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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX 2**

to the Commission Implementing Decision on the financing of the multiannual action plan in favour of the Republic of Zambia for 2023-2024

**Action Document for Nexus Energy and Water Programme for Zambia (NEWZA)**

**MULTI-ANNUAL PLAN**

This document constitutes the multi-annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

**1 SYNOPSIS**

**1.1 Action Summary Table**

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	<b>Nexus Energy and Water Programme for Zambia (NEWZA)</b> OPSYS number: ACT-61841 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)/ Overseas Association Decision/European Instrument for International Nuclear Safety Cooperation Regulation.
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Zambia: Eastern, Southern, Central, Copperbelt, Northern and Muchinga provinces.
<b>4. Programming document</b>	Multi-Annual Indicative Programme (MIP) 2021-2027 between the Republic of Zambia and the European Union.
<b>5. Link with relevant MIP(s) objectives / expected results</b>	<ul style="list-style-type: none"> <li>• Priority Area 1: Green partnerships for sustainable recovery, growth, and jobs. Special Objective 3: To improve access to green energy and water.</li> <li>• Priority 2: Supporting the people of Zambia to reach their potential and build resilience Special Objective 1: Health Special Objective 2: Education</li> <li>• Priority 3: Fair, inclusive and peaceful society Special Objective 2: Supporting public sector reform for improved delivery of public services and domestic accountability</li> </ul>
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	140: Water supply and sanitation

	232: Energy generation, renewable resources			
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG: 6 – clean water and sanitation Other significant SDGs: <ul style="list-style-type: none"> <li>• SDG 5 (gender equality)</li> <li>• SDG 7 (affordable and clean energy),</li> <li>• SDG 10 (reduce inequality within and among countries)</li> <li>• SDG 11 (sustainable Cities and Communities)</li> <li>• SDG 13 (climate action)</li> <li>• SDG 16 (peace, justice and strong institutions)</li> </ul>			
<b>8 a) DAC code(s)</b>	14021 – water supply – large systems– 25% 14022 – sanitation supply – large systems – 15% 14031 – basic drinking water supply 25% 14032 – basic sanitation – 10 % 23210 – energy generation, renewable sources – multiple technologies – 25%			
<b>8 b) Main Delivery Channel</b>	11000 – Donor Government 41121 – United Nations Children’s Fund			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Climate change mitigation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	/
	digital governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital skills/literacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	/	
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
health	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
education and research	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Covid-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	<p>Budget line (article, item): 14.020122</p> <p>Total estimated cost: EUR 118 100 000</p> <p>Total amount of EU NDICI budget contribution EUR 58 300 000</p> <p>This action is co-financed in joint co-financing by:</p> <p>Federal Republic of Germany through the Federal Ministry for Economic Cooperation and Development (BMZ) for a grant amount of EUR 49 800 000<sup>1</sup></p> <p>UNICEF for a grant amount of EUR 10 000 000<sup>2</sup></p>			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing</b>	<p><b>Direct management</b> through</p> <p>- Procurement</p> <p><b>Indirect management</b> with the entities to be selected in accordance with the criteria set out in section 4.4.2, 4.4.3 and 4.4.4</p>			

<sup>1</sup> Indicative budget, figure includes grant funds already committed to KfW and GIZ (37.8 M€) and forecasted allocation in 2024 (12 M€), subject to approval of the German parliament.

<sup>2</sup> UNICEF country programme document (CPD) 2022 foresees grant funds (10 M€) contribution to the action.

## 1.2 Summary of the Action

The underlying principle of the Global Gateway NEWZA, through a Team Europe approach, is to ensure a decisive improvement of the energy-water supply situation in Zambia by increasing the operational and financial performance of five water utilities, agreed upon with the Government of Zambia and EU Member States currently supporting the water sector in Zambia. The action will cover Eastern, Southern, Central, Copperbelt, Northern and Muchinga provinces (one of the five water utilities caters for two provinces). NEWZA also brings support to the 2030 Agenda and Sustainable Development Goals (5, 6, 7, 10, 11 and 13), the Addis Ababa Action Agenda<sup>3</sup>, the new European Consensus on Development<sup>4</sup>, the Global Gateway Strategy<sup>5</sup> and the Gender Action Plan III<sup>6</sup>.

Enhancing access to energy and water and improving service delivery requires not only to rehabilitate, expand and digitalise existing water supply systems but also to establish new stand-alone water supply systems for local communities, particularly those living in vulnerable situations including women, children and youth. Improving these elements, as well as increasing the resilience of local communities to climate change and the capacities and skills of water utilities management, are the four NEWZA's intervention areas, using Human Rights<sup>7</sup> based and gender transformative approaches:

1. Create reliable, cost-effective and climate resilient urban water supply through reducing non-revenue water, improved digitization and introducing renewable energy as well as energy efficiency components.
2. Increase adequate and resilient access to water supply in low-income peri-urban and rural areas, especially for groups in vulnerable situations including women and girls in all their diversity and persons with disabilities through the introduction of renewable energy components.
3. Increase access to basic<sup>8</sup> sanitation and hygiene and to improve institutional water, sanitation, and hygiene (WASH) in low income urban, peri-urban and rural areas in close coordination with the Commercial Utilities (CUs)<sup>9</sup> especially for groups in vulnerable situations including women and girls and persons with disabilities.
4. Enhance organisational, networking and financial capacities of water utilities and national institutions to supply urban, peri-urban and rural water and sanitation services in a cost-effective, transparent, and inclusive manner.

Based on the four pillars, the action includes a strategic infrastructure investment and technical/operational support to the water utilities ensuring a comprehensive approach to contribute towards an efficient and effective use of water and energy, by decreasing the non-revenue water, increasing the share of renewable energy consumption and increasing the efficiency use of energy systems. Therefore, the action alleviates water scarcity, reduces country's vulnerability to climate change as well as it has an overall positive impact on greenhouse emissions by the water utilities.

The Action has been designed in close collaboration with the Government and it has inspired and contributed to the draft of the Joint European Strategy with EU Member States in Zambia. It builds upon successful ongoing programmes on access to energy and water, funded by the EU under the 11th EDF, EU Member States as Germany (KfW and GIZ) or France (AFD), UNICEF and/or EIB current interventions.

<sup>3</sup>Addis Ababa Action Agenda of the Third International Conference on Financing for Development, [https://sustainabledevelopment.un.org/content/documents/2051AAAA\\_Outcome.pdf](https://sustainabledevelopment.un.org/content/documents/2051AAAA_Outcome.pdf)

<sup>4</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:42017Y0630\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:42017Y0630(01))

<sup>5</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021JC0030>

<sup>6</sup> The [Gender Action Plan III](#) is a Joint communication by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy which was welcomed by 24 Member States through [EU Presidency Conclusions of 16 December 2020](#). Drafting was led by European Commission in close consultation with EU Member States, EEAS, civil society organisations, partner governments, and international organisations (UN entities, International Finance Institutions among others). The different parties contributed to the drafting of the document through meetings and through responses to a survey conducted during the process.

<sup>7</sup> Human right to drinking water entitles everyone, without discrimination, to have access to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic use; the human right to sanitation entitles everyone in all spheres of life, without discrimination, to have physical and affordable access to sanitation that is safe, hygienic, secure, socially and culturally acceptable, and provides privacy and ensures dignity;

<sup>8</sup> At least basic sanitation includes improved sanitation facilities such as flush/pour flush to piped sewer systems, septic tanks or pit latrines; ventilated improved pit latrines, composting toilets or pit latrines with slabs that are not shared with other households

<sup>9</sup> The Ministry has the overall mandate to coordinate urban water supply and sanitation to all users through Local Authorities (LAs). All the LAs have devolved the authority for management of urban water supply and sanitation to private enterprises, Commercial Utilities (CUs), which have been established by the formation of joint ventures among LAs.

## 2 RATIONALE

### 2.1 Context

Over the last decade Zambia has witnessed a serious decrease in the quality of the infrastructure within the water sector and an almost complete lack of investment in establishment of new water supply schemes for the rapidly increasing population.

Zambia's central development objectives are set out in its Vision 2030, which incorporates the objectives of the improved and increased water supply. The new government has also retained access to green energy and access to water as economic enablers under the 8NDP which is structured around four pillars: 1) Economic transformation and job creation; 2) Human and social development; 3) Environmental sustainability; and 4) Good governance. Moreover, the 2022 Renewable Energy<sup>10</sup> and Energy Efficiency<sup>11</sup> Strategies and Action Plans, the newly launched Zambia Water Investment Programme (ZIP)<sup>12</sup> and the existing National Urban and Rural Water Supply and Sanitation Programmes<sup>13</sup> outline the ambitions and development of the government's objectives of the Energy-Water Nexus sector, in particular to adapt Zambia to climate change.

A significant obstacle to achieving these development objectives has been the limited fiscal space, as increasing public debt servicing costs have crowded out all other priority expenditures. The shortage of resources is likely to become more acute as a result of the COVID-19 pandemic, which has jeopardised the provision of basic public services, including water supply. Zambia officially defaulted on its sovereign debt in November 2020 as the first country in Africa. The new government agreed last September 2022 with the International Monetary Fund (IMF) by signing an Enlarged Credit Facility (ECF) programme amounting SDR 978.2 million (about EUR1.4 billion) to help restore macroeconomic stability and foster higher, more resilient, and more inclusive growth.

Groups living in the most vulnerable situations still suffer significant disadvantages in access to improved water. This discriminates particularly low income population, women and girls in all their diversity and persons with disabilities. The new administration has announced its commitment to improve water supply delivery for all, especially in rural non-serviced areas.

In 2010, the United Nations General Assembly adopted a resolution recognizing "the right to safe and clean drinking water and sanitation as a human right". In 2018, the Human Rights Council reaffirmed principles guiding these two rights. In Zambia the human rights to water and sanitation are included in the bill of rights but they are currently not justiciable, because of the failed 2016 referendum. Their inclusion, however, could be done in the regulatory frameworks.

This action will seek to address these challenges based on the experience gained and lessons learned from previous programmes. The current action works to scale up this intervention and provide an integrated Energy Water Nexus approach to improvements for the water supply sector. It will complement ongoing EU funded programmes (also under 11<sup>th</sup> EDF). It is strongly aligned with the EU's continued commitment to support efficient service delivery in Zambia. Key objectives under the EU Gender Action Plan III and its thematic area "Promoting economic and social rights and empowering girls and women" are reflected in this Action, particularly around ensuring women and girls have access to improved water supply.

EU and Germany have been the main donors active in the energy and water sectors over the last ten years in Zambia. Other countries, including the Netherlands and France, have also been involved in the sectors. New initiatives will be developed in future AAPs under the MIP, as well as other NDICI financing streams to complement and possibly be integrated into this action.

### 2.2 Problem Analysis

The three interlinked problems that especially affect groups living in vulnerable situations, including women and girls and persons with disabilities that this action seeks to address are: 1) unreliable and cost-ineffective supply of

<sup>10</sup> [https://www.moe.gov.zm/wp-content/uploads/2022/08/Renewable-Energy\\_final-file\\_for-web.pdf](https://www.moe.gov.zm/wp-content/uploads/2022/08/Renewable-Energy_final-file_for-web.pdf)

<sup>11</sup> <https://www.moe.gov.zm/wp-content/uploads/2022/08/Zambia-Energy-Efficiency-Strategy-and-Action-Plan-2022.pdf>

<sup>12</sup> <https://aipwater.org/wp-content/uploads/2022/08/Zambia-Water-Investment-Programme-Full-Document.pdf>

<sup>13</sup> [https://www.mwds.gov.zm/wp-content/uploads/2023/02/MWDSEP\\_NRWSSP\\_Programme\\_Final-2019-2030.pdf](https://www.mwds.gov.zm/wp-content/uploads/2023/02/MWDSEP_NRWSSP_Programme_Final-2019-2030.pdf)

energy for water utilities 2) unreasonable levels of non-revenue water and 3) inequitable access to water and sanitation in low-income urban and peri-urban areas as well as rural areas in Zambia.

Unreliable and cost-ineffective supply of energy: The operational costs of the water utilities has significantly increased during the last decade, due to the increases in electricity costs. This has contributed to make all commercial water utilities un-profitable with increasing debt burdens to ZESCO (electric power utility owned by the Government of the Republic of Zambia). Also, they have yet to harness the potential of renewable energy production, energy efficiency and digitalisation to reduce costs and thereby become more sustainable. These issues will be addressed in this Action by supporting the implementation of cost-effective renewable energy and energy efficient solutions.

Unreasonable non-revenue water levels: The water utilities have made almost no infrastructure investments during the last 25 years. The government or other financial institutions have provided only a limited amount of capital for expansions and rehabilitations, and the utilities have hardly been able to make new investments from their balance sheets. This has resulted in an obsolete and dysfunctional water network hence having high levels of non-revenue water of above 50 % in most utilities. This loss of revenue and other operational inefficiencies have let to utilities not being able to cover their operational costs, let alone making a profit for reinvestments. These issues will be addressed by the Action by introducing digital based monitoring and management solutions, capacity building as well as expansion and rehabilitation of water network systems.

Inequity in access to water and sanitation in low income urban, peri-urban and rural areas: Commercial utilities were given the directive to supply rural water and sanitation to all areas, yet lack the capacity and funds to cover the hard to reach areas is apparent where the most disadvantaged live. Again, the lack of resources and capacities has limited water utilities in how they can invest in infrastructure and service delivery. This has resulted in a lack of expansion of water supply infrastructure to the rapidly growing urban population, and almost no new water supply schemes to low income urban, peri-urban and rural areas. This includes supply to healthcare facilities and schools, with dire consequences for water security, health, and hygiene, negatively impacting groups in vulnerable situations including women, girls, youth and people living with disabilities. Lack of WASH in healthcare facilities is a contributing factor to very high maternal deaths during childbirth<sup>14</sup>, and large early neonatal deaths due to sepsis<sup>15</sup>. Women and girls, one of the largest marginalised groups, face a number of challenges due to poor access to water supply and gender responsive sanitation facilities. A consequence of this is the inability to manage menstruation hygienically, in a safe and private environment. This can lead to absenteeism and school dropouts for girls. Another consequence is the reduced capacity of women to conduct income generating activities, as well as exposure to period poverty. In addition, climate change is projected to bring more consecutive dry days throughout the country, yet also bring more heavy rainfall events in some portions of Copperbelt, Central, Southern, Northern and Eastern province where the action will take place. This will increase the need for more climate resilient WASH infrastructure, such as enhanced boreholes and larger storage in areas where increased drought is projected and durable sanitation that can survive flooding and does not cause additional health risks in areas where increased intense rainfall is expected.

At the national level, challenges include unclear policies, approaches and procedures that do not adequately address the needs of groups in vulnerable situations, as well as insufficient national budget for rural WASH moving back to a significant subsidization of urban water supply and sanitation services. The sector reform principles such as autonomy of sector institutions or cost coverage are no longer adhered to. The financial situations of the CUs remain critical and there are different interpretations of rural WASH at the national level. The Ministries operational systems require technical assistance to enhance and strengthen their capacities and efficiency.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

*Ministry of Finance and National Planning (MFNP):* The Ministry of Finance and National Planning coordinates the Public Financial Management system including: National Development Planning, Public Debt Management, Public Investment Planning, Public Private Partnerships, Monitoring and Evaluation, Government Accounts, Internal Audit and Public Procurement as well as formulation of the National Budget. Further, the Ministry sets the following policies; Financial, Economic, Revenue, Insurance, Public Debt and Stores. It is mandated to pay all

<sup>14</sup> 3 women die for every 1,000 births as per Zambia Demographic Health Survey in 2018 downloaded 18 April 2023 from: <https://dhsprogram.com/pubs/pdf/FR361/FR361.pdf>

<sup>15</sup> 14.1% of early neonatal deaths were from Sepsis in 2022 as per Zambia MOH data

debt obligations which are charges as stipulated in the Constitution of Zambia (Amendment) Act No. 2 of 2016, and to cover centralized provisions for contingency items. For this action, the MFNP will be a contractual partner for loan/grant agreements.

*Ministry of Water Development and Sanitation (MWDS):* MWDS is responsible to develop and manage water resources as well as ensure universal access to clean and safe water and adequate sanitation services as provided for in the Government Gazette Notice No. 1123 of 2021. For this action, the Ministry policies and its key national programmes like National Rural Water Supply and Sanitation Programme, National Urban Water Supply and Sanitation Programme, and the Zambia Water Investment programme, will be translated into action.

*Ministry of Energy (MoE):* MoE's mandate is to develop and manage energy resources in a sustainable manner for the benefit of the people including enhancing an enabling environment for the renewable energy production.

*Ministry of Education:* The Ministry of Education's mandate is to formulate and implement Education and Science Policies, set and enforce standards and regulations, licence, supervise and provide education and skills development, as well as promote science, technology and innovation education. Teachers, parents and students may be involved with the boys and girls at local level to improve the Menstrual Health Hygiene Management. In this action, MOE will benefit from capacity building and will be supported to improve WASH in Schools.

*Ministry of Local Government and Rural Development:* The Ministry's mandate is to promote a decentralised, effective local governance system and facilitate the delivery of municipal services and infrastructure development through Local Authorities in order to effectively and efficiently contribute to sustainable socio-economic development. The Ministry also facilitates rural development and customary affairs for improved quality of life and economic well-being of citizens in the rural areas. All the local authorities have devolved the authority for management of WSS to private enterprises (Commercial Utilities (CUs)). The local authorities as shareholders of the CUs appoint a Board of Directors to oversee the operations of the CU. The day-to-day running of the utility is the responsibility of the appointed management. By this action, local authorities will benefit from investment and capacity building activities and will all support improved water, sanitation and hygiene service delivery. The local authorities may also enter into agreements with the commercial utilities and/ or other private partners to warrant adequate operation and maintenance of small scale solar powered water schemes.

*Ministry of Health (MoH):* MOH's mission is to provide equitable access to cost effective, quality healthcare services as close to the family as possible. In this action, MoH will benefit from capacity building and will be supported to improve climate resilient and environmentally friendly healthcare (CRESH) facilities.

*Gender Division,* under the Office of the President, responsible for coordinating and monitoring the effective implementation of Gender policies with other government Line Ministries and cooperating partners.

*Commercial water utilities (CU):* The mandate for all commercial utilities is to supply water and sanitation services to both rural and urban areas in the provinces they service. For this action, Southern Water and Sanitation Company, Chambeshi Water and Sanitation Company, Nkana Water and Sanitation Company, Lukanga Water and Sanitation Company as well as Eastern Water and Sanitation Company are key implementing partners. They will take on a threefold role in the envisioned action: They are implementers and target group of the action benefitting from and steering investment and capacity building activities; they will play an intermediary role between citizens and state institutions; and they will provide improved water services.

*Water Resources Management Authority (WARMA),* statutory body established under the Water Resources Management (WRM) Act No. 21 of 2011, main purpose is to serve as the regulatory body for the management and development of water resources across the country. The Authority is responsible for promoting a gender-sensitive, integrated, interactive, participatory and multisectoral approach to water resources management and development

*National Water Supply and Sanitation Council (NWASCO):* NWASCOs mandate is to regulate the provision of Water Supply and Sanitation services in Zambia. For this action, they will be a key partner in assessing the performance of the CUs through existing KPIs, developing guidelines and supporting the Water Utility platform.

Final rights-holders include all Zambian covered by the National Water Utilities by increasing their access to green energy and water supply.

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The **overall objective** (impact) of the Action is to increase access to green energy and water supply for all.

The **specific objectives** (outcomes) of this action are:

1. Access to energy is improved, and energy efficiency and renewable energy generation are increased for the Zambian Water Utilities (MIP result R1.7).
2. Access to water, sanitation and hygiene for all is improved (MIP result R1.8).

The **outputs** to be delivered by this action contributing to the specific objectives (Outcomes) are the following:

Output 1 Created reliable, cost-effective and climate resilient urban water supply through reducing non-revenue water, improved digitization and introducing renewable energy as well as energy efficiency components. **(Energy-Water-Digit-Nexus at Urban level)**.

Output 2 Increased adequate and resilient access to water supply in low-income peri-urban and rural areas, especially for groups in vulnerable situations including women and girls in all their diversity and persons with disabilities through the introduction of renewable energy components. **(Energy-Water-Nexus at Peri-Urban and Rural level)**

Output 3 Increased and resilient access to basic sanitation, and hygiene and to improve institutional WASH in low income urban, peri-urban and rural areas in coordination with the water utilities (CUs), especially for groups in vulnerable situations including women and girls in all their diversity and persons with disabilities. **(Local-level and Community Involvement in Service Provision)**

Output 4 Enhanced organizational, networking and financial capacities of water utilities (CUs) and national institutions to ensure urban, peri-urban and rural water and sanitation services are supplied in a cost-effective and cost-coverage principles, transparent and inclusive manner. **(CUs and National level Capacity Building, Knowledge Exchange and Operational Efficiency)**

#### 3.2 Indicative Activities

Activities related to Output 1: Created reliable, cost-effective and climate resilient urban water supply through reducing non-revenue water, improved digitization and introducing renewable energy as well as energy efficiency components. **(Energy-Water-Digit-Nexus at Urban level)**.

Energy and Water area:

- Installation of solar power generating equipment at relevant water supply facilities.
- Replacement, partial extension and installation for energy efficient pumps.
- Design and construction works regarding water piped network (network zoning including extension, rehabilitation and replacement) incl. operation & maintenance equipment procurement and installation. Training of CUs management and professional staff in operation and maintenance as well as network management (pressure zone development, DMA set-up) linked to investments (aiming at 30% of women in all their diversity trained).
- Technical assistance supporting implementation.

Digitalization area:

- Procure and install digitalized solutions, including vDMA and SCADA systems, for CUs.
- Provide technical support to participating CUs for efficient operation and usage of the digitized solutions established (aiming at 30% of women in all their diversity trained).
- Secure data transferability of the digital solutions developed into the management systems and performance-based reporting in line with MWDS and NWASCO reporting format.

Activities related to Output 2: Increased adequate and resilient access to water supply in low-income peri-urban and rural areas, especially for groups in vulnerable situations including women and girls in all their diversity and persons with disabilities through the introduction of renewable energy components. **(Energy-Water-Nexus at Peri-Urban and Rural level)**

- Conduct a comprehensive Human Rights Based Approach analysis.
- Expansion of existing water supply network, where applicable (see output 1).
- Development of operation and maintenance models/strategies for inclusive solar powered water supply systems (incl. possible extensions) and based on this, development of designs as well as construction and putting into operation of those of \ for low-income peri-urban and rural areas
- Training of CUs and involved institutions on management and professional staff in operation and maintenance of the inclusive solar powered water supply systems newly established (aiming at 30% of women trained).
- Technical assistance supporting implementation.

Activities related to Output 3: Increased and resilient access to basic sanitation, and hygiene and to improve institutional WASH in low income urban, peri-urban and rural areas in coordination with the water utilities (CUs), especially for groups in vulnerable situations including women and girls in all their diversity and persons with disabilities. **(Local-level and Community Involvement in Service Provision)**

- Conduct a comprehensive Human Rights Based Approach analysis including a mapping of Gender Based Violence analysis in the selected peri-urban and rural areas in the six provinces to identify needs, including in schools and healthcare facilities.
- Support schools and healthcare institutions to conduct assessments, create appropriate improvement plans, calculate operation and maintenance budgets, design future small-piped water scheme and sanitation upgrades, also in coordination with the CUs, and apply for government funding for construction.
- Tender and procurement for works and services for small-scale WASH infrastructure
- Build capacity for local authorities, ministry staff and private sector in coordination with CUs to continue WASH upgrades with government funds for school and healthcare institutions and strengthen the enabling environment for sanitation and hygiene (both for hands and menstruation).
- Promote sanitation and hygiene in households and motivate private sector actors in the selected semi-urban areas and rural villages served by upgraded schools and healthcare facilities and/or those where the CU has expanded water access.
- Conduct outreach initiatives, behaviour change, and capacity building, including awareness raising activities on gender issues, woman empowerment, menstrual health and hygiene, phased sanitation approaches, climate resilient WASH operation and maintenance, hand hygiene, water usage, and water payments in locations where the CU has expanded water access.

Activities related to Output 4: Enhanced organizational, networking and financial capacities of water utilities (CUs) and national institutions to ensure urban, peri-urban and rural water and sanitation services are supplied in a cost-effective and cost-coverage principles, transparent and inclusive manner. **(CUs and National level Capacity Building, Knowledge Exchange and Operational Efficiency)**

Water utilities capacities area:

- Enable CUs to implement their responsibilities and tasks for rural water and sanitation provision in collaboration with local authorities, civil society organizations, private sector, and communities.
- Technical and organisational advice to the CUs on operational efficiency e.g. non-revenue water, financial forecasts, energy efficiency, cost recovery, good governance and enhanced transparency and accountability
- Strengthen cooperation, networking, mentorship and learning between the–CUs via the Water Utility Platform and Twinning/Water Operator Partnerships with regional and/ or international water and sanitation utilities
- Strengthen-Local Authorities on rural water and sanitation services through improved coordination with CUs, digital inventories, implementation of operator models for small piped water supply systems in rural growth centres

National institutions capacities area:

- Support Ministry of Water Development and Sanitation in clarifying roles and responsibilities for gender-responsive and inclusive rural and urban service provision with NWASCO and CUs in line with the principles of the sector reforms and good governance
- Strengthen Ministry of Water Development and Sanitation in organisational efficiency, accountability and transparency through implementation of change management measures and operationalisation of the Integrated Management Information System (IMIS) oriented and adapted to climate change.
- Support NWASCO in regulation, the establishment of the Water Utility Platform, assessment of IT systems of CUs, guidelines on long-term financial projections.

### 3.3 Mainstreaming

#### **Environmental Protection & Climate Change**

**Outcomes of the SEA screening:** The Strategic Environmental Assessment (SEA) screening concluded that an SEA should be undertaken.

**Outcomes of the EIA (Environmental Impact Assessment):** The EIA screening classified the action as Category B (for which an EIA will be undertaken).

**Outcome of the CRA (Climate Risk Assessment) screening:** The Climate Risk Assessment (CRA) screening concluded that this action is potentially at risk (climate risk will be addressed as part of an EIA).

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#### **Gender equality and empowerment of women and girls**

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender is a significant objective and is mainstreamed throughout. In line with the GAP III Country Level Implementing Plan (CLIP) for Zambia, objectives will directly contribute to ensuring that women and girls, in all their diversity, have improved access to clean and safe water as well as a number of other targets. Activities will include support to water utilities in the provision of accessible clean and safe water to low income and disadvantaged women and girls (as well as other groups in vulnerable situations).

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#### **Human Rights**

This action applies Human Rights Based Approach. It supports State institutions and service providers to be compliant with Rights standards within the WASH sector and accountability institutions (such as the water utility institutions) to fulfil their role in implementing this compliance. At the same time, civil society will be supported in its role to advise citizens on the legal options available to them.

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#### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the action targets persons with disabilities, along with women and girls. These will be integrated into the initiatives of the action. Persons with disabilities are recognised as being at increased risk from climate change effects, yet very little is known about how persons with disabilities and their representative organisations have been engaged in climate change adaptation and mitigation measures to date.<sup>16</sup> The Action will be in line with the EU Strategy for the Rights of Persons with Disabilities 2021-2030, and the EU Guidance Note Disability inclusion in EU external action.

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#### **Democracy**

The action aims to support democracy in Zambia by advancing the right to clean and safe water and adequate sanitation, accountability, and utilities effectiveness through access to accountable institutions and transparent government decision making.

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#### **Conflict sensitivity, peace, and resilience**

N/A

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<sup>16</sup> [EU Guidance Note Disability inclusion in EU external action](#).

**Disaster Risk Reduction**

As a response to recent droughts and public health pandemic crisis, such as cholera and COVID, the action includes conduct outreach initiatives, behaviour change, and capacity building, including awareness raising activities on gender issues, woman empowerment, menstrual health and hygiene, phased sanitation approaches, climate resilient WASH operation and maintenance, hand hygiene and water usage in locations especially sensible.

Furthermore, the action includes a strategic infrastructure investment as for replacement of pump, captive solar PV for power demand and replacement and extension of water network. All these investment will ensure a comprehensive approach to contribute towards an efficient and effective use of water and energy and to increase resilience to disasters like droughts, therefore contributing to reduce the impacts of these kind of disasters.

**Other considerations if relevant**

N/A

### 3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
People and organisation	Uncertain responsibilities, unclear policies and mismanagement/corruption among water administration institutions.	L	M	<p>Advisory services and improved governance at the Ministry level in line with the MWDS sector coordination framework and project steering support.</p> <p>The action has been designed to be aligned closely to existing water sector policies and priorities. These are not expected to change significantly with the new administration.</p>
External environment	The economic and social impact of the high level of public debt combined with public health issues, such as cholera and COVID, led to an increase in poverty and challenges for public services to deliver.	M	H	<p>The programme is designed to take preventive action and strengthen the water sector stakeholders to become financially viable and long term sustainable.</p> <p>The action will conduct a comprehensive Human Rights Based Approach analysis including a mapping of Gender Based Violence analysis in the selected peri-urban and rural areas in the six provinces to identify needs, including in schools and healthcare facilities</p>

People and organisation	The financial sustainability of water utilities is threatened by non-adherence to the sector principles such as independent tariff setting as well as their expanding service provision to peri-urban and to rural areas (mandate extension)	H	M	<p>Clarifying roles and responsibilities for service provision in rural areas, taking care not to overwhelm CUs</p> <p>Capacity development for the institutions which includes a holistic approach to creating sustainable water utilities through both cost reductions and increased income generation and separation of rural functions</p> <p>Advice towards MWDS on importance of adherence to sector principles</p> <p>Financial forecasts for CUs</p>
People and organisation	Low uptake of understanding of local counterparts in gender mainstreaming	M	M	<p>Recruiting social science workers in the engineers teams, promote women in decision making posts (quota required at all levels, both at steering and implementing level and at beneficiaries level), support in-depth women and girls consultation all along the project.</p>

**Lessons Learnt:**

This action design has been informed by the experiences of the numerous international and national partners and authorities operating in the water and energy sector in Zambia over the last decades.

### 3.5 The Intervention Logic

The action continues and deepens the intensive energy partnership under 11<sup>th</sup> EDF, as well as builds strong bridges with the water sector. The outcomes of the 11 EDF “Increase Access to Electricity and Renewable Energy” and the “Zambia Energy Efficiency Sustainable Transformation” will benefit the implementation of this action. Thus, the action will assure, during its design, formulation and implementation, strong linkages with the ongoing and planned actions by Cooperation Partners, especially EU Member States.

The strategic infrastructure investment, the technical operational assistance and capacity building support to the water utilities and National Institutions as well as the empowerment of the social communities, will ensure a comprehensive approach to contribute towards an efficient and effective water access sector. Therefore, the EU participation acts as aggregator and enabler to work synchronize and harmonize in the following four areas, assuring highest impact:

- 1) Create reliable and cost-effective urban water supply by reducing non-revenue water, improved digitization and introducing renewable energy as well as energy efficiency components. The introduction of PV solar energy for pump operations as well as the provision of energy efficient pumps will contribute to creating sustainable and profitable water supply utilities and at the same time also contribute to improved water supply. Improved network operation and maintenance (leakage reduction, metering) as well as digitalization of water supply services (electronic management of network components) will further contribute the water supply utilities’ efficiencies.
- 2) Increase access to water supply in low-income peri-urban and rural areas, especially woman and girls in all their diversity. The extension of existing (where applicable) water supply networks and installation of new solar powered water supply systems will warrant an energy water nexus approach. Therefore, special emphasis will be put on developing and implementing sustainable operation and maintenance models/strategies/concepts.
- 3) Improve access to sanitation and hygiene and institutional WASH in peri-urban and rural areas. While WASH interventions in institutions will require capital investments, rural sanitation/hygiene interventions will primarily focus on community trainings, behaviour change activities and capacity building of responsible local authorities, including awareness raising activities on gender and social inclusion, water usage, maintenance, and water savings. Moreover, strengthening outreach and engagement to reach more women, youth and people living with disabilities is foreseen as well enhancing abilities of communities/CSOs to demand rights to water and sanitation.
- 4) Enhance capacities of National Institutions Ministry of Water Development and Sanitation and NWASCO) to provide the enabling policy, regulatory, and financial framework for sustainable WASH services. Enhance capacities of the participating CUs and responsible Local Authorities to manage, operate and maintain existing and upgraded urban and rural water supply and sanitation systems to enhance the sustainability and durability of investments under Outcome 1 and 2. Support the coordination mechanism between CUs, LAs, Water Management Authorities and Catchment Councils to improve water management, including allocation and quality.

The non-revenue water and specific electricity consumption will be reduced, while the production of renewable energy and the number of connections as well as revenues will increase; hence the overall performance of the water utilities and their services shall improve while their financial sustainability could attract further (private) investment. Complementary, by enhancing and strengthening the capacities of national institutions such as the regulator and ministries and clarifying and re-emphasizing the roles and responsibilities, the action is likely to contribute towards better coordination and application of resources in water supply and sanitation. Thus, it will also contribute to closing the gap between urban and rural water supply and sanitation, increase good governance in the sector and empower most vulnerable groups.

### 3.6 Logical Framework Matrix

Results	Results chain (@):	Indicators (@)	Baselines (values and years)	Targets <sup>17</sup> (values and years)	Sources of data	Assumptions
<b>Impact</b>	<b>To increase access to green energy and water supply for all</b>				Annual Reports of participating utilities	<i>Not applicable</i>
<b>Outcome 1</b>	<b>Access to energy for all is improved, and energy efficiency and renewable energy generation are increased (MIP result R1.7).</b>	<ul style="list-style-type: none"> <li>• Share of the energy consumption coming from renewable energy sources from existing and newly installed power generating equipment (in kWh/a) of participating CUs</li> <li>• Total specific electrical energy consumption (in kWh/m<sup>3</sup>) of replaced and newly installed energy efficient equipment of participating CUs</li> </ul>	<ul style="list-style-type: none"> <li>• Current share of the energy consumption coming from renewable energy sources from existing power generating equipment in kWh/a of participating CUs (2024)</li> <li>• Current total specific electrical energy consumption of available equipment to be replaced of participating CUs (2024)</li> </ul>	<ul style="list-style-type: none"> <li>• Share of the energy consumption coming from renewable energy sources from existing and newly installed power generating equipment reaches 55% participating CUs (2030)</li> <li>• Total specific energy consumption (in kWh/m<sup>3</sup>) of replaced and newly installed energy efficient equipment decreases by at least one fifth of participating CUs (2030)</li> </ul>	Annual Reports of participating utilities  Consultant Reports  Baseline, mid-term and final programme evaluations	CUs, NWASCO and other key governmental stakeholders to provide full support to programme implementation  ZESCO price increases within standard national inflation rates (i.e. 2-

<sup>17</sup> The existing baseline and targets will be updated before the end of the inception period of the Action by the implementing partners under supervision of the European Union Delegation to Zambia and COMESA.

<b>Outcome 2</b>	<b>Access to water, sanitation and hygiene is improved (MIP result R1.8).</b>	<ul style="list-style-type: none"> <li>• Total number of people with new or improved access to drinking water supply<sup>18</sup>, disaggregated by sex and disability, including women and girls in all their diversity in the targeted project areas (GAP III indicator)</li> <li>• Total number of people with improved access to sanitation and hygiene disaggregated by sex and disability, including women and girls in all their diversity in the targeted project areas</li> </ul>	<ul style="list-style-type: none"> <li>• Current total number of people with improved access to drinking water including women and girls in all their diversity in the targeted project areas of the CUs (2024).</li> <li>• Current total number of people with improved access to sanitation and hygiene disaggregated by sex, including women and girls in all their diversity in the targeted project areas of the CUs (2024)</li> </ul>	<ul style="list-style-type: none"> <li>• Total number of people with new or improved access to drinking water supply disaggregated by sex, including women and girls in all their diversity in the targeted project areas increased by at least 500.000 (2030).</li> <li>• Total number of people with improved access to sanitation and hygiene disaggregated by sex, including women and girls in all their diversity, in the targeted project areas increases as minimum by 350,000 (2030).</li> </ul>	<p>Annual Reports of participating utilities</p> <p>Annual Reports of other partner's project Partners</p> <p>Consultant reports Baseline, mid-term and final programme evaluations.</p> <p>Business plans and IDPs</p>	<p>3% until project completion)</p> <p>Local authorities and communities to provide full support to programme implementation</p> <p>Specific energy consumption is adequately measured</p> <p>Energy consumption sourced from renewable energy is adequately measured</p> <p>Water tariffs that allow for adequate operation and maintenance</p> <p>Sufficient capacity on CU level to implement investment measures</p>
<b>Output 1</b>	Created reliable, cost-effective and climate resilient urban water supply through reducing non-revenue water, improved digitization and introducing renewable energy as well as energy efficiency components ( <b>Energy-Water-Digit-Nexus at Urban level</b> )	<ul style="list-style-type: none"> <li>• Renewable power generating capacity (in kWp) established and connected to water supply/ sewerage infrastructure.</li> <li>• Capacity of energy efficient pumps for water supply and/or sewerage replaced or newly installed in kW.</li> <li>• Number of actively managed of District Metered Areas developed</li> </ul>	<ul style="list-style-type: none"> <li>• Current renewable power generation capacity established and connected to water supply/ sewerage infrastructure (2024).</li> <li>• Current capacity of non/mal-functioning or non-energy efficient pumps in kW (2024).</li> <li>• Current number of actively managed, district metered areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Additional 25.000 kWp renewable power generation capacity established and connected to water supply/ sewerage infrastructure (2030).</li> <li>• 25.000 kW of energy efficient pumps for water supply and/or sewerage replaced or newly installed (2030).</li> <li>• Increase the number of actively managed, district</li> </ul>	<p>Annual Reports of participating utilities</p> <p>Consultant reports</p> <p>Baseline, mid-term and final programme evaluations</p>	<p>EU and governmental institutions to timely and efficient contract supply and installation Investment measures will be completed and put into operation</p> <p>Begin of construction measures can be ensured as planned</p> <p>All relevant permits land rights, right of way and licences are</p>

<sup>18</sup> Safe is defined as free from faecal and priority chemical contamination. Basic Water is defined as drinking water from an improved source, provided collection time is not more than 30 minutes for a roundtrip including queuing. Improved drinking water sources are those that have the potential to deliver safe water by nature of their design and construction, and include: piped water, boreholes or tube wells, protected dug wells, protected springs, rainwater, and packaged or delivered water

		<ul style="list-style-type: none"> <li>• Water loss per length of water network in litres/km/ year in the targeted project area per commercial utility.</li> <li>• Non-Revenue Water (NRW), per commercial utility</li> <li>• Number of improved digital solutions<sup>19</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Current Water loss per length of water network in litres/ km/ year in the targeted project area per commercial utility.</li> <li>• Current Non-Revenue Water (NRW), per commercial utility</li> <li>• Current number of improved digital solutions (2024)</li> </ul>	<p>metered areas (2030), by ten</p> <ul style="list-style-type: none"> <li>• Decrease of at least one fifth the water loss per length of water network in litres/km/ year in the targeted project area per commercial utility. (2030).</li> <li>• Decrease of at least 20% total (or 5% per year) Non-Revenue Water (NRW), per commercial utility</li> <li>• Increase of improved digital solutions by ten (2030).</li> </ul>		being availed of way and licences are being availed
<b>Output 2</b>	Increased adequate and resilient access to water in low-income peri-urban and rural areas, especially for women and girls and persons with disabilities, through introducing renewable energy components ( <b>Energy-Water-Nexus at Peri-Urban and Rural</b> ),	<ul style="list-style-type: none"> <li>• Total number of accessible small scale solar powered water supply systems powered with renewable energy established in the selected (peri-) urban or rural areas.</li> <li>• Total length (in km) of new water supply network in the targeted low-income (peri-) urban areas of participating CUs</li> </ul>	<ul style="list-style-type: none"> <li>• Current total number of existing small scale water supply systems powered with renewable energy in the selected peri-urban and rural areas (2024).</li> <li>• Current total length (in km) of water supply network in the target low-income (peri-) urban areas of participating CUs (2024)</li> </ul>	<ul style="list-style-type: none"> <li>• Total number of accessible small scale water supply systems powered with renewable energy increased by 30 in the selected peri-urban and rural areas (2030).</li> <li>• Total length of new water supply network in the targeted low-income (peri-) urban areas of the CUs increased by at least 25 km (2030)</li> </ul>	<p>Annual Reports of participating utilities</p> <p>Consultant Reports</p> <p>Baseline, mid-term and final programme evaluations</p>	<p>NWASCO support to transparent and correct financial reporting of water utilities</p> <p>Investment measures will be completed and put into operation</p> <p>Beginning of construction measures can be ensured as planned</p> <p>All relevant permits land rights, right of way and licences are being availed.</p>

<sup>19</sup> National Level: Accessible water sector monitoring tools, CU-Level: Cost effectiveness, tools for improved IT processes, harmonized IT , management tools, digitized DMA components

<b>Output 3</b>	<p>Increased and resilient access to basic sanitation, and hygiene and improve institutional WASH in low income urban, peri-urban &amp; rural areas, in coordination with the CU especially for groups in vulnerable situations, including woman and girls in all their diversity, and persons with disabilities <b>(Local-level and Community Involvement in Service Provision)</b></p>	<ul style="list-style-type: none"> <li>• Number of toilets in selected areas providing at least basic<sup>20</sup> sanitation services.</li> <li>• Number of handwashing stations in selected areas providing at least basic<sup>21</sup> hygiene services.</li> <li>• Number of women and girls whose menstrual health and hygiene needs are addressed<sup>22</sup>.</li> <li>• Number of schools and healthcare facilities reached with upgraded inclusive, child friendly WASH services</li> </ul>	<ul style="list-style-type: none"> <li>• Current number of toilets in selected areas providing at least basic sanitation services, disaggregated by age and gender.</li> <li>• Current number of handwashing stations in selected areas providing at least basic hygiene services, disaggregated by age and gender.</li> <li>• Current number women and adolescent girls whose menstrual health and hygiene needs are addressed.</li> <li>• Current of number schools and healthcare facilities reached with upgraded WASH services in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase as minimum by 70,000 the number of toilets providing at least basic sanitation services (2030).</li> <li>• Increase as minimum by 70,000 the number of handwashing stations in selected areas with at least basic hygiene services (2030).</li> <li>• Increase as minimum by 50,000 the number of women and adolescent girls whose menstrual health and hygiene needs are addressed (2030).</li> <li>• Increase the number of schools and healthcare facilities reached with upgraded WASH services by 1,000 (2030).</li> </ul>	<p>Contractor, Consultant, NGO, Ministry of Education, Ministry of Health and Local Authority reports</p> <p>Baseline, mid-term and final programme evaluations</p>	<p>Government continues to support the consistency development fund.</p> <p>Local Authorities continue to want to agree with the commercial utilities that they will support local water and sanitation initiatives.</p>
<b>Output 4</b>	<p>Enhanced organizational, networking and financial capacities of water utilities and national institutions to ensure urban, peri-urban and rural water and sanitation services are supplied in a cost-effective and cost-coverage principles, transparent, and</p>	<ul style="list-style-type: none"> <li>• Agreement on the division of responsibilities and tasks for rural and urban water supply and sanitation services by the Ministry of Water which considers the principles of the sector reform.</li> <li>• Improved key performance indicators (non-revenue water, staff efficiency, collection efficiency, O&amp;M</li> </ul>	<ul style="list-style-type: none"> <li>• No formal agreement on the division of responsibilities and tasks for rural and urban water supply and sanitation services by the Ministry of Water which considers the principles of the sector reform.</li> <li>• Current key performance indicators of the commercial utilities</li> </ul>	<ul style="list-style-type: none"> <li>• One agreement developed on the division of responsibilities and tasks for rural and urban water supply and sanitation under the auspices of the Ministry of Water which considers the principles of the sector reform (2030).</li> <li>• 4 out of 9 key performance indicators by NWASCO have improved by an average of 15% (2030).</li> </ul>	<p>Agreement signed by MWDS, NWASCO and MLGRD</p> <p>NWASCO annual sector reports</p>	<p>The MWDS is gradually returning to adherence to the principles of the water sector reform.</p> <p>The Water Utility platform remains independent.</p> <p>Water tariffs are again adjusted according to</p>

<sup>20</sup> At least basic sanitation includes improved sanitation facilities such as flush/pour flush to piped sewer systems, septic tanks or pit latrines; ventilated improved pit latrines, composting toilets or pit latrines with slabs that are not shared with other households

<sup>21</sup> At least basic hygiene is defined as the presence of a handwashing facility with soap and water on premises

<sup>22</sup> MHH needs are considered addressed for girls who attend schools that include menstrual hygiene management targets in WASH in their strategies and operational plans; for women who work at workplaces that have a workplace policy that addresses menstrual needs among the workforce; similar activities among the community; or through the provision of MHH services.

	<p>inclusive manner. (CU and National level Capacity Building, Knowledge Exchange and Operational Efficiency)</p>	<p>cost coverage) of commercial utilities.</p> <ul style="list-style-type: none"> <li>The division of tasks between district authorities and CUs for water supply and sanitation services delivery in rural communities and in rural growth centres is demonstrated in 5 partner provinces.</li> </ul>	<ul style="list-style-type: none"> <li>No division of tasks is practiced between the CUs and District Authority</li> </ul>	<ul style="list-style-type: none"> <li>In 5 provinces CUs and District Authorities coordinate responsibilities and combine resources for the improvement of rural WSS in rural areas and growth centres (2030).</li> </ul>	<p>Documentation (reports) of introduced management systems</p> <p>Assessment and documentation of combined service delivery in rural areas and rural growth centres of selected districts.</p>	<p>the economic situation.</p> <p>The financial situation of the CUs improves and the need for subsidies for urban water and sanitation is reduced</p> <p>The districts and CUs agree on division of tasks for service delivery in rural areas and rural growth centres (hand pumps, on site sanitation and small piped water schemes)</p>
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## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

To implement this action, it is envisaged to conclude a financing agreement with the Republic of Zambia.

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 84 months from the date of the entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

### 4.3 Implementation of the Budget Support Component

N/A

### 4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>23</sup>.

#### 4.4.1 Direct Management (Procurement)

A technical assistance facility where resources are tapped across all specific objectives of the action for aspects such as supporting technically the Steering and Technical Committees of the Action (see 4.7), monitoring of the activities by the implementers, assuring quality and auditing the execution of activities, drafting or second opinion on technical and financial policies, reporting, etc.

#### 4.4.2 Indirect Management with an entrusted entity.

A part of this action may be implemented in indirect management with KfW. This implementation entails all objectives and outputs 1 and 2 included in section 3.

The envisaged entities have been selected using the following criteria: i) Extensive experience working in Zambia with a strong understanding of the Zambian context, in particularly in energy and water infrastructure's investment, including good financial governance; ii) Demonstrated capacity to joint manage EU programmes and funds; iii) Current and future financial commitments are available for co-funding the action iv) Understanding and alignment with the EU's priorities in Zambia under the MIP 2021-2027 and the Global Gateway initiative v) Understanding and alignment with GAP III Country Level Implementing Plan (CLIP) for Zambia.

In case the envisaged entities would need to be replaced, the Commission's services may select a replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

#### 4.4.3 Indirect Management with an entrusted entity.

A part of this action may be implemented in indirect management with UNICEF. This implementation entails all objectives and output 3 included in section 3.

The envisaged entities have been selected using the following criteria: i) Extensive experience working in Zambia with a strong understanding of the Zambian context, in particularly in water and health access sectors, including good financial governance; ii) Demonstrated capacity to joint manage EU programmes and funds; iii) Current and

<sup>23</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

future financial commitments are available for co-funding the action iv) Understanding and alignment with the EU's priorities in Zambia under the MIP 2021-2027 and the Global Gateway initiative v) Understanding and alignment with GAP III Country Level Implementing Plan (CLIP) for Zambia.

In case the envisaged entities would need to be replaced, the Commission's services may select a replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

#### 4.4.4 Indirect Management with an entrusted entity.

A part of this action may be implemented in indirect management with GIZ. This implementation entails all objectives and output 4 included in section 3.

The envisaged entities have been selected using the following criteria: i) Extensive experience working in Zambia with a strong understanding of the Zambian context, in particularly in the water governance and water utilities sectors, including good financial governance; ii) Demonstrated capacity to joint manage EU programmes and funds; iii) Current and future financial commitments are available for co-funding the action iv) Understanding and alignment with the EU's priorities in Zambia under the MIP 2021-2027 and the Global Gateway initiative v) Understanding and alignment with GAP III Country Level Implementing Plan (CLIP) for Zambia.

In case the envisaged entities would need to be replaced, the Commission's services may select a replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

#### 4.4.5 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

If due to exceptional circumstances outside of the Commission's control, the activities foreseen under indirect management with an entrusted entity cannot be implemented, the management mode can be changed to direct management mode through grants to economic operators, non-governmental organisations, and / or local authorities.

If due to exceptional circumstances outside of the Commission's control, the activities foreseen under direct management cannot be implemented, the management mode can be changed to indirect management mode through contribution agreements with pillar-assessed entities.

The envisaged entity would be selected using the following criteria: i) Extensive experience working in Zambia with a strong understanding of the Zambian context, in particularly in the water governance and water utilities sectors, including good financial governance; ii) Demonstrated capacity to joint manage EU programmes and funds; iii) Current and future financial commitments are available for co-funding the action iv) Understanding and alignment with the EU's priorities in Zambia under the MIP 2021-2027 and the Global Gateway initiative v) Understanding and alignment with GAP III Country Level Implementing Plan (CLIP) for Zambia.

### 4.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.6 Indicative Budget Indicative Budget

<b>Indicative Budget components (amount in EUR)</b>	<b>EU contribution</b>	<b>Third-party contributions</b>
<b>Implementation modalities</b> – cf. section 4.4		
<b>Outputs 1 and 2</b> composed of		
Indirect management with KfW cf. section 4.4.2	40 000 000	42 300 000 <sup>24</sup>
<b>Output 3</b> composed of		
Indirect management with UNICEF- cf. section 4.4.3	10 000 000	10 000 000 <sup>25</sup>
<b>Output 4</b> composed of		
Indirect management with GIZ cf. section 4.4.4	7 500 000	7 500 000 <sup>26</sup>
<b>Procurement</b> – total envelope under section 4.4.1	600 000	
<b>Evaluation</b> – cf. section 5.2	200 000	
<b>Audit</b> – cf. section 5.3		
<b>Contingencies</b>	0	0
<b>Totals</b>	<b>58 300 000</b>	<b>59 800 000</b>

#### 4.7 Organisational Set-up and Responsibilities

To ensure the successful delivery of the project across a range of public and commercial institutions, the action will be overseen by a **steering committee (SC)**, supported by **technical committee (TC)**. Through a combination of a regular monitoring at technical level and effective coordination and steering at decision-making level, this governance structure will ensure buy-in and ownership from all relevant stakeholders, thereby maximising coordination in the targeted sectors as well as impact.

The SC will be responsible for the overall strategic guidance of the project. The SC resolves strategic and policy issues, review and endorse annual work-plans and progress reports, identify achievements and constraints, and propose adjustments, if needed. The SC will meet at least once a year and will consist of representatives of the key government partner institutions (such as Ministry of Energy, Ministry of Water, Ministry of Finance, NWASCO, Commercial Water Utilities, Ministry of Education, as well as selected civil society organisations, including those representing women, youth and people living with disabilities) and the TEAMEUROPE+ institutions (such as European Union Delegation to Zambia and COMESA (EUD), the Embassy of the Federal Republic of Germany to Zambia, KfW, GIZ, Unicef and/or IFI)

The SC will be assisted by a TC. The main purpose of the TC is to improve information sharing and coordination, and monitor implementation, to improve the programme efficiency. The TC is not decision-making body. It assists and advises members of the SC on all activities related to the action. The TC will work closely with the SC, providing timely and accurate feedback and information for strategic decision-making. The TC may be complemented by sub-committees. The technical coordination will review progresses, identify constraints, and propose corrective actions, provides recommendations to the SC on the annual work plans and progress reports. The TC will meet at least twice a year. The TC will have representatives of the main implementation partners, e.g., Ministry of Energy, Ministry of Water, NWASCO, Commercial Water Utilities, KfW, GIZ, Unicef, IFI(s) and European Union Delegation to Zambia and COMESA (EUD).

<sup>24</sup>Indicative budget, figure includes grant funds already committed to KfW (32.3 M€) and forecasted allocation in 2024 (10 M€), subject to approval of the German parliament

<sup>25</sup> UNICEF country programme document (CPD) 2022 foresees grant funds (10 M€) contribution to the action

<sup>26</sup> Indicative budget, figure includes grant funds already committed through GIZ (5.5 M€) and forecasted allocation in 2024 (2 M€), subject to approval of the German parliament

The organisational set up will be further elaborated during the formulation of the contractual agreements, after further consultation with key stakeholders. As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## 5. PERFORMANCE MEASUREMENT

### 5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

The implementing partners will be responsible for data collection, analysis, and monitoring. The action is fully harmonised with regards to data collection with the implementation partners systems. Project-specific logframes will be defined in the respective contributions agreements and during the inception phases, in a way that will allow as much as possible for aggregation of results of the Action globally.

At the beginning of implementation of each project, the implementing partners will develop comprehensive M&E systems that include comprehensive results-based monitoring systems which assigns clear responsibilities for data collection and reporting and ensures that all relevant data to report on the indicators in the log frame is collected on a regular basis. Implementing partners will use primary and secondary data. If needed, implementing partners will strengthen monitoring frameworks to ensure quality data and to address inequality-reduction.

In addition, the implementing partners will be required to contribute to the regular and structured monitoring of the results achieved by EU-funded actions through OPSYS. This responsibility will include encoding of the log-frame and regularly update indicator values in OPSYS.

All monitoring and reporting shall assess how the action is considering the principle of gender equality, human rights-based approach, and rights of persons with disabilities including inclusion and diversity indicators shall we disaggregated at least by sex

### 5.2 Evaluation

Having regard to the importance and nature of the action, a mid-term, final and ex-post evaluations may be carried out for this action or its components via independent consultants, through a joint mission, contracted by the Commission or via an implementing partner.

A mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to implantation of the contracts

A final and ex-post evaluations will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the action covers multiple sectors (energy, digit and water and sanitation) and three implementers.

The Commission shall inform the implementing partner at least one month in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation

experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

All evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment and disability inclusion. Expertise on human rights, disability and gender equality will be ensured.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination<sup>27</sup>. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

### 5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## 6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

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<sup>27</sup> See best [practice of evaluation dissemination](#)

## Appendix 1 REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

<b>Action level (i.e. Budget Support, blending)</b>		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
<b>Group of actions level (i.e. top-up cases, different phases of a single programme)</b>		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#):
<b>Contract level</b>		
<input checked="" type="checkbox"/>	Single Contract 1	Contribution Agreement to KfW
<input checked="" type="checkbox"/>	Single Contract 2	Contribution Agreement to UNICEF
<input checked="" type="checkbox"/>	Single Contract 3	Contribution Agreement to GiZ
<b>Group of contracts level (i.e. series of programme estimates, cases in which an Action includes for example four contracts and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other)</b>		
<input type="checkbox"/>	Group of contracts 1	