

REPORT OF THE COMMITTEE ON LOCAL GOVERNANCE, HOUSING AND CHIEFS' AFFAIRS ON THE REPORT OF THE AUDITOR GENERAL ON THE WATER AND SANITATION PROGRAMME SUPPORT PHASE 1 - MINISTRY OF LOCAL GOVERNMENT AND HOUSING FOR THE FOURTH SESSION OF THE ELEVENTH NATIONAL ASSEMBLY, APPOINTED ON 24TH SEPTEMBER, 2014

Consisting of:

Mr A D Mbewe, MP (Chairperson); Mr H S Chansa MP; Mr M Chishimba, MP; Mr B Hamusonde, MP; Mr G Lubinda, MP; Mrs M C Mazoka, MP; Mr M Ndalamei, MP; and Mr L J Ngoma, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,

Your Committee has the honour to present its Report on the Auditor General's Report on the Water and Sanitation Programme Support Phase 1 – Ministry of Local Government and Housing for the Fourth Session of the Eleventh National Assembly.

Functions of the Committee

2.0. In accordance with the National Assembly Standing Orders, the functions of your Committee are to:

- (i) study, report and make recommendations to the Government through the House on the mandate, management and operations of the Ministry of Local Government and Housing and the Ministry of Chiefs and Traditional Affairs, departments and/or agencies under its portfolios;
- (ii) carry out detailed scrutiny of certain activities being undertaken by the Ministries, departments and/or agencies under its portfolios and make appropriate recommendations to the House for ultimate consideration by the Government;
- (iii) make, if considered necessary, recommendations to the Government on the need to review certain policies and/or certain existing legislation; and
- (iv) consider any Bills that may be referred to it by the House.

Your Committee on Local Governance, Housing and Chief's Affairs also enjoys all the privileges, immunities and powers of a Sessional Committee as provided for in the National Assembly (*Powers and Privileges*) Act Cap 12 of the Laws of Zambia and the National Assembly Standing Orders.

3.0. Meetings of the Committee

During the period under review, your Committee held two meetings.

4.0 Procedure adopted by the Committee

In order to fully appreciate the issues raised in the Auditor General's Report, your Committee invited the following stakeholders to provide both written and oral submissions:

- (i) The National Water and Sanitation Council (NWASCO);
- (ii) The Zambia Environmental Management Agency (ZEMA);
- (iii) The Non Governmental Organisations' Water and Sanitation Hygiene Forum (NGO WASH Forum); and
- (iv) The Ministry of Local Government and Housing.

5.0 Background Information

Your Committee was informed that in order to improve the well-being of all its citizens and to ensure that the country attains the Millennium Development Goals (MDGs), the Zambian Government with the support of the Danish International Development Assistance (DANIDA) introduced the National Rural Water Supply and Sanitation Programme (NRWSSP) in December, 2005. The programme was aimed at providing rural communities with access to safe water supply, and it was to be implemented in phases.

To assess the effectiveness of the Programme, an audit was carried out which produced the Report covering Phase I of the Programme which started in 2006.

The objective of the audit was to assess the compliance of NRWSSP implementation as specified in the agreement, and to measure its effectiveness on the provision of safe water supply in rural areas of Lusaka, Western and Southern Provinces.

Your Committee learnt that although the NRWSSP had drilled 792 out of the 865 boreholes planned representing 92%, and that the proportion of households with access to safe water had increased from 41% in 2006 49% in 2010, there were a number of challenges that required to be addressed such as boreholes not drilled but paid for, wasteful expenditure due to overpayment on contract prices, poor borehole siting, faulty equipment and lack of training of communities in the maintenance of facilities.

6.0 AUDIT FINDINGS AND RESPONSES FROM THE MINISTRY OF LOCAL GOVERNMENT AND HOUSING

a. Planning to improve access to safe water in rural communities

i. Drilling of boreholes in ineligible areas

Your Committee was informed that contrary to the objective of Phase I, five (5) out of the thirteen (13) boreholes inspected in Luangwa were drilled within the peri-urban area, where there was municipal piped water system within the radius of 200 meters. The boreholes constructed at Soweto B in Dzalo ward, Luangwa Bus Station in Mandombe ward, Kamova Community in Mandombe ward, Chidada community in Dzalo ward and Luangwa Civic Center, were within 200 meters of the municipal piped water system.

Response from the Ministry of Local Government and Housing

Your Committee was informed that the Ministry, through the National Rural Water Supply and Sanitation Programme (NRNSSP), had provided guidelines on the selection, siting and drilling of boreholes to the councils. This process outlined that when communities apply for a water point; the local authority should conduct desk and field appraisals and thereafter submit the appraised list to the full council for approval. Any sites that were outside this process were subjected for further review.

The Ministry had signed memoranda of understanding with districts, which provided guidance in the implementation of the National Rural Water Supply and Sanitation Programme.

Furthermore, the Ministry through the newly established Provincial Housing and Infrastructure offices continued to build capacities and ensure compliance.

ii. **Boreholes not drilled but paid for**

Your Committee was concerned to learn that the consultants and the Ministry certified that a total of 75 boreholes were drilled and installed in Lots 1, 2 and 4 costing K2, 953, 819.44 and the entire amount was paid to the contractors. A physical verification revealed that the boreholes were not done. The payment of K2, 953,819.44 to the contractors was therefore irregular and recoverable.

Response from the Ministry of Local Government and Housing

Your Committee was informed that under the NRWSSP 1 program, a total of 792 out of 865 boreholes were successfully drilled and equipped with hand pumps in the 13 beneficiary districts in Western, Lusaka and Southern Province. This entailed that 75 boreholes could not be developed due to various reasons some being low yield and dry boreholes.

The total payments for boreholes drilled were based on the number of meters per drilled borehole and not the estimated number of boreholes. As result, most boreholes were drilled beyond the estimated 50 meters which resulted in the reduction in the number of the boreholes that were finally drilled and fully paid for.

The Ministry had addressed such occurrences through the review of technologies which placed responsibility of siting and drilling to the contractor as opposed to splitting this responsibility. This therefore, meant that the contractor was only paid for a completed water facility as opposed to the number of meters drilled.

b. **Failure to provide procurement documents**

Your Committee was informed that although the Ministry awarded 10 contracts to consultants and contractors costing K47, 740.00, no tender documents were availed for audit. In this regard, it was not possible to ascertain whether the provisions of the Public Procurement Act were adhered to.

Response from the Ministry of Local Government and Housing

Your Committee was informed that the procurement of all works under the programme was done in accordance with the Public Procurement Act No. 12 of 2008; where tenders were advertised in the public print media, publicly opened, evaluated, cleared by Ministerial Tender Committee and ZPPA. At the end of the audit of financial statements for the NRWSSP I for the financial year ended 31st December 2009, there were findings of the issues set out below.

- Advert appeared in the print media on 3rd November 2007;
- Tenders closed on 4th January 2008 out of which bids were received from 8 companies. However, due to the limited storage space within the Ministry, it was

possible that the referred to documents may have proved difficult to locate at the time of audit as they may have been transferred to the Ministry's temporal storage location situated in town area. Coupled with the numerous staff transfers, historical data in terms of the precise areas where these documents were placed may not have been passed over to the new staff making the situation even more difficulty.

- The issue of inadequate office space was being addressed by the Ministry as evidenced by the inclusion of a budget line in the 2015 budget for construction of an ultra-modern office block for the Ministry.

c. Overpayment on borehole drilling contract

Your Committee was sad to learn that although the Ministry engaged China Ghansu at a contract sum of K7, 360,607.85 for the drilling of 190 boreholes, the contractor was paid amounts totalling K7, 430,605.73 resulting in an overpayment of K69, 997.88. As of March 2014, the overpayment had not been recovered from the contractor.

Response from the Ministry of Local Government and Housing

The Ministry informed your Committee that the contractor was paid only the total contract price. Under the program, borehole drilling was carried out by drilling contractors, whilst supervision was carried out by engineering consultants, who in turn raised payment certificates for Ministry's approval. Payment to contractors was based on actual works certified by the supervising consultants.

d. Implementation and quality of the works

Your Committee was informed as set out below.

i. Siting and quality of the boreholes

The process and methodology that was used in the siting of boreholes and the eventual resultant location of the water points were not done according to the contracts.

The contracts provided that the contractors were required to use geophysics to site the boreholes and a total sum of K5, 092,497.20 (865 boreholes @ K5,887.28 each) was included for that purpose. However, no siting reports were available for audit scrutiny. This made it difficult to ascertain whether geophysics was used. In addition, the following were observed:

- out of the 975 boreholes drilled, 183 boreholes representing 18.8% were dry;
- in Shangombo District, two (2) out of three (3) boreholes visited had saline water which could have been detected before the boreholes were drilled had the contractor used scientific methods including geophysics; Consequently, the continued use of this water posed a health risk to the community; In one borehole, the water quality was measured at 5600mg/l with the water table just 4m below the surface, which could have been easily detected using geophysics; and

- as a result of the salinity, the walls of the concrete works were being eroded.

ii. **Physical inspection**

A physical inspection of boreholes in Luangwa revealed the issues set out below.

- **Lack of unique identification marks**

Although contractors were paid amounts totalling K130, 000.00 (650 boreholes @ K20.00 each) for placing of the identification plate, no plates were placed on all the boreholes. As of March, 2014, the amount had not been recovered from the contractors.

- **Poor quality civil works**

According to the bill of quantities in the contracts for Lots 1, 2, 3 and Luangwa, the soak ways had an estimated cost of K1, 200.00. However, the soak ways done were not working properly and caused ponds of water (potential health hazard).

- In Kalabo, on the Liuwa plains, the quality of the civil works was found to be very poor in that the concrete could be crumbled by hand as very little cement was used.

- **Non-functioning and faulty hand pumps**

Out of 66 hand pumps inspected in November, 2012, 17 had developed faults and were not functional.

- **Poor quality of water**

Although the contractors were paid a total amount of K323, 400.00 to carry out laboratory tests on 831 boreholes, the contractors only carried out tests on 54 boreholes at a cost of K21, 600.00. An analysis of the results of the sample tests revealed that water from thirty nine (39) boreholes did not meet the minimum water quality standards as a set by the World Health Organisation (WHO).

In addition, a test check of water samples by a consultant from eighteen (18) boreholes carried out in Chongwe (13 boreholes) and Luangwa (5 boreholes) revealed that water from three (3) boreholes was coloured, and had some black particles. This was an indication that the water was contaminated.

Response from the Ministry of Local Government and Housing

Your Committee was informed that part of the program objectives involved building capacities at district, provincial and central levels to guide and support the implementation of water supply and sanitation activities. Despite the program having this provision, the Ministry could not recruit new personnel as Ministry of Finance was not able to grant treasury authority at the time due to budgetary constraints.

This delay to recruit personnel negatively affected the smooth implementation of the project. In its effort to address this situation, Government in 2012 eventually granted Treasury Authority to recruit 38 engineers at national and provincial levels. This

move by Government resulted in the presence of the Department of Housing and Infrastructure Development at all provincial centers. This measure resulted in close supervision and monitoring of the projects being implemented by district councils.

To further enhance the performance of councils, the Ministry was working in collaboration with the Local Government Service Commission, to address the recruitment and placement of professional staff in the local authorities. Presently, key positions in the local authorities had been filled and this had created capacities in local authorities to effectively implement programs.

e. Maintenance and rehabilitation

Your Committee was informed as set out below.

i. Operations and maintenance

As per programme, the operations and maintenance of the water points and their long term sustainability should have been addressed by training the Area Pump Menders (APMs) and caretakers, including the provision of tools. However, in all the sixty-six (66) districts visited, APMs and caretakers were not trained by the contractor and tools for maintenance were not provided to the communities. Consequently, attempts by the community to carry out repair and maintenance works resulted in rope threads failing or PVC pipes being cracked resulting in leakages and pump failure.

ii. Incompatible tools

The tools and manuals worth K100, 800.00 which were left with the council could not be used for repairs because there were not compatible with the type of boreholes installed in Luangwa. The tools could only be used to hold stainless steel type of material and not PVC installed. As such, it was difficult for the area pump menders to repair the broken down wells.

A discussion with the engineer revealed that the tools supplied for Luangwa District were inappropriate.

Response from the Ministry of Local Government and Housing

The Ministry informed your Committee that it had developed the National Rural Water Supply and Sanitation Program in 2007, aimed to provide sustainable and equitable access to safe water supply and basic sanitation to meet basic needs for improved health and poverty alleviation for Zambia's rural population.

Under this program, the Ministry was rolling out the Sustainable Operation and Maintenance Programme (SOMAP) to all the rural districts with the support from Japanese International Cooperative Agency (JICA). This program would ensure that the beneficiary communities through area pump menders were trained in repair mechanism, supply chain management of spare parts and tool kits. Further, the program provides for the establishment of spare shops which would make the basic accessibility of spares to sustain water facilities.

7.0. Based on the audit findings, the Auditor General's Report made the recommendations set out below.

i. **Drilling of boreholes in ineligible areas**

The Ministry of Local Government and Housing (MLGH) should strictly follow the specifications as contained in the Programme agreement in the siting and drilling of boreholes.

ii. **Overpayment on the contract price**

All payments to contractors should be based on actual works certified by the appointed supervisor and not on contractual amounts.

iii. **Implementation and quality of works**

The Ministry of Local Government and Housing should enhance the monitoring of construction works and ensure that they are done to specifications, to ensure quality work and corrective action taken if the investigations find weaknesses.

iv. **Maintenance and rehabilitation**

The MLGH should ensure that the communities are trained as APMs and caretakers as specified in the Programme documents.

The necessary accessories including spare parts and manuals must be provided to the districts to minimize the number of non-functioning wells.

8.0 Committee's Observations and Recommendations

With the information provided above and through its interaction with stakeholders in the water and sanitation sector, your Committee makes the observations and recommendations set out hereunder.

(i) Decentralised Procurement System

Your Committee observes that contractors are usually procured from Lusaka without the involvement of Local District Councils. This has created a problem in terms of supervision because district councils are expected to supervise the contractors, despite the fact that they are not involved in their selection process.

Your Committee recommends for the adoption of a decentralised procurement system, in which each province would be involved at procurement level, leading to the selection of the best drillers with the necessary experience. This would empower and improve supervision by district councils. Some areas such as the Western Province have a unique terrain and drillers selected need to have experience in drilling in areas with similar terrain. It appeared that drillers that were recruited in the programme did not have experience in drilling in such areas, hence the challenges that had resulted from their works.

(ii) Supervision of works

Your Committee observes that given the long distance from Lusaka to the drilling sites and the lack of involvement of the local district councils, there is usually very minimal supervision of work on the drilling companies by the Ministry of Local Government and Housing. Additionally, council staff did not have the technical capacity to supervise the drillers.

Your Committee recommends that serious capacity building of ministry staff and local government officers be undertaken so that they are able to provide effective supervision of the contractors. In addition, community members should also be sensitized and involved in the programmes.

(iii) Payment to contractors

Your Committee observes that the contractors were paid before the completion of works. Most of the work paid for had not been carried out.

Your Committee recommends that works should only be paid for after a thorough physical inspection and confirmation of the completed works. Completed works should conform with the required specifications indicated in the contract issued to the contractor. Your Committee further recommends for the following:

- the over payment of K69,997.88 should be immediately refunded by the contractor;
- the payment of K130, 000.00 for the unique identification plates that were not installed should be immediately refunded.

(iv) Dry boreholes

Your Committee observes that currently, there is no policy that provides guidance on dry boreholes.

Your Committee recommends that a policy should be developed providing guidance on dry boreholes, not only for Government boreholes but also for the general public. Disclaimers in the contracts with drillers indicating payment to the driller whether the borehole has water or not should not be allowed.

(v) **Duration of drilling works**

Your Committee observes that the duration between drilling and equipping of the boreholes is usually long. The boreholes are usually not secured and the possibility of people throwing litter in them is quite high. This causes a challenge at the time of fixing the pump.

Your Committee recommends that the contract should specify the duration between drilling and equipping.

(vi) **Failure to provide Procurement documents**

Your Committee observes that the response provided by the Ministry of Local Government and Housing concerning the failure to provide procurement documents is inadequate and unsatisfactory. Your Committee is perturbed that the Ministry failed to provide the Auditors with procurement documents, despite the Auditors undertaking six follow up visits to the Ministry.

Your Committee strongly recommends that the query be taken seriously, and that the procurement documents should be traced and provided to the Auditors for verification.

9.0. Conclusion

In conclusion, your Committee wishes to express its gratitude to you, Mr Speaker, and to the Office of the Clerk of the National Assembly for the support rendered to it during the year. Your Committee is also indebted to the Office of the Auditor General and the Ministry of Local Government and Housing for the permanent witnesses who have continued to provide professional guidance to your Committee. Your Committee thanks all the witnesses who appeared before it for their co-operation in providing the necessary memoranda.

Your Committee is hopeful that the observations and recommendations contained in this Report, will go a long way in improving the provision of clean and safe water to all the citizens in Zambia.

A D Mbewe, MP
CHAIRPERSON

December, 2014
LUSAKA

Appendix I

LIST OF OFFICIALS

National Assembly

Mr S C Kawimbe, Acting Principal Clerk of Committees

Mr F Nabulyato, Committee clerk (FC)

Mrs C K Mumba, Assistant Committee Clerk

Mrs A S Lloyd, Stenographer

Mr R Mumba, Committee Assistant

Mr C Bulaya, Committee Assistant

Appendix II

LIST OF PERMANENT WITNESSES

Office of the Auditor General

Mr J Mafuta, Director – Specialised Audits
Mr M Mafwila, Principal Auditor
Mr R Nkausu, Senior Auditor

Ministry of Local Government and Housing

Mr J Chulu Assistant Director, Local Government Administration
Mr B Simukoko, Principal Local Government Auditor
Mr A Zulu, Senior Local Government Auditor