

**SMALL SCALE PRIVATE SECTOR  
PARTICIPATION IN THE RURAL WATER  
SUPPLY SECTOR**

**R8335**

**PHASE 3 ANALYSIS AND DISSEMINATION**

**FINAL COUNTRY REPORT  
FOR  
ZAMBIA**

**September 2005**

**Prepared by:**

**Department for Infrastructure and  
Support Services – DISS  
(Ministry of Local Government and Housing)  
and  
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## EXECUTIVE SUMMARY

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This report contains description of phase 3 work done under the project small-scale private sector participation in rural water service provision. The purpose of this report is document the process of formulating best practice guidelines to enhance the involvement of the small-scale private sector in rural water services provision that was carried out in phase 3 and the guidelines themselves. The report is also the final country report to be produced as part of the outputs of the project hence it marks the end of the project process.

The resulting guidelines from this project were developed through a process involving a series of consultative meetings between a multi-stakeholder working group (MSWG) and the research team comprising the Department of Infrastructure and Support Services (DISS), WaterAid Zambia and a consultant hired by DISS to facilitate the process of developing the guidelines.

The work of the MSWG was heavily informed by the survey findings resulting from the phase two work and also the experiences and expertise of the different members of the working group who are all experts in their different fields.

The guidelines produced have presented some key messages and recommendations that would contribute to enhancing the participation of the small-scale private operators in the water sector.

The major messages coming out of the guidelines are;

- Government will need to take leadership in setting the vision for the involvement of the private sector.
- Most of the actions that will need to be undertaken will require collective action by government, NGOs and donors.
- There is need for a change in attitude among the general public towards their roles and responsibility in paying for their operation and maintenance of their water facilities. This can come about through sustained public awareness campaigns carried out by stakeholders.

The guidelines have brought about a realisation that there might be need to review some past and present policy documents and existing initiatives in other government departments that may have a role to play in enhancing private sector involvement in the water sector.

There may be no specific policy or legislation in the main stream water sector on some aspects that affect the private sector, but it is quite obvious from this project that there is potential for more collaboration across government departments in as far as enabling the private sector is concerned.

For example with regards to contracting procedures, more than one government department has in place at least some form of procedure that can affect the private sector contracting process at local government level.

The current levels of interest and commitment expressed by the government increases the chances that the guidelines will be successfully implemented. With further testing and dissemination there is a high likelihood of implementation.

It is planned that the guidelines will be employed by mainly the government and incorporated in ongoing initiatives by other agencies working in the water sector.

It has been acknowledged that this project's objectives are in line with government's intentions and plans for involving the private sector in the overall strategy of improving water service delivery particularly to the rural communities. Government therefore sees this project as contributing to reinvigorating its intended role of facilitating the involvement of the private sector.

## 1 INTRODUCTION

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### 1.1 General

This report is the final report of the Zambia team in relation to the Knowledge and Research (KaR) Project No. R8335 'small scale private sector participation in the rural water supply sector'. The report presents peer reviewed guidelines for enhancing the participation of the small scale private sector in the provision of rural water supply services in Zambia.

Funded by the UK Department for International Development (DFID), the project began in November 2003 and has taken place in Ghana, Tanzania and Zambia.

The project was divided into three phases:

- Phase 1 – Inception, including a knowledge review of published and grey literature
- Phase 2 – Surveys
- Phase 3 – Analysis and dissemination.

This report has been produced at the end of Phase 3.

The research has been characterised by a participatory approach built around country teams whose origin in each country was a partnership between the relevant government water department and WaterAid. This core process of involvement was broadened to include a wide spectrum of sector stakeholders as the means to arrive at an acceptable set of guidelines.

Water Management Consultants Ltd has managed the study and has been responsible for the production of synthesis and final project reports, in conjunction with the various partners, covering the three countries. Project reports can be found at the project website [www.ruralwaterpsp.org](http://www.ruralwaterpsp.org) and project documentation is listed in Appendix A of this report.

### 1.2 Objectives and assumptions

This research focuses on investigating the legal, financial and institutional frameworks through which governments can create an environment to enable an effective contribution to the rural water supply sector to be made by the small-scale private sector. As a consequence, the nature of the government's role as a regulator of such an enabling environment can be analysed.

The objective of the project is to enhance the effective participation of the rural based, small-scale private sector in rural water supply service provision through the production and dissemination of best practice guidelines.

A key assumption of this research in all three countries is that the small-scale private sector has a productive role to play in rural water supply. The research was not designed to question whether this assumption was valid.

Some specific assumptions particular to Zambia that were made when commencing the project are;

- There is some form of private sector activity in the five areas that face certain constraints/threats, which needed acting upon.
- The government was willing to utilise the private sector as one avenue for delivery water services to communities
- There is currently lack of information on the capacity and extent of private sector activities in the water sector.

### 1.3 Importance of this study

The project is in line with ongoing attempts at reforming the policy and institutional setup of rural water service delivery in Zambia. The ministry of local government and housing through DISS has just developed a rural water sector investment plan for the period 2006 to 2015.

As one of its strategies for increasing the proportion of people with access to safe drinking water the government has stated that it seeks to “*strengthen and promote the role of the private sector, especially in establishing spare parts supply chains, operation and maintenance systems at appropriate community, district and provincial levels*”. (MLGH, August 2005)

### 1.4 Structure of the Zambia team

Table 1.1 lists the Zambia research team.

**Table 1.1 Zambia team members**

| <b>Name</b>         | <b>Organisation</b>                             |
|---------------------|---|
| Mr Rees Mwasambili  | DISS – Ministry of Local Government and Housing |
| Mrs Hope Nkoloma    | DISS – Ministry of Local Government and Housing |
| Mrs Etambuyu Siwale | DISS – Ministry of Local Government and Housing |
| Mr Davy Ngoma       | DISS – Ministry of Local Government and Housing |
| Mr Lytone Kanowa    | DISS – Ministry of Local Government and Housing |
| Mr Justine Mwiinga  | DISS – Ministry of Local Government and Housing |
| Mr Savior Mwambwa   | WaterAid Zambia                                 |
| Ms Pamela Chisanga  | WaterAid Zambia                                 |

The Zambia team was headed by the Head of the rural water supply and sanitation unit in the ministry of local government and housing. This was supported by WaterAid staff who seconded two of its staff to the project.

In addition the project gave periodic updates and presentations to the rural water supply and sanitation multi-stakeholder forum that meets bi monthly. The forum is planned to be a useful channel for disseminating the guidelines.



## 1.5 Structure of this report

The remaining part of the report is arranged as follows; Section 2 deals with the methodology that was employed in the development of the guidelines. It contains brief descriptions of the project process and activities that were carried out from phase 1 to phase 3 of the project. This section highlights the steps that were taken in each of the three phases of the project leading up to the development of the guidelines in phase three. Section 2 also presents an implementation chart, which shows the different activities and milestone undertaken including the time schedules when these activities were carried out.

Section 3 contains the actual guidelines including a brief introduction containing government policy intention in involving the private sector. In this section each guideline is stated including a brief description of the intended objective, relevance, the prevailing situation and effectiveness of the current situation. Included after each guideline is a statement regarding the political and financial costs associated with the particular guideline.

Section 4 deals with the lessons learnt from the process including lessons drawn regarding the policy environment and the operating environment of the private sector. In this section key experiences drawn from the analysis process in phase 3 are highlighted.

Section 5 of this report presents the dissemination and uptake strategy. This includes what have been done and also future planned activities to disseminate the project outputs and the guidelines. The uptake strategy highlights which institutions have a role or might have a role to play in implementing the guidelines.

Section 6, Next steps, discusses opportunities, prospects and scope for action regarding the involvement of private sector. This section highlights key questions regarding the future of the private sector in rural water service provision in relation to the overall government and development environment in the country.

Section 7 presents conclusions regarding the expected changes that may be brought about by the implementing the guidelines.

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## **2 GUIDELINES DEVELOPMENT METHODOLOGY**

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### **2.1 Introduction**

This section of the report summarises the research methods, which have led to the development of the guidelines. As far as possible the same methods were developed and applied in all three of the project countries. Each country has produced its own separate report on each phase of the project. Therefore whilst the research methodology is effectively the same in all of the countries, the application and outcomes are different.

The process of engaging partners in the development and application of the research methodology has emerged as a fundamental requirement upon which to build and disseminate understanding and acceptance of these guidelines. This chapter presents a summary of the experiences and outcomes from the country teams in addressing the task of developing best practice guidelines for the involvement of the small-scale private sector in rural water supply services.

### **2.2 Phase 1: Inception**

This first phase of the project marked the beginning of the project process, an inception workshop was held to raise awareness on the project and get interest from key stakeholders. In addition a review of published and unpublished material and of knowledge covering the small-scale rural based private sector was carried out. The Knowledge Review has been developed into a separate document.

Other tasks carried out in the inception phase are formulating a project work plan and constituting the country project management team. All the activities done in this phase are contained in the inception report.

The full texts for both reports can be accessed at the project website [www.ruralwaterpsp.org](http://www.ruralwaterpsp.org).

### **2.3 Phase 2: Field work**

Phase two of the project involved carrying out field surveys in five districts to gain an improved understanding of rural business livelihoods and supply chains in the rural water sector and of capacity of local government to enable and regulate the sector in the study countries.

The surveys were divided into three main areas;

- An assessment of the demand among key stakeholder groups for guidelines concerning development of an enabling environment for the small rural private sector.
- An assessment of the capacity of government to enable and regulate involvement of small, rural private operators and NGOs in the rural water sector.

- An understanding of rural business livelihoods of small providers, of supply chains in the rural water sector and of the level of interest and capacity among the private sector to provide services to communities.

The analysis and synthesis of the findings resulting from these field surveys have been compiled into a country report that can be accessed on the project website.

## 2.4 Phase 3: Analysis and dissemination

The multi-stakeholder-working group was constituted as a way of getting a broad based input to the process of formulating the guidelines. Working together with the research team the MSWG was formed to be the one to lead the process of formulating the guidelines. Initially it was planned that the MSWG would have (seven) monthly meetings between March and October 2005.

WaterAid was tasked with the responsibility of organising and facilitating the monthly meetings. The MSWG held two monthly meetings and a workshop between March and May until a change in the WaterAid staff resulted in the work of the MSWG stalling and a break of the whole project process of about three (3) months.

Table 2.1 lists the members of the multi-stakeholder-working group.

**Table 2.1 Composition of the MSWG**

| <b>Name</b>     | <b>Organisation</b>             |
|-----------------|---------------------------------|
| Gerrit Struyf   | SNV                             |
| Ian Banda       | (WASAZA)                        |
| Barbara Senkwe  | WSP/World Bank                  |
| Cecil Nundwe    | Development Cooperation Ireland |
| Oswald Chanda   | NWASCO                          |
| Rees Mwasambili | DISS/MLGH                       |
| Mr Max Sichula  | ZCSMBA                          |
| Jane Chinkusu   | TDAU/UNZA                       |
| Pamela Chisanga | WaterAid Zambia                 |
| Mrs Chibweshwa  | Women Finance Co-operative      |

At the beginning of the MSWG government informed the MSWG that it was in agreement with the project overall objective of enhancing the participation of the private sector. Hence the vision of "*enhanced and effective participation of the rural-based, small-scale private sector in rural water supply service provision.*" was been adopted.

Figure 2.1 lists the work plan for the multi-stakeholder working group.

**Figure 2.1 Schedule of meetings for the MSWG**

| PLANNED TIME TABLE FOR<br>MULTI-STAKEHOLDER WORK GROUP | Dec.  | Jan. | Feb. | Marh. | Aprl. | May. | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. |
|--|---|------|------|-------|-------|------|------|------|------|------|------|------|------|
|  | First Multi-stakeholder working group meeting |      |      |       |       |      |      |      |      |      |      |      |      |
| First Multi-stakeholder Workshop                       |   | ■    |      |       |       |      |      |      |      |      |      |      |      |
| MSWG meetings once a month                             |   |      | ■    | ■     | ■     | ■    | ■    | ■    |      |      |      |      |      |
| First Draft of guidelines produced                     |   |      |      |       |       | ■    |      |      |      |      |      |      |      |
| Second Draft of guidelines Produced                    |   |      |      |       |       |      |      | ■    |      |      |      |      |      |
| Testing of guidelines                                  |   |      |      |       |       |      |      |      | ■    | ■    |      |      |      |
| Development of Dissemination strategy for guidelines   |   |      |      |       |       |      |      |      |      | ■    | ■    |      |      |
| Final Multi-stakeholder workshop                       |   |      |      |       |       |      |      |      |      | ■    |      |      |      |

The initial meetings of the MSWG focussed mainly on the working group getting to gain a deeper understanding of the project aims and also an understanding of the private sector environment as presented by the survey findings. Questions around the process were also raised particularly as to how inclusive the process of collecting information had been during the survey phase. Table 2.2 lists the meetings of the MSWG.

**Table 2.2 Actual MSWG meetings held**

| Date                | Meeting                    | Venue                      |
|---------------------|----------------------------|----------------------------|
| 21st January 2005   | MSWG meeting               | WaterAid, Lusaka           |
| 15th February 2005  | MSWG meeting               | WaterAid, Lusaka           |
| 22nd February 2005  | Multi-stakeholder workshop | Mulungushi Village, Lusaka |
| 4th May 2005        | MSWG meeting               | WaterAid, Lusaka           |
| 3rd August 2005     | MSWG meeting               | WaterAid, Lusaka           |
| 21st September 2005 | MSWG meeting               | WaterAid, Lusaka           |
| 23rd September 2005 | Multi-stakeholder workshop | Mulungushi Village, Lusaka |

When the first draft of the guidelines was produced it was subjected to further review and input from the some members of the working group, including additional support and the Project managers WMC, from the UK provided comments.

A much more refined draft was ready and presented to a multi-stakeholder workshop at the end of September. At this workshop members from outside the MSWG had the opportunity to comment and give input to the second draft of the guidelines.

The process has provided more insight with regards to the different roles that government and other agencies can play in, enhancing the participation of the private sector. The project will inform in the ongoing and future government processes including the rural water investment policies under development.

Both the government and the research team have initiated preliminary discussions with other agencies involved or interested in the subject in involving private in rural water service delivery. There are yet no follow-up meetings that have been undertaken, it is planned that government will however link the project process and outcomes to these ongoing initiatives and facilitate the involvement of other interested stakeholders like the World Bank, JICA etc.

Although not much has been done currently, guidelines have suggested a number of public information dissemination campaigns through both formal and informal avenues. It is planned that NGOs and the government will be the main targets of dissemination.

## **2.5 Implementation chart**

The work schedule as carried out in Phases 2 and 3 is shown in Table 2.3.

Table 2.3 Phase 2 and 3 work schedule as implemented

|  | 2004 |     |     |     |     |     |     |     |     |     | 2005 |     |     |     |     |     |     |     |     |  |
|--|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|--|
|  | Apr  | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb  | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct |  |
| <b>PHASE 2 – SURVEYS</b>   |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| <b>Output 2: Report providing improved understanding of rural business livelihoods, supply chains and local government capacity.</b>           |      |     |     |     |     |     |     |     |     | X   |      |     |     |     |     |     |     |     |     |  |
| <i>2.1 Activity: Assessment of demand for guidelines among key stakeholder groups.</i>   |      |     |     |     | X   | X   |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 2.1.1 Participatory survey of communities and water committees  |      |     |     |     | X   | X   |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 2.1.2 Interviews with local authorities   |      |     |     |     | X   | X   |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 2.1.3 Data analysis, interpretation and reporting   |      |     |     |     |     |     | X   | X   |     |     |      |     |     |     |     |     |     |     |     |  |
| <i>2.2 Activity: Assessment of capacity of local government to enable and regulate small rural-based private sector.</i>                       |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 2.2.1 Participatory survey of village governments   |      |     |     |     | X   | X   |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 2.2.2 Participatory survey of district councils and water departments   |      |     |     |     | X   | X   |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 2.2.3 Participatory survey of regional and national level capacity and policy   |      |     |     |     | X   | X   |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 2.2.4 Data analysis, interpretation and reporting   |      |     |     |     |     |     | X   | X   |     |     |      |     |     |     |     |     |     |     |     |  |
| <i>2.3 Activity: Assessment of capacity of small and medium size enterprises and non-governmental organisations.</i>                           |      |     |     |     | X   | X   |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 2.3.1 Analysis of RWS sub-sector  |      |     |     |     | X   | X   |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 2.3.2 Supply chain maps and livelihoods analysis of private service providers   |      |     |     |     | X   | X   |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 2.3.3 Data analysis, interpretation and reporting   |      |     |     |     |     |     | X   | X   |     |     |      |     |     |     |     |     |     |     |     |  |
| <i>2.4 Activity: Synthesis of small scale, rural-based private sector participation in RWS</i>   |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 2.4.1 Synthesis and reporting   |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| <b>Output 3: Guidelines for enhanced small private sector participation and regulation.</b>  |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     | X   |  |
| <i>3.1 Activity: Establishment of multi-stakeholder Working Group (MSWG) in each country to develop guidelines and dissemination strategy.</i> |      |     |     |     |     |     |     |     |     | X   |      |     |     |     |     |     |     |     |     |  |
| Task 3.1.1 Discussions with all stakeholders   |      |     |     |     |     |     |     |     |     | X   | X    |     |     |     |     |     |     |     |     |  |
| Task 3.1.2 Drafting of terms of reference  |      |     |     |     |     |     |     |     |     | X   | X    | X   |     | X   |     |     | X   | X   |     |  |
| Task 3.1.3 Meetings of MS Working Groups   |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| <i>3.2 Activity: Multi-stakeholder workshop in each study country involving target audiences to discuss results so far and plan Phase 3.</i>   |      |     |     |     |     |     |     |     |     | X   |      |     |     |     |     |     |     |     |     |  |
| Task 3.2.1 Organise workshop   |      |     |     |     |     |     |     |     |     | X   | X    |     |     |     |     |     |     |     | X   |  |
| Task 3.2.2 Hold workshop   |      |     |     |     |     |     |     |     |     | X   | X    |     |     |     |     |     |     |     | X   |  |
| Task 3.2.3 Lessons learned and detailed work plan for Phase 3  |      |     |     |     |     |     |     |     |     |     |      | X   |     |     |     |     |     |     | X   |  |
| Task 3.2.4 Report on workshop  |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     | X   |  |

Table 2.3 Phase 2 and 3 work programme as implemented (continued 1)

|  | 2004 |     |     |     |     |     |     |     |     |     | 2005 |     |     |     |     |     |     |     |     |  |
|--|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|--|
|  | Apr  | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb  | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct |  |
| <b>PHASE 3 – ANALYSIS AND DISSEMINATION</b>  |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| <i>3.3 Activity: Legal and institutional analysis by the Multi-Stakeholder Working Groups.</i>                       |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 3.3.1 Develop & agree vision for small scale private sector participation in rural water sector                 |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     | X   |     |     |  |
| Task 3.3.2 Legal and institutional environment for small private sector providers                                    |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     | X   | X   |     |  |
| Task 3.3.3 MSWG Meetings   |      |     |     |     |     |     |     |     |     | X   | X    |     |     | X   |     |     | X   | X   |     |  |
| <i>3.4 Activity: Development of country-specific Guidelines and other documents by Working Groups.</i>               |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 3.4.1 First draft of Guidelines   |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     | X   |  |
| Task 3.4.2 Second draft of Guidelines  |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     | X   |  |
| <i>3.5 Activity: Testing of guidelines in study countries by Working Groups on target audiences.</i>                 |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 3.5.1 Workshops with key members of target audiences  |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     | X   |  |
| <i>3.6 Activity: Synthesis of guidelines into generic guidelines and recommendations for different stakeholders.</i> |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     | X   |  |
| Task 3.6.1 Synthesis and reporting   |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| <b>Output 4 Peer reviewed guidelines and recommendations by target audiences.</b>                                    |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| <i>4.1 Activity: Development and implementation of strategy for dissemination of study guidelines.</i>               |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 4.1.1 Define target audiences   |      |     |     |     |     |     |     |     |     |     | X    |     |     |     |     |     |     |     | X   |  |
| Task 4.1.2 Develop communications strategy   |      |     |     |     |     |     |     |     |     |     |      | X   |     |     |     |     |     |     | X   |  |
| Task 4.1.3 Disseminate Phase 2 findings  |      |     |     |     |     |     |     |     |     |     | X    |     |     |     |     |     |     |     | X   |  |
| Task 4.1.4 Disseminate Phase 3 findings  |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     | X   |  |
| <i>4.2 Activity: Final multi-stakeholder workshop</i>  |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Task 4.2.1 Organise workshop   |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     | X   |     | X   |  |
| Task 4.2.2 Hold workshop   |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     | X   |  |
| Task 4.2.3 Report on workshop  |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     | X   |  |
| Task 4.2.4 Project Final Report and Guidelines   |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     | X   |  |
| <b>Milestones</b>  |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Milestone 2: Phase 2 Synthesis Report incorporating Phase 2 Workshop   |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |
| Milestone 3: Phase 3 Final Report and Guidelines   |      |     |     |     |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |  |



### **3 GUIDELINES**

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#### **3.1 Introduction**

Provision of rural water services in Zambia is carried out within the framework of the Water Supply and Sanitation Act, the Local Government Act and the National Water Policy of 1994. Under the Local Government Act, responsibility for providing water supply services is placed with the local authorities through the district councils. Each local authority is responsible for the delivery of water and sanitation services either by themselves or by contracting other agencies licensed to do so by the National Water and Sanitation Council (NWASCO).

With regard to small-scale private sector participation in service provision, the surveys carried out in Phase 2 of this study have shown that involvement of the private sector is very limited.

#### **3.2 Government policy and vision for the future**

As one of its strategies to increase the number of people with access to safe and convenient supply of water, the government of the republic of Zambia seeks to The Multi-Stakeholder Working Group working on this study has developed the following vision for the role of the private sector: 'A private sector providing goods and services to rural communities to develop and maintain rural water supplies throughout Zambia'. Based on this vision, the Multi-Stakeholder Working Group has developed the guidelines set out below.

#### **3.3 Rationale for guidelines**

The guidelines are intended to assist Government to implement the strategy to strengthen and promote the role of the private sector. Hence this projects is in line with governments own strategy of promoting and strengthening the role of the private sector.

#### **3.4 Guidelines**

The guidelines are presented below according to the source of demand for the services. There are essentially two sources of demand:

- Communities;
- Local authorities.

### 3.4.1 Related to community demand for services

#### Guideline 1

Government, donors and NGOs should phase out free provision of operation and maintenance services and spare parts to communities. Government, donors and NGOs should instead publicise such services as being available from private individuals in addition to Government, donors and NGOs. It will be necessary for government and development partners to carry out extensive information campaigns to raise awareness among the communities.

#### *Direct objective*

To create demand among the communities for services and spare parts from private providers.

#### *Relevance to enhancing PSP*

The private sector would be promoted as a source of O&M services and spare parts.

#### *Current situation*

Donors and NGOs are the biggest providers of spare parts to the community water schemes. The small private sector in rural communities is mostly hired on behalf of the communities by NGOs or the D-washe to carry out small fitting and construction works. This is after the spare parts have been procured from big suppliers and manufacturers either in the big cities within the country or from outside the country.

In terms of service provision there is a perception among communities that the trained pump menders are supposed to provide their services free as they are trained free of charge. Where communities pay for such services it is in kind or at less than the cost in most cases they are paid in kind

#### *Current effectiveness*

Due to the subsidy schemes in place by most Donors and NGOs ,communities are getting services and spare parts at less than the real cost or in some cases free of charge . This has resulted in the hindrance of the private sector of engage in the provision of these services and spare parts as they cant compete fairly on the market. Communities also tend to develop dependency on free services, hence when there are break downs they tend to wait for the government to repair and do not pay for the O&M leading to unsustainable water schemes.

#### *Political and financial costs*

The political cost of removing subsidies is likely to be high.

The financial cost to government of removing subsidies is expected to be low since government will be either providing services at true cost or services will be provided by the private sector.

**Guideline 2**

Government and NGOs with the private sector should carry out public education campaigns to assist communities to plan and invest in O&M of their water supply.

*Direct objective*

To develop a culture of preventive maintenance and ownership of community water infrastructure

*Relevance to enhancing PSP:*

Developing a culture of preventive maintenance is expected to result into an increased demand for private sector, the demand for spare parts may also increase making it more attractive to traders or communities to maintain stocks of spare parts

*Current situation*

There is no culture of preventive maintenance, instead communities tend to wait until there is a breakdown before contributing for O&M or expect government to provide services free of charge.

*Current effectiveness*

The lack of saving schemes among communities for O&M has led to high breakdown rates, due to the fact that communities still expect to get free services and repairs. Even if they wanted to hire the private sector to carry out the repairs they find themselves with not enough or no money at all.

*Political and financial cost of guideline*

The political cost of carrying out these public awareness campaigns is expected to be low.

The public awareness campaign entails changing behaviour patterns and attitudes of communities towards O&M. This process is likely to take time hence the financial cost of carrying out these campaigns is expected to be medium.

**Guideline 3**

Local government and NGOs should carry out public information campaigns to disseminate information on the cost of spare parts and labour.

*Direct objective*

To increase public awareness and enable information flow regarding the cost of services.

*Relevance to enhancing PSP*

Implementing this guideline is likely to increase both demand and levels of business activity among private sector dealing in spare parts. Communities will now be more knowledgeable and well informed on the costs of services.

*Current situation*

There are information gaps among communities on the costs of different services including labour, hence it is difficult for communities to plan or save for their Operation and maintenance costs.

*Current effectiveness*

Communities' water supply tend to have high breakdown rates, as they are not regularly maintained.

*Political and financial cost*

The political costs are expected to be low

The financial costs will be high.

*3.4.2 Related to local authorities' demands for services***Guideline 4**

Government, donors and NGOs should standardise on a limited number (say 4) of types of designs of handpumps.

*Direct objective*

To increase the numbers of a limited range of hand pumps installed in rural areas. This will automatically result in an increased demand for spare parts for these hand pumps and thus result in faster moving sales and greater attractiveness for traders to stock the spare parts.

*Relevance to enhancing PSP*

Implementation of this guideline will lead to a bigger market for traders in rural areas. Availability of skills will be enhanced. (Increasing the number of hand pumps in unserved communities would result in increased demand for spare parts)

*Current situation:*

There presently at least 15 types of hand pumps in use in Zambia, the volumetric demand for spare parts for any one type of hand pump is currently low. To a trader sales of spare parts are slow moving items particularly if numbers of any one type of hand pump are low.

*Current effectiveness*

The multiplicity of types of hand pumps is not effective in promoting rapid sales of spare and hence spare parts are seldom unavailable from traders in rural areas.

*Political and financial costs*

The political costs of standardisation to government are expected to be low, even though agreement will be necessary among government and donors on the choice of hand pump designs.

**Guideline 5**

Local authority should adopt a policy of sourcing RWS services from private sector and at the same time assign powers and responsibility to specific government officers charged with rural water infrastructure development.

*Direct objective*

To place emphasis on the sourcing of services from private sector in rural areas.

*Relevance to enhancing PSP*

This guideline if implemented is directly relevant to enhancing PSP.

*Current situation*

While the policy on involving PS at local government exists, the responsibility for involving the private sector have not been assigned to specific government officials. In addition procedures for contracting of the small private sector are presently undeveloped.(powers and procedure assigned under the procurement need to be checked)

*Current effectiveness*

Currently small private contractors are rarely contracted for jobs by the district councils.

*Political and financial costs*

The political cost is expected to be low, if any.

The financial cost of implementing this guideline would be medium on the basis that they may be need for training of existing government officers.

**Guideline 6**

If not already in existence contracting procedures for small private sector for use at community level should be developed.

*Direct objective*

To provide a standard mechanism for contracting the private.

*Relevance to enhancing PSP*

Implementation of this guideline is directly relevant to enhancing PSP.

*Current situation*

The existence of procedure for contracting the PS needs to be checked.

*Current effectiveness*

It is understood that the SSPS is not contracted by the local authorities to provide the RWS.

*Political and financial cost*

The political cost of developing the contracting procedures is low.

The financial cost of developing the contracting procedures is low.

**Guideline 7**

*Procedures for regulating the quality of work done by small-scale private sector service providers should be designed.*

*Direct objective*

To ensure that work is carried to an acceptable standard for the price paid under the contract.

*Relevance to enhancing PSP*

Regulation is necessary to ensure that fair prices are charged and adequate quality of work is done. To prevent stifling of private sector interest it is recommended that regulation is "light touch" and limited to ensuring quality of work and fair pricing for services performed. This can be achieved by the local authority through procedures in awarding the contract and inspection of works carried (ie, through contract management procedures).

*Current situation*

There is currently no system for regulating the provision of services by the small-scale private sector.

*Current effectiveness*

Presently there is no provision for regulating the provision of services by the small-scale private sector.

*Political and financial cost*

The political cost is expected to be low.

The financial cost is expected to be low. Training of staff in contract management would be necessary.

**Guideline 8**

*A simple, decentralised registration procedure for small-scale private service providers should be designed and implemented at district level.*

*Direct objective*

To enable local authorities to know who the service providers are and what their skills are.

*Relevance to enhancing PSP*

This guideline is unlikely to enhance the PSP per se but should facilitate tendering procedures and appropriate utilisation of skills.

*Current situation*

Presently local authorities are unlikely to know who the potential service providers are in the districts.

*Current effectiveness*

Registration systems exist but are not tailored to enhancing the participation of the SSPS

*Political and financial costs*

Political costs are expected to be low.

The financial cost is low.

### 3.4.3 Comments

*Access to finance*

There are no guidelines pertaining to access to finance because the project does not think this is a critical factor affecting the involvement of the private. It is common practice in Zambia for contracting agents to pay up to 50% upfront upon signing of contracts.

*Sanitation*

The project did not set out to investigate the area of private sector involvement in sanitation services however; there is overwhelming demand to carry out further work with regards to sanitation. A number of areas around sanitation services have been identified as potential scope for small-scale private sector involvement in sanitation.

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## 4 ANALYSIS AND LESSONS LEARNED

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### 4.1 The process

The project did make attempts to involve a cross section of people in the development of the guidelines. The multi-stakeholder working group composed of willing individuals from different backgrounds and expertise. The working group was set up to among other things offer input from a broad range of stakeholders. However a number of other relevant stakeholder like district level government officers and private sector operators not participate in the latter phases of the project due to physical (geographical) and time constraints.

In addition even within the working group the low turn out at meetings and the limited time frame affected the extent to which the working group members could effectively participate in the process.

With regards to the methodology, the research team noted some key challenges particularly with phase 2-survey methodology. It was quite challenging to tell to what extent the methodology used in the survey stage achieved the intended objectives, for example of assessing the capacity of local government to enable the private sector. The issue of assessing institutional capacity is a specialised area that needs a bit more orientation for anyone intending to apply skills in that area.

Questions were also raised around the validity of using a few sampled study sites to draw inferences and conclusion about the operating environment for the private sector generally.

The project has received overwhelming feedback from stakeholders on the role that the small-scale private sector can play by way of being involved in providing services in the rural water sector; guidelines of this nature have been cited as one way of fostering and enhancing private sector involvement. It is also noted that the guidelines alone in themselves will not bring about the biggest change in as far as involving the privates sector is concerned, there a number of other changes and actions that need to come about.

For example, implementing the guidelines without an effective decentralised financing arrangement for the district councils is meaning less, district councils need to be empowered financially in order that they demand the services of the private operators. Similarly communities cannot effectively demand private sector services without incomes. Issues of community livelihood have been noted as necessary for communities to be able to have sufficient incomes to demand services from the private sector. Without any of this demand, from district councils or communities there is no incentive for the private sector to provide services.

One effective way of ensuring that the guidelines are effective is to implement and/or apply the relevant changes together. What is being suggested here is to look at the institutional changes as well as the implementation of the guidelines as being complementary to each other.

At the moment the most practical use is to link them with ongoing initiatives in the water sector, eg, the JICA project and also carry out further tests among the wider stakeholders on how they can implement and use the guidelines.

It may be too early at the moment to be able to make conclusions as to whether guidelines are the key step to enabling the private sector. Further consultations and pilots are necessary to get practical feedback on what other changes alongside the guidelines may be needed

The stakeholders involved in the production of the guidelines had a relatively fair understanding and perception of the nature, role and demand and supply issues affecting the small scale private sector. However the project process improved the understanding of the private sector operating environment among the working group.

The key challenges encountered in the process of developing the guidelines have been getting the optimal participation of the working group. A good number have not been able to consistently participate citing time limitations. The low levels of participation from the working group affected the number of working group meetings that could be held, for example instead of holding the planned 7 to 8 meetings the country team only managed to hold only 4 working group meetings and 2 multi-stakeholder workshops.

The limited time duration compounded by the change in the staff structure of WaterAid resulted in the project stalling for close to three months, this affected the time frame in which the research team could have completed the project.

Also the limited time frame resulted in limited of testing the guidelines among a broad range of stakeholders. They will be needed to carry out further testing to capture other groups.

The biggest question that has not been answered is the issue of sanitation. This can be addressed by the future proposed government intentions to utilise existing information and ongoing sanitation studies to formulate sanitation guidelines.

## 4.2 The private sector and its operating environment

Who are the rural Private Sector?

In Zambia SMEs are engaged in different kinds of entrepreneur activities in the water sector and usually do this alongside other activities. Predominantly, private sector operators are farmers who, alongside agriculture activities, operate small-scale businesses.

The rural private operators in rural areas operate mainly as metal fabricators, welders, hardware grocery shops, farmers, well constructors, auto spares stockist and pump menders. These provide the following water services;

- Tap mending
- Well digging and lining
- Borehole part repair
- Latrine building
- Chain repair
- Chain and windlass making
- Provision of spare parts
- Fabrication of buckets and other small parts

|                         |   |
|-------------------------|---|
|                         | <p>The private operators engage in unwritten contracts to provide services to the D-washe or communities. In some cases they are subcontracted by bigger enterprises to carry out work.</p> <p>Most operators are not aware of where they can go to obtain information about private sector involvement in such works.</p>  |
| Supply Chains           | <p>Supply chains for the provision of spare parts and repair services exist in some form. Few of them are fully private sector and none were reported to be successfully providing the needs of the end users, i.e. suitable services at an acceptable price in a timely manner. Most supply chains had significant involvement of a donor/NGO/government agency somewhere in the chain.</p>                                  |
| Legal Frameworks        | <p>While there is a legal framework under which the water sector operates as a whole, there are no specific pieces of legislation to guide the operation and involvement of the small-scale private sector in rural water.</p>  |
| Institutional Framework | <p>There are no specific policy provision for government structures and officers to deal with involvement of the private sector. With out explicit roles and structures, it is not clear among the district council officials who are to be responsible for playing the role.</p>   |
| Financial Framework     | <p>Even though small-scale private operators do not have any significant cash flow, the lack of access to the formal finance may not be such a significant factor hindering the private sector's participation contrary to earlier thoughts. They will be need however for refined public financing mechanism to ensure resource flows to the district authorities who may be the major source of demand for PS services.</p> |

### 4.3 Policy environment

Currently delivery of water services is carried out within the framework of the 1994 National Water Policy whose overall objective is *"...Improving the quality of life and productivity of all people by ensuring an equitable provision of an adequate quantity and quality of water to all competing user groups and, improved sanitation services for all at acceptable cost on a sustainable basis*

Through the national water policy of 1994, management of water resources has been delinked from the provision of water and sanitation services. According to the water policy the department of water affairs is responsible for management of water resources. While the provision of water and sanitation services is a responsibility of the Ministry of Local Government and Housing (MLGH) through the Department of Infrastructure and Support Services (DISS).

In 1997 the Water Supply and Sanitation Act facilitated the formation of commercial utilities to provide water services in urban areas and their regulator, the National Water and Sanitation Council (NWASCO).

While the WSS Act principally addresses the provision of services in urban areas, there have been no little policy initiatives regarding. There has been no major institutional reorganisation in this regard.

The government currently through DISS is formulating a rural water sector plan covering the period 2006 to 2015. In this plan the government has stated as one of the strategies for achieving its goal of increasing the number of people with access to safe drinking water the involvement of the private sector in water service provision. Specifically government seeks to; *“Strengthen and promote the role of the private sector, especially in establishing spare parts supply chains, operation and maintenance systems at appropriate community, district and provincial levels.”*(MLGH, August 2005)

This is yet the most explicit policy statement from the government on its intention to involve the private sector and may signify a positive shift in thinking on the part of the government. The guidelines therefore present a good opportunity for government to fulfil its policy intentions of involving the private sector. A key starting point in involving the private sector is creating an enabling environment, which the guidelines seek to achieve if implemented and supported.

In terms of the conditions necessary for creating an enabling environment for small-scale private sector, the most significant is the ongoing national development planning process through which government is producing a National Development Plan (NDP) that will serve as the basis for donors to channel their aid financing to the government’s development programmes which include social services like water and sanitation.

A key aspect underlying the success of the NDP is the effective implementation of the decentralisation policy, which is currently being implemented. Secondly there is a desire on the part of government and the national in general not to lag behind in achieving the MDGs for water, along with this comes the political goodwill from donor agencies to push for more financing to these areas.

Clearly the conditions exist and there is room for further change to occur to strengthen existing conditions necessary for creating an enabling environment. Government can take advantage of the current conditions and mobilise financial as well as political support to put in place the relevant reforms that are necessary to enable the private sector.

The government is and does put in place a vision for the water sector and formulate plans that set goals and direction for all players who seek to contribute to its vision. Therefore the role of creating an enabling environment is one thing that is for the government to do to ensure that it makes it possible for stakeholders who are capable of contributing to improving water services emerge.

As noted earlier, the guidelines may not bring about the desired changes if implemented alone, but rather they are meant to be implemented in conjunction with other changes as stated.



Proposed strategies for dissemination include:

- Email groups;
- Websites;
- Multi-Stakeholder Working Groups members;
- Orientation visits;
- Stakeholder consultation meetings;
- Monthly bulletins;
- RWSS Forum;
- WASAZA meetings.

### *5.2.3 Rural-based, small scale, private sector service providers*

Together with local authorities, they are the focus of this research. The research aims to identify what institutional environment will enable enhancement of the role of the private sector in community water supply service provision and to strengthen local government capacity to regulate their role. Private sector livelihoods should be improved directly by this research hence the above target audiences are direct beneficiaries.

Proposed strategies for dissemination include:

- Multi-Stakeholder Working Groups members ;
- Community radio shows;
- Field visits;
- Orientation visits;
- Brochures, fliers, leaflets;
- Community awareness raising campaigns.

### *5.2.4 Communities and vulnerable groups (the poor)*

Communities need rural water supply services and to know where and how to obtain them. They also need to know how to interface with private sector service providers. This research will assist with this process via local government and NGOs. The poor will directly benefit from the improved rural water supplies (with respect to access, quality of service delivery and cost) which should result from improved service provision from the private sector. (indirect beneficiary).

Proposed strategies for dissemination include:

- Community radio shows;
- Field visits;
- Orientation visits;
- Brochures, fliers, leaflets;
- Monthly bulletins;
- Community awareness raising campaigns.

#### 5.2.5 Donor agencies and NGOs.

Donor agencies and NGOs need to address the needs and priorities of national and local governments and work with communities and the poor to alleviate poverty. They need to be informed of developments in government thinking and priorities and to develop policies on how assistance can best be given.

Proposed strategies for dissemination include:

- Email groups;
- Websites;
- Multi-Stakeholder Working Groups members;
- Government to government exchange;
- Government to donor discussions;
- Stakeholder consultation meetings;
- Monthly bulletins.

### 5.3 Activities already undertaken

The findings of the project have not yet been disseminated widely except to the second multi-stakeholder workshop and the members of the working group. It planned that wider dissemination will be ongoing through the dissemination strategies stated in the dissemination and uptake plan above. DISS will play a major role in disseminating the project outputs and findings through the rural water supply and sanitation forum meetings held every two months.

### 5.4 Future activities

The activities to be conducted under the dissemination plan include, designing a public information campaign through the documentation department in DISS, orientation visits for district council officers, community radio shows targeting communities and private sector in rural areas.

It is also planned that the Water and sanitation association of Zambia (WASAZA) and the rural water and sanitation forum will provide effective means to disseminate the project process and findings.

## 5.5 Uptake and implementation

Currently the department of infrastructure and support services (DISS) through the rural water supply and sanitation (RWSS) unit has the responsibility to ensure provision of water service delivery. Among some of the function of DISS is to provide supervisory oversight to district councils, including monitoring and quality control of some aspects of district council operations.

Already certain level of capacities and structures are in place that may make it easy for DISS to house and lead the process of implementing the guidelines. There also constraints that may affect the implementation of the guidelines. These may include inadequate funding to ensure a realignment of the current structures to accommodate the guidelines.

Other institutions that are relevant in the implementation and uptake of the guidelines include the national water and sanitation council (NWASCO) and the department of water affairs (DWA) in the ministry of Energy and Water affairs (MEWD). NWASCO is a regulatory body formed under the DWA to regulate utility companies providing water and sanitation services. Currently NWASCO operations are restricted to urban areas and major towns were the CUs operate. This may hinder NWASCO's operation to include rural areas and small-scale operators in these areas.

The district councils are expected to play a major role in implementing the guidelines, a good number of the guidelines require specific actions by the district councils themselves. Currently district councils are faced with inadequate financing, inability to retain qualified manpower, which present capacity limitations that may affect their ability to implement the guidelines.

Non-governmental organisations (NGOs) and community based organisation work with district water committees and community water management groups, they will play a major role in disseminating and increasing the effective uptake of the guidelines through putting in place public information campaign programmes for communities and the district councils that they work with. There are guidelines that call for NGOs to carry out particular actions.

Closely tied to this is the role donors agencies and development agencies that fund community water project, during the course of the project process a number of organisation like the world bank, JICA, SNV have expressed interest and willingness to pay particular attention to involving the small scale private operators in their work of providing water services.

The biggest constraint may be the lack of a coordination mechanism addressing the involvement of private sector among the NGOs. Different NGOs have different approaches of involving the private sector. The local authorities may need to lead a process of developing and implementing a coordination mechanism for involving the private sector.



## 6 NEXT STEPS

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During the course of this project a number of questions and opportunities for further research have arisen. In addition the project did not manage to tackle some aspects of the research questions adequately due to time limitations.

These issues have been presented here as subject of further work or research, particularly the government has already indicated its plans to carry forward the process of further testing the project outputs. Specific to this is the issue of sanitation.

In summary the three major activities to be carried out beyond this point are:

- 1) Conduct wide dissemination of the project findings;
- 2) Conduct wider pilot and testing of the guidelines among stakeholders;
- 3) Conduct further work on the topic of sanitation with the aim of producing guidelines.

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## 7 CONCLUSIONS

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During the course of this project existing practice and knowledge have pointed to the different roles that the private sector operators are currently playing. The knowledge review presented the extent of private sector activities presently and potentially. The government itself has recognised and declared its intention and desire too involve the private sector in rural water services delivery.

Throughout the project process there has been varying opinions among the different stakeholders as to what form of private sector involvement can bring about the greatest change in terms of improving the government's ability to deliver water services to communities. The project has however brought out consensus among the different stakeholders on the existence and need for a much more explicit and elaborate role for the private sector.

The private sector need to be able to respond to demand for provision of water services regardless of the source of this demand, be it from Local authorities or indeed local communities themselves.

These guidelines offer tangible ways in which the local authorities and communities can create an environment that enables the private sectors to be responsive to the community needs in providing water services.

To a large extent the government's drive in pushing and selling the outcomes of the research will determine the use and impact of the research findings. The three main issues affecting private sector operation are; Inadequate demand for services, lack of market information regarding sources and pricing of goods and services among both the private sector and the communities and thirdly a lack of clear roles for government officials on engaging the private sector.

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**APPENDIX A**  
**Summary of project documentation**



**APPENDIX A****LIST OF PROJECT DOCUMENTS**

The project has developed the following documentation:

1. Project proposal
2. Phase 1 Inception Report, February 2004 (Water Management Consultants)
3. Phase 1 Knowledge Review, February 2004 (Water Management Consultants)
4. Phase 2 Report on surveys – Country Report for Zambia, December 2004 (DISS/MLGH and WaterAid Zambia)
5. Phase 2 Survey Synthesis Report, December 2004 (Water Management Consultants)
6. Terms of Reference for the MSWG (Appendix B, this report)
7. Minutes of MSWG meetings (Appendix C, this report)
8. Phase 3 Final Country Report for Zambia, September 2005 (this report)
9. Phase 3 Workshop Report (Appendix D, this report)





**APPENDIX B**  
**Terms of Reference for the MSWG**



## APPENDIX B

### Terms of Reference for the Zambia MSWG

#### Introduction and background

Since November 2003, Water Aid Zambia (WAZ) and the Department of Infrastructure and Support Service (DISS) at the Ministry of Local Government and Housing (MLGH), in collaboration with Water Management Consultants (WMC) of UK have been undertaking a DFID funded Study entitled - ‘ *Small Scale Private Sector Participation in Rural Water Provision*’.

The study, which is now in its phase three, seeks to investigate examples of small businesses and the business environment in rural areas for small rural-based entrepreneurs. One of the key outputs of the study will be the **best practice guidelines** that can be used by Government, NGOs, private sector and other stakeholders to put in place an improved business environment that assists small entrepreneurs to set up small businesses to provide services to communities to improve rural water supplies.

As part of the process of producing these Practical Guidelines the Project Management Committee of the study seeks to establish a Multi-stakeholder working group consisting of a small number of dedicated, knowledgeable individuals drawn from the public and private sector. Ideally these individuals will have both the knowledge and power to bring about change in the environment affecting the private sector in the rural water service provision. Membership of the working groups will be by invitation from the government.

Overall the MSWG:

***Will develop a vision of what needs to be done to create an enabling environment for the emergence of small scale private service providers and strengthened local government in the regulatory /facilitator role.***

#### Specific terms of reference

The role of the MWSG is to be a think-tank on private sector participation in the rural water sector. The MWSG will be informed by the country report and the synthesis report. The function of the reports is to provide improved understanding of the private sector and of government capacity and of the need for guidelines. The MWSG will be advised by the Government-WaterAid team that carried out the surveys and wrote the country report.

Based on the improved understanding imparted by the reports and the team, the functions of the MWSG are to:

Develop an agreed vision of (i) the role that the rural-based private sector should play in providing services in the rural water supply sector, (ii) the role that government should take in promoting the involvement of the private sector, and (iii) the interaction between government and the private sector that will be required in order to enhance participation.

Based on that vision, discuss and document an enabling environment and a series of actions or guidelines by identified stakeholders that should be followed if the enabling environment is to be promoted and participation of the private sector in rural water supply is to be enhanced.

## **Outputs**

The output of the Multi-Stakeholder Working Group will be a document providing:

An articulated vision of the role of the private sector in rural water supply service provision and the enabling environment that would promote the involvement of the small-scale private sector in your country.

A series of recommended country-specific actions that different stakeholders can implement, either alone or by working together, to effect a number of changes that should promote the enabling environment and hence the greater participation of the private sector in the role envisioned by the working group.

The Multi-stakeholder Working Group will also make recommendations to the country team for the effective dissemination of the guidelines to maximise uptake by key stakeholders.

The document will initially form a discussion document and will be presented, reviewed and discussed at a final project workshop before a final version is produced. The final guidelines document will form a key output of the study and will be designed to be widely disseminated.

**APPENDIX C**  
**Minutes of the MSWG meetings**



## APPENDIX C

**MINUTES OF THE MULTI-STAKEHOLDER WORKING GROUP MEETING HELD ON  
21<sup>ST</sup> JANUARY 2005 AT WATERAID , LUSAKA**

**Attendance:**

Lytone Kanowa- DISS  
 Davy Ngoma – DISS  
 Jane Chinkusu – TDAU  
 Victor Inambwae – ZCSMBA  
 Savior Mwambwa – WaterAid

**1. Welcome and Introduction**

Savior Mwambwa, a member of the research team welcomed every one present to the meeting and a round of introductions was done. The meeting was informed that this was a rescheduled meeting ,initially the first meeting was planned to take place on Wednesday the 19th January at Mulungushi Village but due to a low turn out it was postponed.

It was agreed that in spite of not having most of the members available the meeting should go on and tackle preparatory issues for the working Group (WG) that would set the tone for the future work of the working group.

**2. Background to PSP Research Project**

For the purposes of the Working Group, the research team (DISS and WaterAid) gave a background to the Research findings including an overview of the contents of the two Reports (the synthesis report and country Report) that would feed into the work of the WG.

**3. Terms of Reference (ToRs) of the Working Group**

There was a suggestion from the research team that maybe the WG be given time to go through the report and then come and discuss the terms of reference. The meeting however decided that since the ToRs are important in guiding and shaping the work of the WG it was prudent to discuss and reach an understanding of the nature and kind of work that the WG would be expected to undertake before anything else.

The following key issues were noted by the meeting;

- (a) In order for the work of the MSWG and the resulting outputs to be meaningful, the process of formulating the guidelines must be recognised and driven by the government particularly the Ministry of Local Government and Housing (MLGH) who must claim ownership of the resulting guidelines.
- (b) It was acknowledged however that the government remains committed to this Multi stakeholder process of formulating best practice guidelines ,through the signed working agreements with the project managers and also the staff input of DISS staff at the various stages of the project leading up to the MSWG.

- (c) It was also noted that some of the resulting guidelines might need to have legal backing in order for them to be effective, so the WG need to look at how and what changes need to be brought about in the existing legal and policy framework with regards to PSP in WSS.
- (d) On testing of the guidelines, the meeting discussed some of the methods that would be used for the purposes of testing the guidelines among the different intended audience. Some of the ways that were suggested are;
- Using the Later multi-stakeholder workshop
  - Holding consultations with different stakeholders at both national and local levels to provoke feedback from groups local government , NGOs and donors
  - It was also suggested that WG needs to come up with a structure or format that the guidelines would take; this would guide the WG on how to structure the formulation process.

#### **4. Comments and Discussion on the Country Report and Synthesis Report**

Most of the members indicated that due to email problems, they did not get the two reports in time for them to read them thoroughly and the hard copies were received late. It was agreed that more time be given to members to go through the two reports, this would also give a chance to those who were not present to read through the reports. The Research team indicated that they would recirculate hard copies of both reports in case others did not receive the email versions. The comments and discussions were then reserved for the next MSWG meeting to be held on 15 February 2005

#### **5. Multi Stakeholder Workshops**

The meeting was informed that as part of the project process ,the MSWG is required to plan for the Multi Stakeholder workshops. It was based on the members busy scheduled and after consultation with (DISS) it was proposed that the next RWSS Multi Stakeholder forum to be held on 22 February be dedicated to the PSP Multi Stakeholder Workshop. Invitations to the workshop will be extended to all PSP working group members and other identified stakeholders in addition to the usual forum members. The research team would liase with DISS and would inform the WG on the arrangements for the Workshop.

Lunch was served and the meeting was closed.

#### **Action points and next steps**

| <b>ITEM</b>                                    | <b>WHEN</b>          | <b>RESPONSIBLE</b>            |
|--|----------------------|-------------------------------|
| Comments to Synthesis and Country Reports      | 15th February 2005   | Working Group                 |
| Structure of Multi Stakeholder workshop        | Before 15th February | Working Group                 |
| Invitation list for Multi-stakeholder workshop | Before 15th February | Research Team / Working Group |
| Next MSWG meeting                              | 15th February 2005   | Research Team                 |
| Next Multi Stakeholder workshop                | 22nd February 2005   | Research Team / Working Group |



**MINUTES OF THE MULTI-STAKEHOLDER WORKING GROUP MEETING HELD ON  
15<sup>TH</sup> FEBRUARY 2005 AT WATERAID, LUSAKA**

**Attendance:**

- 1) Maxwell Sichula – Zambia Chambers of Small and Medium Business Association
- 2) Gerrit Struyf – SNV
- 3) Kim Shelsby – SNV
- 4) Savior Mwambwa - WaterAid
- 5) Jane Chinkusu – TDAU/UNZA
- 6) Victor Muyemba – DTF/NWASCO
- 7) Justine Mwiinga – DISS
- 8) Ian Banda – WASAZA
- 9) Eta Siwale – DISS

**Apologies:**

Cecil Nundwe – DCI

**1. Welcome and Adoption of Agenda**

Mrs. Eta Siwale from DISS welcomed everyone present to the meeting and each member present was asked to introduce themselves.

Ms Siwale gave a brief background of the Rural Water Supply Sanitation (RWSS) unit in DISS and their involvement in the PSP project. She stated that for the unit, the PSP project came at an opportune time when the sector was undergoing various institutional reforms and seeking avenues that can improve the government's ability to improve the delivery of Water and sanitation services to the rural parts of the country.

The minutes of the last meeting were read and the agenda adopted.

**2. MSWG ToRs**

The meeting discussed the Terms of reference for the group. The group discussed and brainstormed on some of the issues that subsequent meetings would focus on. Further the Secretariat was asked to draw out specific issues from the findings of the research, together with the issues that the group discussed a schedule of topics or themes would be formulated that would guide the next meetings. This would be circulated for members' input and comments before adopted the working themes for the group.

**3. Comments/discussions on the PSP country and the synthesis reports**

Comments and inputs on the findings contained in the Country and synthesis reports were invited. The following comments were and points were raised on and noted;

- There is need for the report to define the different PSP service arrangements that are would be envisaged.
- There is currently some private sector activity already in place in the rural water sector; there are variations in the form and extent that this PSP takes in different parts of the sector. The focus of the Project would then be to look into ways of strengthening and harnessing the existing PSP in the rural water sector.

- In order for the Small scale PS to be competitive and sustainable they need to be organised into groups or association. This would give them more leverage and impact in terms of access to information, financing and technical expertise.
- The WG should seriously address the issue of sustainability with regards to the involvement of the PS in the rural water sector. Specifically issues of what financing systems are in place (and also needs to be in place) including self-financing mechanisms are key to the sustainability involving the private sector.
- There is need to address the question of how to attract the PS in RWSS; what kind of incentives can the government/local authority put in place? Local Authorities need to remove some of the barriers/obstacles that face the small-scale private sector in their operations. Specifically inhibiting registration and tendering procedures need to be addressed in order to incent the private sector.

#### 4. Multi Stakeholder Workshop/Forum

The meeting was informed of the Multi Stakeholder workshop whose main objective is get inputs on the findings and draw lessons from the work that has been done so far and get input on the work to be done during phase three

The meeting was informed that plans for the Multi Stakeholder workshop scheduled for the 22 February were almost complete. A facilitator has been secured (Mr. Windu Matoka). Invitation letters have been sent out to an expected 35 participants. The secretariat together with the facilitator, have come up with a draft agenda for the workshop and this will be circulated to the WG members for input.

#### 5. A.O.B and next Meeting

The meeting agreed that the next WG meeting would be held on Wednesday 16<sup>th</sup> March 2005. The meeting closed and Lunch was served.

| <b>NAME</b>        | <b>ORGANIZATION</b>   |
|--------------------|---|
| FLORENCE CHIBWESHA | Women Finance Cooperative (WFC)   |
| VICTOR INAMBWAE    | Zambia Chambers of Small and Medium Business Associations (ZCSMBA)      |
| PAMELA CHISANGA    | Water Aid Zambia  |
| DAVY NGOMA         | DISS- Ministry of Local Government & Housing                            |
| JANE CHINKUSU      | Technology Development Advisory Unit(TDAU) – University of Zambia(UNZA) |
| SAVIOR MWAMBWA     | FACILITATOR/Consultant  |
| CHITIMBWA CHIFUNDA | Associate Consultant/UNZA   |
|                    |   |

**MINUTES OF THE MULTI-STAKEHOLDER WORKING GROUP MEETING HELD  
ON 3<sup>RD</sup> AUGUST 2005 AT WATERAID, LUSAKA**

Venue: Water Aid Zambia  
34 kudu road, Kabulonga  
Time: 09:00 hrs

**ATTENDANCE**

**APOLOGIES**

Barbara Senkwe – Water and Sanitation Program (WSP/WorldBank)  
Ian Banda – Water and Sanitation Association of Zambia (WASAZA)  
Oswald Chanda – National Water and Sanitation Council (NWASCO)  
Mahesh Mishra – WaterAid Zambia  
Rees Mwasambili – Head, RWSSU DISS

**AGENDA**

- Adoption of Agenda
- Introductory remarks
- PSP Project work plan
- A.O.B

**1. Opening**

Introductory remarks were given by Davy who reconfirmed government's commitment to the PSP study, saying the unit head was the project manager and was committed to this project. He apologised on behalf of Mr. Mwasambili who had to appear before a parliamentary committee and could therefore not make it. Savior was asked to introduce his role at this stage as it was under a new capacity as well as explain to the meeting where the project was.

The project was said to have three phases.

- Phase one: inception phase, which saw the inception and knowledge review report produced.
- Phase two; surveys: a country report was produced and the MSWG was constituted.
- And presently, Phase three - Analysis and dissemination: at this stage the MSWG is to work on the country report and develop guidelines for the enhanced participation of the private sector in rural water service provision.

Three MSWG meetings had been held in which some comments and gaps from the survey were identified. After a three months absence the project management team comprising of Water Aid and DISS have since contracted a consultant to facilitate the MSWG process of formulating the guidelines. This reaffirms government's earlier commitment to see the project through in spite of the many pressing commitments.

## 2 Project work plan

The meeting went through the project work plan, which specifies what should be done between now and the estimated end of the project in January 2006. The meeting recognised the fact that the process of formulating the guidelines is to be informed by the survey findings contained in the phase two survey report.

Among the next steps agreed upon as a way of refreshing, the MSWG would refer to some of the key recommendations in the survey report. It was also noted that there were some identified gaps during the phase two that needed to be addressed in order to strengthen the process.

Among the proposed steps was to broaden the circulation of the survey reports to include not only comments from the MSWG, but also other consultative meetings from other key stakeholders who may not have been part of the survey exercise.

In terms of the work plan, the MSWG explored the different ways that could be taken to ensure the quality production of well informed guidelines. It was then agreed that as an action point the facilitator would draft a list of proposed thematic areas in which guidelines might be needed including a proposed format that these guidelines would take. The thematic areas and the format will be circulated to the MSWG members by the 19<sup>th</sup> August for comments and any further input.

The next MSWG meeting, which will be held on 2 September, would then meet to look at and discuss the proposed guidelines in the different thematic areas. Each member of the MSWG will by then have come up with a list of proposals for guidelines inline with the circulated format. In addition people outside the group could be identified to provide their expertise under the different thematic areas.

It was agreed that the guidelines would cut across the different aspects affecting the private sector such as micro financing, legal and institutional frameworks, etc. These guides would come from the recommendations of the country report.

It was also suggested that the consultant would providing other supporting information like the context and background information for the different sections of the report of the guidelines, this would ensure a logical format when it comes to the overall report containing the guidelines.

It was further suggested that the facilitator circulate a meeting schedule with specific dates and times by Friday the 19<sup>th</sup>. The second of every month was tentatively set as the meeting date.

DISS/MLGH informed the meeting that the government was open to the possibility of redoing some aspect of phase two after the current project duration if need be in order to strengthen the current findings as a last resort if need be.

It was proposed that going by the proposed actions/steps the first set of draft guidelines would be ready by the October meeting. It was also emphasised that the list of proposed thematic areas to be discussed would provide a fair idea of how much work would need to be done by January 2006.

The MSWG members reiterated the desire for renewed commitment on everybody involved to the process and asked the consultant to exert an amount of pressure on all.

### 3 A.O.B

- All Members of the MSWG express their commitment to attend meetings as the rural poor stood to benefit from the successes of this program.
- Government reconfirmed their commitment to the program
- Every one was urged to keep attending as this would ensure the group maintained the schedule.

#### Next Steps/Action Points:

#### Deadline

- |  |                                |
|--|--------------------------------|
| 1. Circulate Minutes of August MSWG meeting              | - 12 <sup>th</sup> August 2005 |
| 2. Recirculate re-worked project workplan                | - 12 <sup>th</sup> August 2005 |
| 3. Recirculate the PSP Zambia Survey Report              | - 19 <sup>th</sup> August 2005 |
| 4. Circulate list of Draft thematic areas for guidelines | - 19 <sup>th</sup> August 2005 |
| 4. Circulate Proposed format for guidelines              | - 19 <sup>th</sup> August 2005 |
| 5. Circulate Schedule of MSWG meetings                   | - 19 <sup>th</sup> August 2005 |

#### Close of Meeting



**MINUTES OF THE MULTI STAKEHOLDER WORKING GROUP MEETING  
HELD ON 20<sup>TH</sup> SEPTEMBER 2005**

Venue; Water Aid Zambia

Time; 14:00 hrs

**ATTENDANCE**

|                    |                 |
|--------------------|-----------------|
| VICTOR INAMBWEA    | ZCSMBA          |
| JANE CHINKUSU      | TDAU/ UNZA      |
| LYTON KANOWA       | DISS/MLGH       |
| PAMELA CHISANGA    | WAZ             |
| IAN BANDA          | WASAZA          |
| SAVIOR MWAMBWA     | FACILITATOR     |
| CHITIMBWA CHIFUNDA | ASSISTANT(UNZA) |

**AGENDA**

- Welcome and introductory remarks
- Adoption of agenda
- Last meetings minutes/update
- Discussion and input in draft guidelines
- Multi-stakeholder workshop program
- Next steps/workplan
- WMC visit (Peter Bur)

**1 Opening**

The welcome remarks were given by Mr Lyton Kanowa from DISS who was present on behalf of Mr Mwasambili who is currently out. He presented the agenda of the meeting, which was then adopted.

**2 Last meetings minutes /update**

The meeting read through the minutes, identified the mistakes therein most of which were grammatical. These were then corrected and the minutes were adopted.

**2.1 Update on the progress of the project process**

Following the last Multi Stakeholder Working Group (MSWG) meeting held on 3 August 2005 at WaterAid, there have been developments that have necessitated in changes with regard to the time table and the project schedule.

Water Management Consultants (WMC) the project managers have since communicated to the Project Team that DFID turned down the proposal to extend deadline for the production of set of guidelines by two months. This means that the project will have to come up with some outputs in form of the guidelines, which will then be forwarded to WMC by 30 September 2005.

However WMC and the Government have recognised the importance of having guidelines produced through a broad based and consultative process, hence WMC and DISS/MLGH have agreed to allow the process to continue as planned even after the first draft is sent to DFID.

The draft guidelines have been done and will be presented at this meeting for comments and input by the MSWG.

## 2.2 Matters arising

- It was said that the compressing of the process of formulation of guidelines would have an impact on the quality of the guidelines produced.
- It was however said that the consequences of the limited time would be explained to WMC but that the MSWG would try as best as possible to consult all major stake holders so as to get consensus and produce a good document that would not be rejected.

### **3 Discussion and input in draft guidelines**

- It was suggested that there be a clear definition of who the small scale private sector is as doing this would disqualify large scale private sector. This should be specified in the service contracts.
- The locality of these small holders should also be specified so as to encourage community participation. If these were not found those in adjacent communities could be eligible. This would enhance sustainability of the project.
- The vision of the project should come from the aim of the project.
- The contractor has a responsibility in terms of regulation of the private sector. This should be stated in the contract in form of punitive actions to be taken in the even of non-compliance. As such NWASCO should input on this.
- There should be adaptation of the guidelines to a rural setting as urban small-scale private sector conditions are different from those of the rural private sector.
- The issue of tendering must be clearly stated so that the small-scale private sector is not marginalised or disadvantaged.
- The guidelines should be very clear especially in terms of phrasing. They should also be very specific
- Another thematic area that should be included was that of standards
- The manner in which these guidelines are to be implemented should be clearly stated. In light of this a decentralised structure would be the best environment. This must be included in the uptake strategy,

Due to inadequate time to go through the whole document the group shared different parts in which they would work on to fill in the various gaps that had been identified. A meeting was scheduled for the next day after which the facilitator would tie up the draft guidelines to be presented at the multi stakeholder workshop.

### **4 Multi stake holder workshop program**

The meeting went through the program for the workshop to be held on 23 September 2005 at Mulungushi village. This was adopted with Mr. Ian Banda being chosen as the workshop moderator.

### **5 WMC visit**

The meeting was informed about the coming visit of Peter Baur from the project managers (WMC) who will be in the country to give support to the research team before and during the multi-stakeholder workshop to be held on 23 September. A meeting was scheduled for 22 September between Peter and members of the working group who would be available to meet with peter.

### **6 A.O.B.**

There was no other business so the meeting was closed



**APPENDIX D**  
**Report of the second multi-stakeholder workshop**



## APPENDIX D

## PRIVATE SECTOR PARTICIPATION IN RURAL WATER SERVICE PROVISION

**MULTI-STAKEHOLDER WORKSHOP**  
**23<sup>RD</sup> SEPTEMBER 2005 AT MULUNGUSHI VILLAGE COMPLEX**

**Attendance:**

| <b>Name</b>        | <b>Organisation</b>                                       |
|--------------------|---|
| Philip Hankin      | GITEC Consultants   |
| Victor Inambwae    | Zambia Chambers of Small and Medium Business Associations |
| Lytton Kanowa      | Ministry of Local Government and Housing (MLGH)           |
| Laura Sustersic    | GTZ   |
| Peter Baur         | Water Management Consultants (WMC)                        |
| Obed Kawanga       | Central Statistical Office (CSO)                          |
| Ian Banda          | Water and Sanitation Association of Zambia (WASAZA)       |
| D Chikobeni        | Water and Sanitation Association of Zambia (WASAZA)       |
| PM Banda           | National Water and Sanitation Council (NWASCO)            |
| S. Kalunga         | National Water and Sanitation Council (NWASCO)            |
| Bryman Hamududu    | Plan International  |
| Itsuro Takahashi   | JICA  |
| Rees Mwasambili    | MLGH  |
| Catherine Bwalya   | MLGH  |
| I Sichilongo       | MLGH  |
| Peter Chola        | Ministry of Energy and Water Affairs (MEWD)               |
| Prof. I Nyambe     | University of Zambia                                      |
| Peter Lubambo      | MLGH  |
| Godfrey Mwelwa     | Christian Childrens Fund (CCF)                            |
| Gabriel Mwansa     | MLGH  |
| Pamela Chisanga    | WaterAid Zambia   |
| Savior Mwambwa     | Projetc Facilitator/Consultant                            |
| Chitimbwa Chifunda | UNZA  |

**1 Welcome remarks**

The workshop opened at 09:30 hrs. The workshop moderator Mr Ian Banda welcomed everyone and thanked them for being present.

**2 Official opening**

The meeting was officially opened by Mr Peter Lubambo, the Director of the Department of Infrastructure and Support Services (DISS) in the Ministry of Local Government and Housing (MLGH). Mr Lubambo shared some ideas on the role of the government in rural water supply (RWS), saying that RWS was based on management and contribution by the communities, to allow the users to have the opportunity to manage the water supply so as to ensure sustainability.

Mr Lubambo further pointed out some shortcomings in management as users have different access to spare parts and technical support. He pointed out that in most cases the personnel that do the maintenance do it voluntarily with some moving on to greener pastures. He called upon the workshop to find and suggest solutions around the above problems. He highlighted some key questions facing the government regarding the involvement of the private sector, namely what should the private sector do to improve the situation? What are the growth opportunities for the private sector in rural areas? What are the pitfalls as well as the potential of the private sector to ensure growth and survival?

The government stressed that there is a need to link up and consolidate efforts with other stakeholders as well as civil society. This would help in formulation of sustainable models. Lessons must be put into practice so that stakeholders can participate formally in rural water provision.

Mr Lubambo thanked DFID for their assistance in conducting this particular research. He also thanked WMC for their attention to detail in the project. He thanked all who were involved in the process. He urged all in attendance to be candid and clearly look at and take ownership of the document. The sustainable implementation of these guidelines will help in the provision of sustainable services.

### **3 Project background & workshop objectives**

Following Mr Peter Lubambo's remarks DISS gave a presentation on the project process and background. Detailed description of the project process and objectives can be found at <http://www.ruralwaterpsp.org>

### **4 Presentation of draft guidelines**

The project Facilitator Mr Savior Mwambwa gave a presentation on the draft guidelines that the research team had produced together with the working group. He explained that as the process is ongoing the draft guidelines are subject to further input and comments through the planned consultations among the different stakeholders both within the workshop and outside the workshop.

The draft guidelines presented are reproduced below.

## **GUIDELINES RELATED TO COMMUNITY DEMAND FOR SERVICES**

### **Guideline 1**

- *Government, donors and NGOs should phase out free provision of operation and maintenance services and spare parts to communities. Government, donors and NGOs should instead publicise such services as being available from private individuals in addition to Government, donors and NGOs. It will be necessary for government and development partners to carry out extensive information campaigns to raise awareness among the communities.*

#### ***Direct Objective:***

To create demand among the communities for services and spare parts from private providers.

#### ***Relevance to enhancing PSP***

The private sector would be promoted as a source of O&M services and spare parts.

### **Current Situation**

Donors and NGOs are the biggest providers of spare parts to the community water schemes. The small private sector in rural communities is mostly hired on behalf of the communities by NGOs or the D-washe to carry out small fitting and construction works. This is after the spare parts have been procured from big suppliers and manufacturers either in the big cities within the country or from outside the country.

In terms of service provision there is a perception among communities that the trained pump menders are supposed to provide their services free as they are trained free of charge. Where communities pay for such services it is in kind or at less than the cost in most cases they are paid in kind.

### **Current effectiveness**

Due to the subsidy schemes in place by most Donors and NGOs ,communities are getting services and spare parts at less than the real cost or in some cases free of charge . This has resulted in the hindrance of the private sector of engage in the provision of these services and spare parts as they cant compete fairly on the market. Communities also tend to develop dependency on free services, hence when there are break downs they tend to wait for the government to repair and do not pay for the O&M leading to unsustainable water schemes.

### **Political and Financial Costs:**

The political cost of removing subsidies is likely to be high.

The financial cost to government of removing subsidies is expected to be low since government will be either providing services at true cost or services will be provided by the private sector.

### **Guideline 2**

- *Government and NGOs with the private sector should carry out public education campaigns to assist communities to plan and invest in O&M of their water supply.*

### **Direct Objective**

To develop a culture of preventive maintenance and ownership of community water infrastructure

### **Relevance to enhancing PSP**

Developing a culture of preventive maintenance is expected to result into an increased demand for private sector, the demand for spare parts may also increase making it more attractive to traders or communities to maintain stocks of spare parts

### **Current Situation**

There is no culture of preventive maintenance, instead communities tend to wait until there is a breakdown before contributing for O&M or expect government to provide services free of charge.

### **Current Effectiveness**

The lack of saving schemes among communities for O&M has led to high breakdown rates, due to the fact that communities still expect to get free services and repairs. Even if they wanted to hire the private sector to carry out the repairs they find themselves with not enough or no money at all.

### **Political and Financial cost of guideline**

The political cost of carrying out these public awareness campaigns is expected to be low.

The public awareness campaign entails changing behaviour patterns and attitudes of communities towards O&M. This process is likely to take time hence the financial cost of carrying out these campaigns is expected to be medium.

## **GUIDELINES RELATED TO LOCAL AUTHORITIES DEMAND FOR SERVICES**

### **Guideline 3**

- *Government, donors and NGOs should standardise on a limited number (say 4) of type of designs.*

### **Direct Objective**

To increase the numbers of a limited range of hand pumps installed in rural areas. This will automatically result in an increased demand for spare parts for these hand pumps and thus result in faster moving sales and greater attractiveness for traders to stock the spare parts.

### **Relevance to enhancing PSP**

Implementation of this guideline will lead to a bigger market for traders in rural areas.

Availability of skills will be enhanced.

(Increasing the number of hand pumps in unserved communities would result in increased demand for spare parts)

### **Current situation**

There presently at least 15 types of hand pumps in use in Zambia, the volumetric demand for spare parts for any one type of hand pump is currently low. To a trader sales of spare parts are slow moving items particularly if numbers of any one type of hand pump are low.

### **Current Effectiveness**

The multiplicity of types of hand pumps is not effective in promoting rapid sales of spare and hence spare parts are seldom unavailable from traders in rural areas.

### **Political and Financial Costs**

The political costs of standardisation to government are expected to be low, even though agreement will be necessary among government and donors on the choice of hand pump designs.

**Guideline 4**

- *Local authority should adopt a policy of sourcing RWS services from private sector and at the same time assign powers and responsibility to specific government officers charged with rural water infrastructure development.*

***Direct Objective***

To place emphasis on the sourcing of services from private sector in rural areas

***Relevance to enhancing PSP***

This guideline if implemented is directly relevant to enhancing PSP

***Current Situation***

While the policy on involving PS at local government exists, the responsibility for involving the private sector have not been assigned to specific government officials. In addition procedures for contracting of the small private sector are presently undeveloped.(powers and procedure assigned under the procurement need to be checked)

***Current effectiveness***

The district councils rarely contract currently small private contractors for jobs.

***Political and Financial Costs***

The political cost is expected to be low, if any

The financial cost of implementing this guideline would be medium on the basis that they may be need for training of existing government officers.

**Guideline 5**

- *If not already in existence contracting procedures for small private sector for use at community level should be developed.*

***Direct Objective***

To provide a standard mechanism for contracting the private sector.

***Relevance to enhancing PSP***

Implementation of this guideline is directly relevant to enhancing PSP

***Current situation***

The existence of procedure for contracting the PS needs to be checked

***Current effectiveness***

It is understood that the SSPS is not contracted by the local authorities to provide the RWS.

***Political and financial cost***

The political cost of developing the contracting procedures is low

The financial cost of developing the contracting procedures is low

**Guideline 6**

- *Procedures for regulating the quality of work done by small-scale private sector service providers should be designed.*

***Direct Objective***

To ensure that work is carried to an acceptable standard for the price paid under the contract.

***Relevance to enhancing PSP***

Regulation is necessary to ensure that fair prices are charged and adequate quality of work is done. To prevent stifling of private sector interest it is recommended that regulation is "light touch" and limited to ensuring quality of work and fair pricing for services performed. This can be achieved by the local authority through procedures in awarding the contract and inspection of works carried (ie, through contract management procedures).

***Current Situation***

There is currently is no system for regulating the provision of services by the he small-scale private sector.

***Current effectiveness***

Presently there is no provision for regulating the provision of services by the small scale private sector.

***Political and financial Cost***

The political cost is expected to be low.

The financial cost is expected to be low. Training of staff in contract management would be necessary.



## **Guideline 7**

- A simple, decentralised registration procedure for small-scale private service providers should be designed and implemented at district level.

### ***Direct Objective***

To enable local authorities to know who the service providers are and what their skills are.

### ***Relevance to enhancing PSP***

This guideline is unlikely to enhance the PSP per se but should would facilitate tendering procedures and appropriate utilisation of skills.

### ***Current Situation***

Presently local authorities are unlikely to know who the potential service providers are in the districts..

### ***Current effectiveness***

Registration systems exists but are not tailored to enhancing the participation of the SSPS

### ***Political and financial costs***

Political costs are expected to be low

The financial cost is low

## **Comments**

### **Access to Finance**

There are no guidelines pertaining to access to finance because the project does not think this is a critical factor affecting the involvement of the private. It is common practice in Zambia for contracting agents to pay up to 50% upfront upon signing of contracts.

## 5 Plenary discussions

After the two presentations the workshop participants were invited to give their comments and input to the draft guidelines themselves and also the project process. The following were the major issues that were raised for consideration and discussion by the participants;

- It was noted that the project would not end when the draft guidelines had been presented; it is an ongoing process. However testing of these guides would be done through this workshop after which WMC would synthesise them.
- The subsidies in place in the water sector tend to crowd out the small-scale private sector. Communities also find it hard to continue maintenance of water services because they receive free spare parts pumps initially and find it hard to adjust when they have to purchase these parts at real prices in the event that they fail.
- Rural water provision is challenging in that people do not have the capacity to pay in most cases so in attempting to commercialise, we must think of the capacity of the people to pay. The issue of misplaced priorities when it comes to paying for water must not be forgotten.
- The small-scale private sector was defined as individuals or groups who live in the communities and are earning their livelihood in these communities.
- It was asked whether the guidelines were based on observations, how these communities overcome the logistical problems that they face and if they make profits? It was pointed out that the guidelines are based on the survey findings of the project.
- It was found that some small holders do make profit whereas others don't but there are ways to go round this through creation of an enabling environment
- Due to the unattractive nature of this sector for the small scale in provision of spare parts, which have a slow turnover, a combination of these guidelines could cause an effective supply chain. As long as things were free there is no incentive for small-scale private sector to participate.
- Concerns were raised as to whether these guidelines were a form of privatisation but this was clarified as communities would continue to be in charge. This was just a chance to enhance PSP as a backup to the water problems in rural areas.
- There should be another guideline to help improve awareness levels on pricing of spare parts, labour cost, etc.
- Mr Takashi from JICA asked if there was space for them to input into this process as they were doing a similar project related to improvement of the supply chain? Mr Lubambo answered saying that the JICA project was an overall project under MLGH intended to inform government on ways to build on issues of sustainability and maintenance. PSP was one of the components. All issues of RWS will be put in one document if there was nothing to improve it will be adopted.

- Other issues that would improve the capacity of the small scale such as business management must also be addressed by the guidelines. The local authorities as well as the contractors needed to be trained so that each understood their roles.
- There should be a provision in the guideline to consider other sources of water in rural areas such as shallow wells, etc.
- It was noted that the guidelines did not adequately cover issues of sanitation, which is very important. This was because it was not in the scope of the study. However, this should not be seen to limit the activities of the small-scale private sector.

## 6 Group work- Discussion

The workshop participants broke into group work sessions to input into the guidelines in relation to 5 key questions that were asked for each guideline as follows;

### Guiding questions for group work:

1. If this guideline is implemented will it result in enhancement of the role of the small scale PS in RWS?
2. How should the guideline be implemented?
3. Which stakeholder should be responsible for implementation and who else should be involved?
4. Who needs to know about this guideline and how should they be informed?
5. What else is necessary?

### Group 1

#### *Guideline 1*

1. The guideline needs rephrasing because if implemented the way it is phrased it may not enhance the role of the small-scale PS in RWS in rural areas due to low demand related with limited cash economy. However, certain things can be put in place to stimulate the demand through the following;
  - Due to limited income communities can engage in income generating activities.
  - Government can come up with activities such as feeder road maintenance, bush clearing, and power line bush clearing to earn income. Part of such payments can go towards paying for OM of RWS and procurements of spare parts.
  - DDC's could be decentralised and linked to rural schools and health authorities. Church leaders, traditional leaders should facilitate leadership and manage RWS points.

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2. Advocate for government to come up with community based activities mentioned above. This will stimulate income-derived demand for RWS and willingness to pay for OM.
3. Coordination, group meetings , multi-stakeholders forum and SAG meetings.
4. Commitment by government, donor agencies and beneficiaries should support these income-generating activities from which contributions would be raised to finance water point operations and maintenance.(OM)
  - Monitoring of implementation of OM activities for water points that should be at regular intervals.
  - Sensitisation of local communities on project ownership of RWS point by way of their labour contributions.
5. Issues raised
  - Guideline needs to be rephrased so that thrust of the guide is known. The idea is not for government to move out but to charge the real price.
  - Is it a moral issue to have the rural people work for RWS and pay for it? The 30% payment and people work for food was it feasible? This would not promote ownership .The principle of cost sharing was important but to what degree .The use of appropriate technology is important as some communities would not need technology but use traditional methods. The guidelines should take care of this. The process of change must be gradual. These guides should cover simple traditional methods that would need frequent maintenance.

### Guideline 2

1. Yes the guideline will enhance PSP
2. To engage CBOs, chiefs, school and health authorities. Ensuring that stakeholders in RWS set aside minimum funds for carrying out sensitisation.
3. The stakeholders responsible for implementation are: local authorities, CBOs, FBO's traditional leaders, RDCs, ADCs (Area Development committees), rural school and health authorities.
4. All mentioned above. Through radios, brochures, meetings, DC's offices to inform the communities and traditional leaders at local level. At national level: donor.
5. NWASCO has to come up with ways to accommodate small-scale RWS providers in their licensing for regulation purposes.

### Issues arising

- It is not in the mandate of NWASCO to regulate rural water.

SANITATION

1. Appropriate siting of pit latrines.
2. Providing skills in construction of pit latrines.
3. Selling of san plats and other items like pipe spares.
4. Sanitation marketing of latrines so as to create demand for these services.
5. Emptying latrines that are reusable.
6. Marketing/sensitisation of hygiene and sanitation services as to enlighten communities about the benefits of hygiene and sanitation of their health.

**Group 2**Guideline 3

1. Implementation will increase the market among traders by increasing the volumetric demand for spare parts.
2. By reviving the work (1984-1999) of the WSS 'standardisation committee' (India MK2)
3. MLGH/DISS, D-Washe, V-Washe, NWASCO, MEWD, UNZA, ZABS, Ministry of Works and Supply, National Council for Scientific Research, Zambian Association of Commerce and Industry.
4. Local authorities-implementers & Supervisors. DISS - dissemination of policy.
5. Contact local traders & artisans in rural areas also CBOs faith based Organisations. Inform communities and traditional leaders to be consulted first.

Guideline 4

1. This policy, community based WSS management systems, already exists but needs revising and elaboration. This will enhance PSP.
2. MLGH/DISS to drive local authorities to implement.
3. DISS, local authorities, CBO's, FBO's.
4. The above and private sector
5. Need to find modalities involving all actors.

Guideline 5

1. ZAMSIF has developed contracting procedures at community levels. Review is required to assess usefulness for contracting small service providers for RWS. Also contracting between D-washe, V-washe and pump menders exist. The weak link is the absence of spare parts .Need to find ways to ensure traders stock spare parts (health sector- monthly health kits).
2. Review existing contracting procedures and modify as appropriate .Then provide to local authorities and train them for implementation purposes.

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3. MLGH/DISS- review design and training program, local councils V-washe, private sector.
4. MLGH/DISS ,local councils ,V-washe, D-washe , private sector.
5. A road map for implementation and mechanisms for monitoring and evaluation. Pilot program implementing the guidelines.

## SANITATION

1. Construction of pit latrines
2. Manufacture of parts
3. Provision of materials
4. Community hygiene education
5. Construction of pits for solid waste disposal.

## **Group 3**

### Guideline 6

1. Yes ,by creating confidence as a result of quality of service.
2. Publicity of guidelines to all stakeholders to include suppliers.
3. LA, ADC, user community.
4. All stakeholders to include suppliers.
5. Training of regulating body and supplier of service.

### Guideline 7

1. Yes, by way of formal marketing service at district and sub district level. Quality assurance used for planning purposes.
2. Publicity at LA & ADC.
  - Minimum registration procedures
  - Include in training modules for D-washe, V-washe, ADC APM, etc.
3. LA, ADC user community.
4. All stakeholders
5. Training of regulating body and supplier. Community sensitisation.

## SANITATION

Services that can be provided by small-scale private operators:

- Construction (sanplat moulding)
- Provision of building materials

### Issues arising

- Part of the regulation of PSPs must be in the service contracts. If authorities are too heavy handed, we run the risk of the small-scale private sector losing interest. Regulation can be done through guiding rates, standard contracts, and specifications when providing RWS. Local authorities should be there to approve of the work of the small-scale providers.
- Sanitation must not be placed last as it is a very important aspect of RWS. The need has been expressed and sanitation must be given the attention it deserves. Water supply must be wholesome. The views expressed about sanitation must not be left out even in the guidelines that would be submitted to DFID.

## **7 Discussion on next steps**

- Testing of guidelines on other stakeholders through consultations
- Dissemination of guidelines

The meeting was closed by Mr Rees Mwasambili from MLGH who thanked everybody for attending and for their critical input. He reaffirmed the Government's commitment to RWS as well as to sanitation saying that guidelines would be included in the document

