

Water services reforms in Zambia 2000-2010

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Sunset over lake, Chingola, Zambia

Zambia began implementing water services reforms during the 1990s through to the early 2000s. These reforms have been part of a broader political and economic restructuring, not just in Zambia, but globally, and have been characterised by shifting public service management style from the total divestiture of public assets (privatisation, dominant during the 1980s) to softer forms of privatisation (commercialisation) through private-public partnerships (PPPs) and private sector participation (PSP).

The main water services reform programme implemented in Zambia over the last 12 years has been the commercialisation of water services. This research assesses the outcomes of these reforms in Zambia.

Water services reforms

The reforms in Zambia have been an integrated process with three main components:

1. Policy and legal reforms;
2. Institutional reforms;
3. Management reforms.

Policy and legal reforms focused on formulating a national water framework, not just for water services, but the entire water sector including water resource management. The main outcomes are the National Water Policy (NWP) formulated in 1994, the National Water and Sanitation Act of 1997, as well as the decentralisation of water resource management to the catchment level.

The institutional reform component focused on reorganising the institutions involved in the water sector. The main outcomes of this process include: the establishment of the national regulator, the National Water and Sanitation Council (NWASCO); the establishment of 11 commercial water utilities (CUs); the separation of water services from water resource management; and a clear allocation of responsibilities among the various departments involved in the water sector.

Prior to the institutional reforms, there was no clear allocation of responsibilities and coordination among the departments, a situation that often resulted in the duplication of roles, tension, and conflict. Under the current institutional set-up, the Ministry of Energy and Water Development is responsible for the national water policy and water resource management tasks, while the Ministry of Local Government and Housing is responsible for water supply and sanitation, including the mobilisation of resources for water services infrastructure. NWASCO is responsible for regulating and monitoring the operations of CUs who are directly responsible for the provision of water services.

The management component of the reforms focused on the mechanism for delivering water services. Prior to the reforms, water services were provided by local municipalities (LMs). Following the reforms, the water departments of the LMs were converted into CUs, registered as private companies, with separate management teams and executive boards. Although the LMs are still the sole owners of the CUs (there has been no private finance participating or investing in water services in Zambia since commercialisation started, in all 11 CUs, the constituting local municipalities are the sole shareholders), the creation of CUs has essentially transformed what used to be public assets into corporate assets managed by a limited company.

Objectives

There were several objectives outlined in the NWP, but, as NWASCO observes, the main objective was to, 'create new institutions, which would be able to provide cost-effective, equitable and sustainable water supply and sanitation services throughout Zambia'². In the reforms, commercialisation of water services has been the core management strategy with an aim to 'improve service delivery by way of creating viable limited liability utility companies (CUs) managed by professionals'³.

Outcomes

A review of the water services sector in Zambia over the last decade suggests there have been positive developments as well as challenges resulting from implementing these reforms. Positive outcomes include:

- **Reorganisation of the water sector** resulting in the *clarification of roles* among the different actors. This has improved coordination, reduced tension, conflict and duplication of roles among the major player.
- **Improved capacity and management skills.** Compared to the time when water services were provided by the councils, the evidence suggests that most CUs have improved their ability to deliver services in their service areas. In particular, the number of service hours has stabilised around 15 hours per day over the last decade.
- **Predictability of services.** Most customers interviewed confirmed that there is predictability in the provision of services, such that clients now know when not to expect the services.
- **Reduction in the level of political interference,** particularly in the setting of water tariffs and in the geographical distribution of water services.

Utility name	Year started	Population in service area			Water production (million m ³ /year)			Water per capita (l/c/d)	
		Population			2001	2010	% change	2001	2010
		2001	2010	% change					
Lusaka WSC	1989	1,100,000	1,831,408	66	75	95	27	187	142
Kafubu WSC	2000	415,000	633,656	53	52	55.9	8	343	242
Nkana WSC	2000*	463,384	685,420	48	35	56.6	62	207	226
Mulonga WSC	2000	246,000	436,249	77	23	58.7	155	256	369
Southern WSC	2000	279,339	328,882	18	19.5	19.4	-0.5	191	162
Chambeshi WSC	2003	–	275,474	–	–	14.4	–	–	143
Eastern WSC	2009**	102,000	217,632	113	1.9	5.2	174	51	65
Western WSC	2000	220,900	176,477	-20	6.3	7.6	21	78	118
N. Western WSC	2000	124,900	223,817	79	4.4	3.6	-18	97	44
Lukanga WSC	2007	–	365,869	–	–	21.9	–	–	164
Luapula WSC	2009	–	173,206	–	–	2.8	–	–	44

Source: Author's calculation based on NAWASCO (2002; 2010).

[WSC] = Water and Sewerage Company.

Note: The figures given above may not reflect the actual population in the areas covered by a particular CU. Figures for Chambeshi, Lukanga and Luapula WSC are not reflected because these CUs started operating after 2001.

[*] Nkana WSC took over the operations of AHC-MMS in 2006. AHC-MMS was a pilot project for private sector participation (PSP) operating under a management contract as a subsidiary of the French Water Giant, SAUR. AHC-MMS took over most of the areas serviced by the privatised Zambia Consolidated Copper Mines (ZCCM).

[**] What is now known as Eastern WSC used to be Chipata WSC from 1992 to 2008. In 2009, Chipata WSC became Eastern WSC and took over the services areas which used to be serviced by local authorities in urban areas of the Eastern Province (see NAWASCO 2010).

Source: Chitonge (2011)

As well as the positive outcomes, some enduring challenges remain:

- Inadequate capital investment in water infrastructure where demand for water services is increasing due to population growth in urban areas (see Figure 1). Most CUs have been unable to expand their network and coverage, especially to low-income areas.
- Creation of CUs has resulted in the subtle disappearance of the state from the water services sector. The state's role has been reduced to an occasional benefactor to the CUs and other NGOs involved in the delivery of services, especially in urban areas. Although the state is expected to mobilise resources for infrastructure development, state allocation to the water services sector has remained painfully low.
- Disappearance of programmes which used to support access to water services for the vulnerable and poor. No CU has an indigent programme that assists the poor.
- Reluctance to extend services to poorer areas. Most CUs have focused on improving water services for high-income areas, neglecting water services to peri-urban and other low-income communities. Interviews with most peri-urban and low cost community members suggest that improvements in services have only applied to high-income areas.
- These water reforms also have resulted in most poor households becoming more vulnerable to unscrupulous water vendors who sell water at 5-10 times the official water tariff.

Conclusion

Water services reforms in Zambia have had positive outcomes, but also reveal enduring challenges. While the reforms have contributed to the reorganisation of the water services sector, improving service delivery, improving management capacity, improved number of service hours and better quality of services in general, these improvements mostly apply to people in high-income urban areas. People in low-income and peri-urban communities have not seen much of these improvements.

Key challenges which need to be addressed include the problem of inadequate capital investment, reluctance among CUs to extend services to poorer areas, the growing affordability burden, and the inability among CUs to cope with the growing demand for water services.

The main lesson from this reform process has been that reforms without resources lead to superficial improvements, the benefits of which accrue to a small section of society.

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