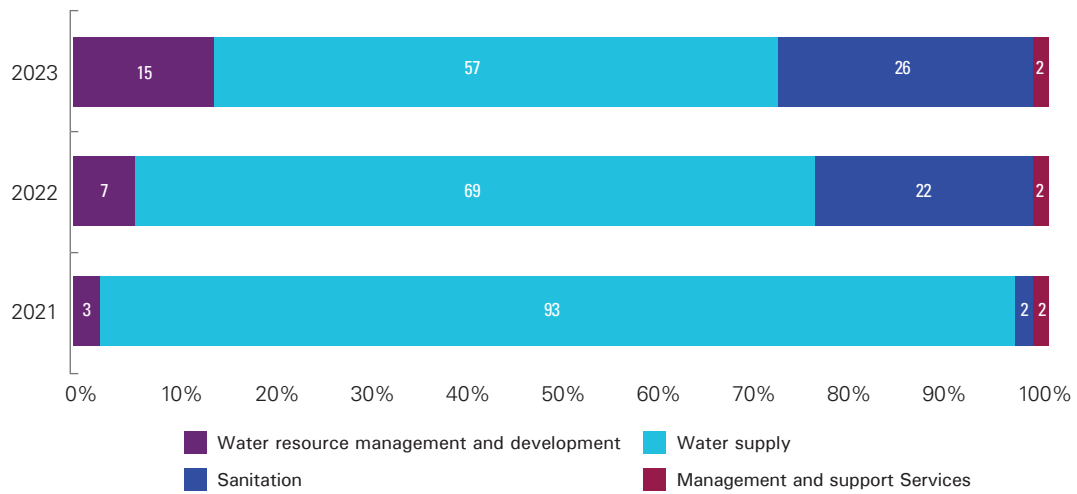
## COMPOSITION OF WASH SPENDING

The analysis of the composition of the WASH spending is restricted to the Ministry of Water Development and Sanitation (MWDS) which accounts for 99.8 percent of the Water Supply and Sanitation budget or K2.2 billion in 2023. The composition is considered both in terms of programmes and by type of expenditure incurred (economic classification).

### WASH BUDGET BY PROGRAMME

**Water Supply and Sanitation programme takes up the largest allocation of the Ministry budget.** The Water Supply subprogramme is projected to take up 57 percent of the entire ministry's budget in 2023. However, this is a significant reduction from 69 percent of the budget in 2022. The reduction in the share of the Water Supply sub-programme is necessitated by the continued increase in the allocation to the Sanitation subprogramme from K39.5 million in 2021 to K491.6 million in 2022 and further to K579.3 million in 2023. Figure 5 shows the allocation of the WASH budget by programme in 2021 and 2022.

**FIGURE 7:** ALLOCATION OF THE WASH BUDGET BY PROGRAMME, 2021-2023



Source: Constructed from the Ministry of Finance Estimates of Revenue and Expenditure

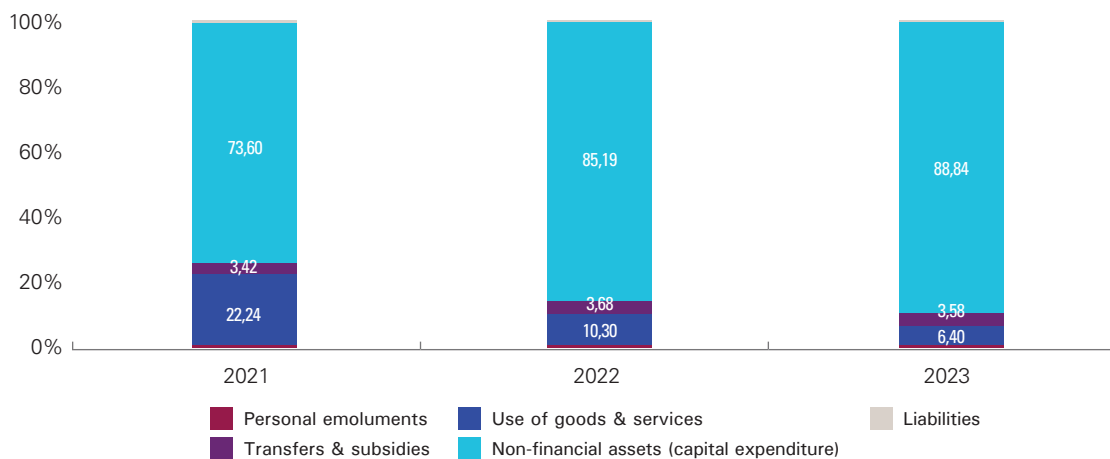
**The budget allocation to the Water Resource Management and Development subprogramme has more than doubled in 2023.** The budget to this programme has been increased to K338.6 million in 2023 from K143.5 million in 2022. The increased allocation to water infrastructure development will involve the drilling of 100 exploratory boreholes, construction of 16 small dams; rehabilitation of 6 small dams and enhancing rainwater harvesting, 2 well fields development and water transfer schemes. It also includes the conducting of transboundary feasibility studies; implementation of transboundary water investment projects and production of annual water/asset accounts reports.

## WASH BUDGET BY ECONOMIC CLASSIFICATION

**At the broad level, economic classification separates the recurrent budget from the capital budget.**

The recurrent budget for WASH amounted to 11.1658 percent of the total WASH budget, compared to 88.84 percent capital expenditure budget in 2023. The largest component under the recurrent budget is the use of goods and services which accounts for over 50 percent of the recurrent budget. Transfers account for only 3.56 percent of the total budget to WASH in 2023.

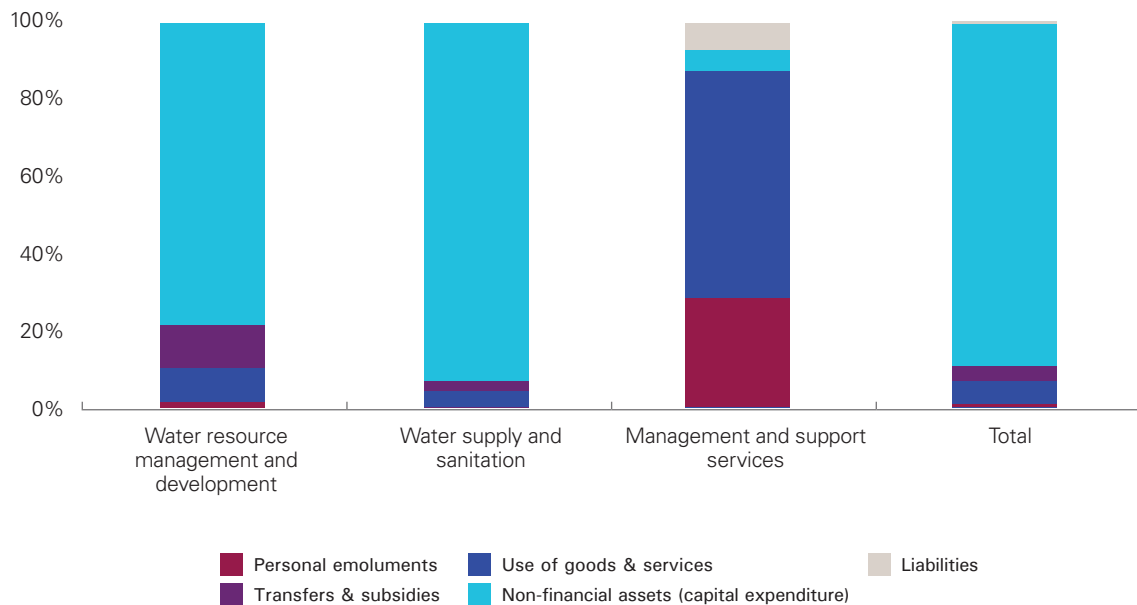
**FIGURE 8:** ALLOCATION OF THE WASH BUDGET BY ECONOMIC CLASSIFICATION, 2021 & 2023



Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2022

**There are notable differences in the structure of expenditure between the programmes.** Within the Water Supply and Sanitation Budget, 92.9 percent of the allocation goes to capital expenditure while the use of goods and services accounts for 4.7 percent and transfers & subsidies were allocated 2.6 percent. The allocations to the Water Resource Management and Development programme are similar to those under water supply and sanitation only that transfers & subsidies were allocated more (11.4 percent) than the use of goods and services (8.6 percent). Figure 9 shows the structure of the expenditure incurred in the three programmes by economic classification.

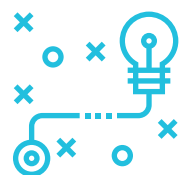
**FIGURE 9:** WASH BUDGET (MWSD ONLY) BY PROGRAMME AND ECONOMIC CLASSIFICATION, 2023



Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2023

## TAKEAWAY

- A significant part of the WASH budget is allocated towards capital expenditure between 2021 to 2023. The increased allocation to capital expenditure in 2023 is in line the medium-term plan to increase access to clean water and sanitation through infrastructure development.

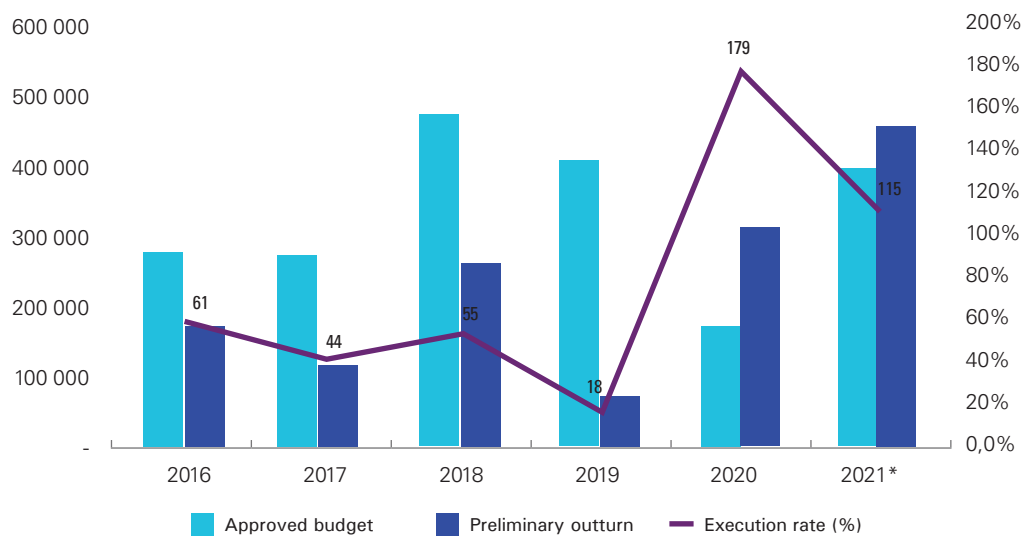




## BUDGET CREDIBILITY AND EXECUTION

**The WASH sector budget credibility improved over the last two years.** The Water Supply and Sanitation budget over-performed by 79 percent in 2020 after a four-year period of consistent under-funding. In 2021, the budget also over-performed by 15 percent. Expenditure for 2021 indicates that the Water Supply and Sanitation Budget was K463 million against the approved budget of K402 million. Figure 7 shows compares the approved budget against the outturn as well as the resulting execution rates.

**FIGURE 10:** APPROVED BUDGETS<sup>8</sup>, ACTUAL EXPENDITURES AND BUDGET EXECUTION RATES, 2016-2021



Source: Compiled from Ministry of Finance Annual Economic Reports, 2016-2020, 2021 Fiscal Table; \*Preliminary estimate

<sup>8</sup> There significant differences between water supply and sanitation budgets reported in the Budget Speeches and the annual economic reports may be due to the fact that the Budget Speech numbers are *proposed* budgets, while the numbers in the annual economic reports are *approved* budgets. Execution rates computed in this brief compares the approved budgets to the actual spending. But given the big differences, further investigations are warranted.



**The execution rates have been higher than planned in the last two years.** The execution rates in 2020 and 2021 were 179 percent and 115 percent, respectively, or an average of 147 percent. This is a departure from the execution rates obtaining during 2016-2019 which averaged barely 45 percent per annum. Sustaining these high execution rates will be cardinal for achieving government's targets including improving access to WASH services and improving water resources management and national water security.

## TAKEAWAY

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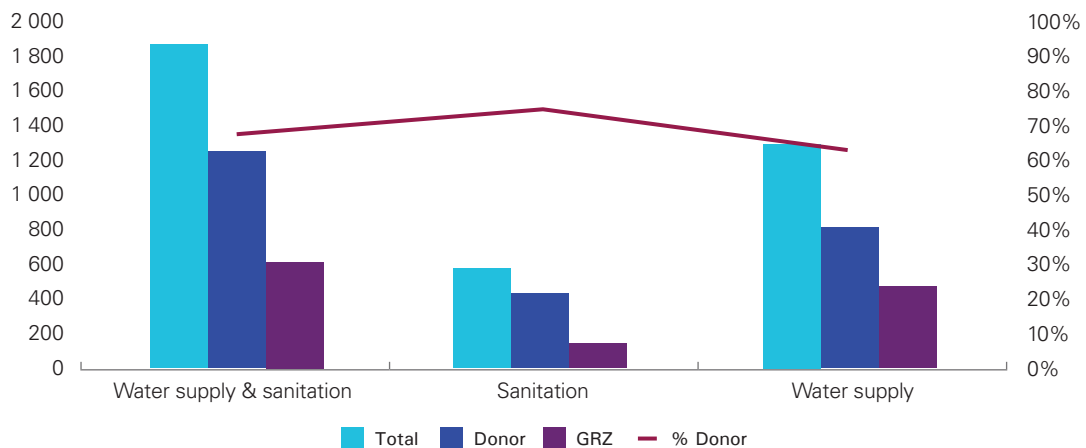




## FINANCING OF THE WASH BUDGET

**The WASH sector is highly donor dependent.** The allocation to the sector and its programmes shows a declining pattern, with close to 80 percent of the sector being financed by cooperating partners (CPs), falling from more than US\$140 million per year under the Sixth National Development Plan (SNDP) to US\$80 million per year under the Seventh National Development Plan (7NDP).<sup>9</sup> In 2023, 66.9 percent of the budget is planned to be financed from external sources either through foreign loans or grants. External financing for sanitation services account for 75 percent of the budget compared to 63 percent for water supply (Figure 11). Major financiers include the African Development Bank, the European Investment Bank, and various financiers through the Sector-Wide Approach (SWAp) financing. The Government also receives a significant portion of off-budget support from donors and other cooperating partners such as the World Bank.

**FIGURE 11:** DECOMPOSITION OF THE WATER SUPPLY AND SANITATION BY SOURCE OF FINANCING 2023

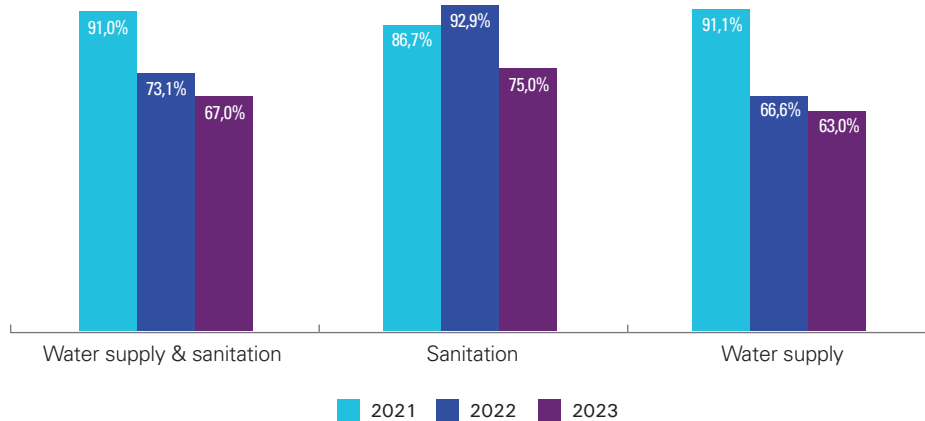


Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2023

<sup>9</sup> <https://openknowledge.worldbank.org/server/api/core/bitstreams/6f0f8a16-d355-50f0-a6b8-37d0284fd140/content>

**External financing is poised to decrease in 2023 compared to 2022.** The share of external support to the total Water Supply and Sanitation reduced from 73 percent in 2022 to 67 percent in 2023. This is primarily due to the decreased share of donor financing to sanitation services from 92.9 percent in 2022 to 75 percent in 2023. On the other hand, the share of donor funding to water supply only reduced by a small margin from 66.6 percent in 2022 to 63 percent in 2023. (Figure 12).

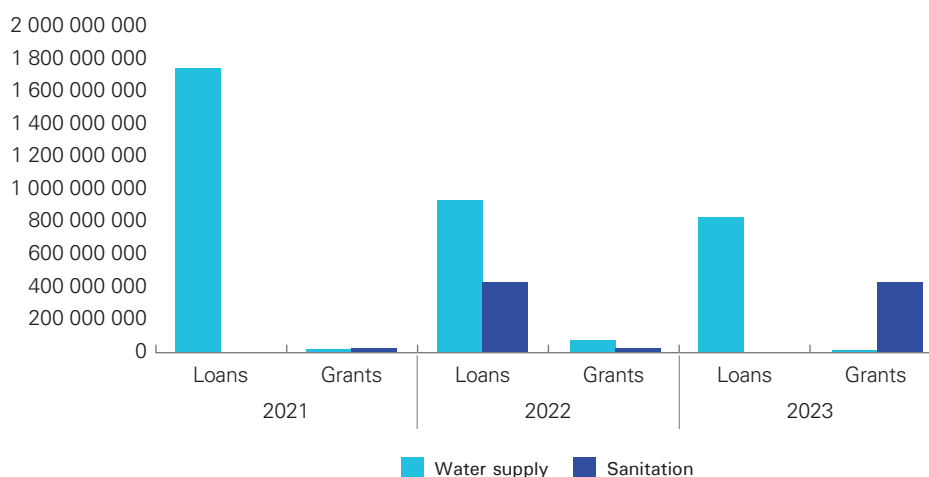
**FIGURE 12:** TRENDS IN THE PROPORTION OF DONOR SUPPORT TO WATER SUPPLY AND SANITATION 2021-2023



Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2021 to 2023

**The larger part of external financing is through loans, accounting for 65 percent of the total donor financing.** Further, foreign financing to the sector is more from loans than from grants and mostly to finance water supply. Total loans for the water and sanitation programmes amount to K821 million while grants amount to K436 million in 2023.

**FIGURE 13:** EXTERNAL FINANCING BY TYPE, 2021 TO 2023



Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2021 to 2023

**The urban water sub-sector, which is dominated by water utilities, is better funded than the rural water sub-sector, according to a recent diagnostic of the country's flagship water and sanitation investment programs.** Zambia was able to raise US\$925 million between 2013 and 2018, compared to US\$50 million for rural, for the National Urban Water Supply and Sanitation Program (NUWSSP).<sup>10</sup> Donors provide the majority of the funding in the form of loans and grants for certain initiatives. Zambia has invested over US\$3 billion in the NUWSSP since 2011, which is around 67 percent of the total investment needed by 2030, although service coverage rates are still below average.



- The increased share of domestically financed expenditure in 2022 and 2023 is good for sustainable financing of the sector, especially considering that a significant part of the foreign financing is through loans.

**TAKEAWAY**



<sup>10</sup> <https://openknowledge.worldbank.org/server/api/core/bitstreams/6f0f8a16-d355-50f0-a6b8-37d0284fd140/content>



## KEY POLICY ISSUES

**Improvements in WASH services have mostly only been applied to high-income areas.** This poses a challenge to the WASH sector as majority of the population in rural areas have limited access to clean and safe water as well as sanitation.

**Capital investment in water infrastructure is insufficient, despite rising demand for water services owing to urban population increase.** Improved sanitation and hygiene are vital for increasing quality of life since they lower health risks. However, with a growing population and little investment in the sector, this may be a difficulty. It is probable that providing WASH services to the growing urban population living in informal settlements will pose a major challenge.

**Ensuring universal access to WASH is fundamental for COVID-19 recovery and achieving the SDGs.**

Therefore, the removal of fees for application, registration and annual fees to drill domestic boreholes will go a long way towards achieving universal access. However, the proliferation of domestic boreholes poses risks of disease outbreaks due to possible contamination as the majority of citizens that demand boreholes live in areas where communal sewer systems are non-existent.

**There are two major ambiguities that the WASH sector needs to consider and deal with.** The first is the rural/urban split which is not very clear as it is complicated by the use of a third “peri-urban” category whose definition is not very clear. The second is the classification and reporting between current and capital expenditure. This statement on page 512 of the Yellow Book “... K1.6 billion has been allocated for use of goods and services to cater for water supply and sanitation infrastructure development ...” epitomises the ambiguity in how the recurrent and capital parts of the budget are treated in the accounts.

**This review faced considerable data limitations.** Data scarcity poses problems with regard to monitoring of programmes by policy makers. Latest performance data is only up to 2018, making it challenging to gauge if the policies and programmes put in place are effective, particularly interventions related to coping with COVID-19 pandemic. The lack of actual expenditure data for the previous years reported in the Yellow Book makes it challenging to determine if it is recurrent or capital expenditure that has problematic execution rates. Further, with no subnational data, particularly for rural and urban areas, equity analyses could not be done. More attention needs to be devoted to WASH information systems.



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