



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON ENERGY, WATER DEVELOPMENT AND TOURISM

FOR THE

**SECOND SESSION OF THE TWELFTH NATIONAL ASSEMBLY APPOINTED ON
WEDNESDAY, 20TH SEPTEMBER, 2017**

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REPORT OF THE COMMITTEE ON ENERGY, WATER DEVELOPMENT AND TOURISM FOR THE SECOND SESSION OF THE TWELFTH NATIONAL ASSEMBLY, APPOINTED ON WEDNESDAY, 20TH SEPTEMBER, 2017

Consisting of:

Mr E K Belemu, MP (Chairperson); Mrs M C Chonya, MP (Vice Chairperson); Mr C M Zulu, MP; Mr F S Kufakwandi, MP; Mr D Mung'andu, MP; Mr M Jamba, MP; Mr J Chabi, MP; Mr K Mbangweta, MP; Mr S Mulusa, MP; and Mr J Malanji, MP.

The Membership of your Committee changed following the appointment of Mr J Malanji, MP, as Minister of Foreign Affairs. He was replaced by Mrs J C Mumbi- Phiri, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,

Your Committee has the honour to present its Report for the Second Session of the Twelfth National Assembly.

Functions of the Committee

2. The functions of your Committee on Energy, Water Development and Tourism as set out in Standing Order No. 157 (2) are to:

- (i) study, report and make the appropriate recommendations to the Government through the House on the mandate, management and operations of the Government ministries, departments and agencies under their portfolio;
- (ii) carry out detailed scrutiny of certain activities being undertaken by the Government ministries, departments and/or agencies under their portfolio 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 existing legislation;
- (iv) examine annual reports of Government ministries and departments under their portfolio in the context of the autonomy and efficiency of Government ministries and departments and

determine whether the affairs of the said bodies are being managed according to relevant Acts of Parliament, established regulations, rules and general orders;

- (v) consider any Bills that may be referred to it by the House;
- (vi) consider International Agreements and Treaties in accordance with Article 63 of the Constitution;
- (vii) consider special audit reports referred to it by the Speaker or an order of the House;
- (viii) where appropriate, hold public hearings on a matter under its consideration; and
- (ix) consider any matter referred to it by the Speaker on an order of the House.

Meetings of the Committee

3. Your Committee held fifteen meetings during the year under review to consider submissions from various witnesses on '*Water Supply and Sanitation in Zambia*' and the Action-Taken-Report.

Arrangement of the Report

4. Your Committee's Report is organised in six parts. Part I deals with the consideration of the topical issue: '*Water Supply and Sanitation in Zambia*' while Part II presents the findings of your Committee arising from the tours. Part III presents your Committee's observations and recommendations arising out of the presentation of written and oral submissions from various stakeholders and from the tours. Part IV presents the consideration of the 2016 Annual Report of the Energy Regulation Board and part V is a review of the Operations of the Zambezi River Authority. Part VI deals with your Committee's consideration of the Action-Taken Report.

Procedure adopted by the Committee

5. In line with its Programme of Work, your Committee considered the topical issue on '*Water Supply and Sanitation in Zambia*'. In doing so, it requested detailed memoranda from relevant stakeholders. In this vein, your Committee received both written and oral submissions from stakeholders on the topical issue. The list of stakeholders who interacted with your Committee is at Appendix I of this Report.

PART I

WATER SUPPLY AND SANITATION IN ZAMBIA

Background

6. One of the strategic pillars of the Seventh National Development Plan is enhancing development which includes improved access to water supply and sanitation as a development outcome. This recognition underscores the Government's realisation that access to water and sanitation is a basic human right and a pre-condition for social and economic development.

Major reforms in the water supply and sanitation sector in Zambia began in 1993 and culminated into the National Water Policy (NWP) in 1994. These reforms were meant to address a number of challenges in the sector. In spite of the reforms, the rising population in Zambia has outpaced expansion or upgrading of water supply and sanitation infrastructure. In many urban residential settlements, there is no access to sewerage facilities, meaning that residents use alternative facilities such as pit latrines and septic tanks which in most cases have led to contamination of groundwater. Sadly, people living in these settlements rely on boreholes for accessing water and some of these boreholes have been contaminated by raw sewage, thereby posing the risk of diseases. This is evidenced by the continued outbreaks of waterborne diseases such as cholera that the country has been experiencing particularly in Lusaka. The 2017/2018 cholera outbreak was to a large extent attributed to contamination of underground water. The problems in the water supply and sanitation sector have been exacerbated by lack of capital investments in appropriate infrastructure. The old and dilapidated infrastructure has led to inefficiency in the delivery of water and sanitation services.

Given the above, your Committee resolved to undertake a study to assess the status of water supply and sanitation in Zambia.

The objectives of the study were to:

- (i) find out the adequacy of the institutional, policy and legal framework in the water supply and sanitation sector;
- (ii) learn the successes, if any, of the sector reforms that the country has been undergoing for the past two decades;
- (iii) learn the major challenges that the sector is facing;
- (iv) learn the sources of financing for the sector; and
- (v) make recommendations on the way forward.

SUMMARY OF SUBMISSIONS FROM STAKEHOLDERS

The findings of your Committee on this topical issue are presented below.

Overview of the Water Supply and Sanitation Sector

7. Your Committee was informed that the mandate to provide domestic water supply and sanitation services in Zambia was vested in the various local authorities around the country. In order to actualise the provision of water and sanitation services, commercial water utility companies, owned by the local authorities, were created for the sole purpose of supplying clean and safe water and sanitation in their respective councils or communities.

Your Committee was further informed that the National Water Supply and Sanitation Council (NWASCO) was responsible for regulation of water supply and sanitation services. There were eleven (11) commercial utilities licensed to provide water and sanitation services in the urban areas of the ten provinces of Zambia. Solid waste management and drainage infrastructure remained the direct responsibility of the local authorities. The local authorities, as shareholders in the commercial utilities, were tasked with the responsibility of appointing a Board of Directors in each commercial utility to oversee its operations.

Your Committee was further informed that the Government had developed a comprehensive and integrated National Urban Water Supply and Sanitation Programme (NUWWSP) to cover the period 2011 to 2030 for improved livelihood and health of the urban population in Zambia. The NUWWSP consisted of a coherent set of institutional and sector support activities aimed at developing and sustaining water supply, sanitation, solid waste management and drainage infrastructure and services in the urban areas of Zambia.

Policy, Legal and Institutional Framework of the Water Supply and Sanitation Sector

Policy Framework

7.1 Your Committee was informed that the National Water Policy of 2010 was the overarching policy on water resources management in Zambia. This policy was aimed at optimally harnessing water resources for efficient and sustainable utilisation of water resources to enhance economic productivity and reduce poverty. Your Committee was further informed that the principal legislation on water resources management in Zambia was the *Water Resources Management Act*, No. 21 of 2011.

Further, your Committee learnt that the following principles drove the water supply and sanitation sector:

- Principle 1:** Separation of water resources management functions from water supply and sanitation.
- Principle 2:** Separation of the regulatory functions and executive functions within the water supply and sanitation sector.
- Principle 3:** Devolution of authority to local authorities and the private sector.
- Principle 4:** Achievement of full cost recovery for the water supply and sanitation services through user charges in the long run.
- Principle 5:** Human resource development leading to more effective institutions.
- Principle 6:** Appropriate technology to local conditions.
- Principle 7:** Increased GRZ spending priority and budget spending to the sector.

In addition, your Committee was informed that the sector was in the process of developing the Water Supply, Sanitation and Solid Waste Management Policy.

Legal Framework

Your Committee was informed that the legal framework for the water supply and sanitation sector was the *Water Supply and Sanitation Act, No. 28 of 1997*. Further, the *Water Resources Management Act No, 21 of 2011* provided for the management, development, conservation, protection and preservation of the water resources and its ecosystems.

Institutional framework

Your Committee was informed that arising from the need to better manage the water sector, the Ministry of Water Development, Sanitation and Environmental Protection (MWDSEP) was gazetted on 18th November, 2017 to preside over, among other things, water resources management and development; water supply and sanitation; and environmental protection and pollution control. Institutions and bodies under the Ministry were the Environmental Protection Fund, NWASCO, Water Resources Management Authority (WARMA), water supply and sanitation utilities and the Zambia Environmental Management Agency (ZEMA). The following is a summary of the mandates of the different institutions in the water supply and sanitation sector:

- (i) National Water Supply and Sanitation Council – established to ensure efficient and sustainable provision of water supply and sanitation services. NWASCO also regulated private schemes that provided water supply and sanitation services to their employees as a fringe benefit.
- (ii) Water Resources Management Authority – established to oversee the management, development, conservation, protection and preservation of the water resource and its ecosystems.
- (iii) Commercial Utilities – established under the *Companies Act, Chapter 388 of the Laws of Zambia* to provide water supply and sanitation services. All commercial utilities are licensed and regulated by NWASCO. Commercial Utility Companies were owned by Local Authorities in their respective service areas.

Adequacy of the Institutional, Policy and Legal Framework

7.2 Your Committee was informed that there were some gaps in the institutional and policy framework in the water supply and sanitation sector. The National Water Policy (NWP) of 2010 did not provide adequate objectives and measures that were needed to guide the sector. For example, while the 2010 NWP addressed water resources management and development, it did not adequately cover sanitation and hygiene.

Further, your Committee was informed that the Policy was inadequate with regard to the implementation of activities within the Policy. For example, although there had been some progress made in the water supply and sanitation sector by commercial utilities, it had been disproportionate in that most of the work had been undertaken in urban areas. There was still a significant amount of work that needed to be undertaken in peri-urban and rural areas.

Your Committee was reminded that in the 2018 budget speech, the Minister of Finance indicated that the Government would amend the *Water Supply and Sanitation Act* as a way of strengthening legislation surrounding the provision of water and sanitation services in Zambia, a pronouncement that had been made in both the 2016 and 2017 budget speeches as well. However, the Act had not been amended.

Solid Waste Management

Your Committee was informed that the local authorities were responsible for solid waste management in Zambia. Some had adopted a Community Based Enterprise (CBE) Model where private companies were subcontracted to collect, transport and dispose of waste. However, the CBE model was not addressing the aim for which it was created as the local authorities lacked a monitoring

mechanism to ensure that the companies contracted to collect waste carried out their mandate as stipulated in the contracts.

Information Management System

Your Committee was informed that Zambia did not have a robust information management system for the water supply and sanitation sector. The availability of an information management system would make it easier to plan and allocate resources appropriately. Without evidence of access levels and coverage in terms of water supply and sanitation, it was difficult for commercial utilities to provide adequate service to its customers. In addition, non-availability of data had resulted in unequal distribution of water, sanitation and health (WASH) services. Furthermore, it was difficult for communities to advocate for WASH services in the absence of reliable data.

Financial Mismanagement

Your Committee was informed that there was evidence of forgery by some officers at the Ministry of Local Government where three (3) million Euros meant for urban projects in Lusaka was misappropriated. Another issue of concern was that huge amounts of project funds were disbursed for sitting allowances rather than being directed towards projects. While the 3 million Euros was reimbursed in December, 2016, the incident had dented the image of Zambia and some cooperating partners had threatened to withdraw their support.

Infrastructure

Your Committee was informed that there was inadequate infrastructure in the water supply and sanitation sector because Zambia had not invested in the sector in the past thirty years. As a result, most water supply and sanitation facilities were dilapidated and inadequate. Furthermore, they lacked documented infrastructure, thereby causing high operational costs. This, coupled with the population growth that had not been matched with infrastructure development for improved service delivery, had led to the current challenges facing the sector.

Poor Urban Planning

Your Committee was informed that poor urban planning had impacted the water supply and sanitation sector negatively. Almost eighty percent of all urban residents in Zambia lived in informal settlements. As a result, provision of water and sanitation services in every new settlement had lagged behind. This had resulted in a number of unplanned water and sanitation services by people living in those new settlements.

Your Committee was further informed that planning in Zambian cities and urban settlements had been poor and not responsive to socio-economic and political changes. New development areas were predominantly served through septic tanks which were unregulated in design and construction. Increasingly, ground water in the city was being contaminated. Other than that, the mixed land-use approach had seen shopping malls, office blocks and other commercial facilities being set up in residential areas without taking into account existing water and sewerage infrastructure in the vicinity and the appropriateness of such developments.

Private Entities with Water Supply and Sanitation Rights

Your Committee was informed that the *Water Supply and Sanitation Act* permitted private entities such as mining companies to supply water and provide sanitation services. However, this provision posed challenges, as these private entities did not pay any levies to commercial utilities. In addition, your Committee was informed that once customers failed to settle their bills and were disconnected, they resorted to sinking boreholes or digging shallow wells. This was a source of ground water contamination and deprived commercial utilities the much needed revenue.

Cholera Outbreak

Your Committee was informed that Zambia's population was estimated to be about 17 million with over 3 million living in Lusaka. The population of Lusaka had grown significantly over the past years. However, water and sanitation facilities had not grown at the same rate as the population. This had led to challenges in the water supply and sanitation sector.

Your Committee further learnt that a number of cholera outbreaks associated with poor water supply and sanitation had occurred in Zambia over the years. In 2016, a total of 1,179 cases of cholera were recorded, with thirty one deaths. In late 2017 to early 2018, more than seventy people mostly from Lusaka died because of cholera outbreaks. The 2017/2018 cholera outbreak was mainly attributed to poor water and sanitation facilities that had led to the contamination of groundwater in certain high density areas of Lusaka.

Access to Water and Sanitation Services

Your Committee was informed that there was little achievement in extending water supply coverage over the years by commercial utilities. This stagnation or lack of improvement was as a result of rapid urbanisation and low investment in the sector. Sanitation coverage recorded a slight increase from 2015 to 2016. However, connection to sanitation network in urban areas was as low as 18 percent, the rest being onsite sanitation, threatening the quality of underground water.

Regulatory Framework for Rural Water Supply and Sanitation

Your Committee was informed that there was no regulatory framework for rural water supply and sanitation (RWSS). Some RWSS facilities that had been reported to have been constructed were below standard. There was no regulatory oversight on standards for water point construction or facilities in rural areas.

CHALLENGES FACED BY THE WATER SUPPLY AND SANITATION SECTOR IN ZAMBIA

7.3 Your Committee was informed that the water supply and sanitation sector was facing a lot of challenges. These included those set out below.

i. Lack of an Effective National Coordination Framework

Your Committee was informed that one of the major challenges was the lack of an effective national framework for coordinating and integrating the implementation of related sector policies. Line Ministries often implemented policies in isolation of related sector policies. As a consequence, coordination and implementation of other sector policies that impacted on the water and sanitation sector was weak. For instance, forests played an important role in maintaining the hydrological cycle because they protected headwaters that were the sources of water. Therefore, inadequate implementation of the Forestry Policy would affect the water and sanitation sector. This was because deforestation was a major issue that threatened the sustainability of Zambia's water resource base.

ii. Dilapidated and Inadequate Water and Sewerage Infrastructure

Your Committee was informed that the water and sanitation sector was characterised by dilapidated and inadequate water and sewerage infrastructure. This was because most of the infrastructure for both water and sewerage in urban areas was either obsolete or grossly inadequate. The outlay of investment had been slow, forcing a huge proportion of the urban population to resort to installing private borehole water systems and on-site sewerage systems. This had reduced the client base for the utility companies whilst also exerting pressure on the underground water reserves and increasing the risk of contamination.

iii. Non-Revenue Water

Your Committee was informed that the problem of non-revenue water (NRW) presented a challenge to the water sector, particularly to the commercial utilities. NRW was water that was treated but lost before it reached the client due to leaks, theft or metering inaccuracies. NRW was costing commercial utilities colossal sums of money. According to the 2016 NWASCO Report, the NRW losses for the utility companies were estimated at 49 percent. This was a huge drain to the utility companies' resources and unless the state of the infrastructure was improved, the shortages would continue to be experienced, especially in the peri-urban areas. Unfortunately, this was the scenario all across Zambia.

iv. Solid Waste Management

Your Committee was informed that the stakeholders lamented that despite Zambia having a comprehensive policy and implementation plans on solid waste management, it had not made strides in addressing solid waste management. Indiscriminate disposal of general waste and plastics in particular was getting worse by the day.

v. Lack of Multi Sectoral Coordination and Planning

Your Committee was informed that water supply and sanitation was a cross-cutting issue which affected the ministries responsible for water development, sanitation and environmental protection, health, energy and agriculture. However, the implementation of sector based approach to development, as opposed to an integrated one, hindered the attainment of sustainable use of water resources for socio-economic development. It was explained that the water supply and sanitation sector assumed a subordinate position to the health sector in terms of funding even if diseases such as cholera were directly related to poor quality of water and sanitation services.

vi. Delayed Payment of Water and Sewerage Bills by Government Departments

Your Committee was informed that delayed settlement of water and sewerage bills by some Government departments negatively affected service delivery. This had led to failure by commercial utilities to settle statutory bills to institutions such as the Zambia Electricity Supply Corporation, National Pension Scheme Authority and Zambia Revenue Authority.

vii. Anthropogenic Activities

Your Committee was informed that one of the major challenges facing Zambia was the damage being caused to the water resource through human activities. Water recharge areas and water bodies were being polluted at a fast rate. Unregulated human activities had led to accelerated underground water pollution. Pit-latrines, septic tanks and garbage constituted the biggest hazards. Poor on-site sanitation facilities were said to be the largest threat to groundwater quality in the Lusaka urban area. Other increasing hazards included leaking fuel storage tanks and filling stations to mention a few. In fact, the Lusaka Water and Sewerage Company had decommissioned some boreholes due to contamination from filling stations.

viii. Lack of Active Participation by the Private Sector

Your Committee was informed that the water and sanitation sector lacked active participation by the private sector as most would-be investors perceived the sector to be financially unattractive.

ix. Lack of Effective Regulation and Enforcement

Your Committee was informed that lack of effective regulation of sanitation continued to hinder efforts to improve access to sanitation. Although Zambia had laws that pertained to sanitation, such as the *Public Health Act, Chapter 295 of the Laws of Zambia*, the capacity of the local authorities to enforce the laws was limited.

x. Unplanned Settlements and Illegal allocation of land

Your Committee was informed that unplanned land settlements had been putting an increasing strain on the ability of commercial utilities to provide water and sanitation services.

SUCCESSSES RECORDED IN THE WATER SUPPLY AND SANITATION SECTOR

7.4. Your Committee was informed that a lot of progress had been made in the implementation of the water and sanitation reforms and in restructuring the sector. The water and sanitation institutional framework was better organised with well defined roles and responsibilities. Some of the positive effects of the reforms included the re-organisation of the sector, reduction of political interference, stability of services, and improved capacity and management. These improvements have manifested themselves in terms of improved performance indicators such as regular and credible billing, improved response to customer complaints, predictable supply, accessible pay points, increased connection and metering ratios. However, most of these positive

outcomes applied to high-income customers, and little improvements had been recorded in most low-income areas.

MAJOR SOURCES OF FINANCING FOR THE SECTOR

7.5. Your Committee was informed that the major sources of funding in the water sector had been revenue from water tariffs, cooperating partners and the Government. The portion of funding from the Government had been small for a long time. Your Committee was further informed that the sector required investment averaging about US\$240 million annually in water supply and sanitation infrastructure. According to NWASCO Information System (NIS) for the period 2008 to 2012, the Government of Zambia had been contributing during the period an average of ZMW18.447 million to the water supply and sanitation sector while, billing revenue from commercial utilities to cover operations, maintenance, depreciation and finance costs amounted to ZMW412.506 million annually, totaling ZMW430.953 million. Funding from cooperating partners through grants and loans kept fluctuating with the sector receiving US\$31.95 million in the year 2011. Therefore, the sector needed other financing options including public-private partnerships (PPPs) which was the cooperative venture for the provision of infrastructure or services, built on the expertise of each partner that best met clearly defined public needs, through the most appropriate allocation of resources, risks, and rewards.

Your Committee was further informed that another source of financing was the Devolution Trust Fund (DTF), which was established by NWASCO under the *Water Supply and Sanitation Act No 28 of 1997* as an instrument to assist Commercial Utilities to improve water supply and sanitation services in peri-urban and low income areas.

PART II

REPORT ON THE LOCAL TOUR

8. Your Committee undertook a tour of selected water utility companies in Lusaka, Central and Copperbelt Provinces as part of its effort to consolidate appreciation of the status of water supply and sanitation in Zambia. Your Committee also held two public hearings in Matero, Lusaka and Chifubu, Ndola to solicit input from members of the public on the subject matter under consideration.

During the tour, your Committee visited the following water utility companies:

- (i) Lusaka Water and Sewerage Company
- (ii) Lukanga Water and Sewerage Company
- (iii) Kafubu Water and Sewerage Company
- (iv) Nkana Water and Sewerage Company

The findings of your Committee during the tours are presented below.

(i) Lusaka Water and Sewerage Company

Your Committee was informed that most of the water supply and sanitation infrastructure is old and dilapidated, which has led to erratic water supply and the lack of adequate sanitation services in Lusaka. In order to address the problem, your Committee learnt that Lusaka Water and Sewerage Company (LWSC) in partnership with China Civil Engineering Construction Corporation (CCECC) Zambia Limited was implementing the Kafue Bulk Water Supply Project Phase I. The Project was financed by Exim Bank of China at a contract value of US\$150 million. The project commenced on 5th September, 2016 and was expected to be completed in September, 2018. Your Committee further learnt that the basic scope of the Project consisted of a water intake facility, water treatment plant and water transmission system and booster pump station.

Stuart Park

Your Committee visited Stuart Park along Independence Avenue in Woodlands area. Your Committee was informed that Stuart Park housed four water reservoirs and the land around it was reserved for water catchment. Your Committee further learnt that the surrounding areas of the facility had been reserved to prevent and regulate the flow of water during major flood periods. However, part of the facility had been encroached upon which made the area susceptible to floods and threatened the sustainability of the facility. Your Committee was further informed that LWSC had not been able to meet the

demand for water due to rapid population growth and expansion of industries in Lusaka city.

Chilanga Booster Pump Station

Your Committee visited the new Chilanga Booster Pump Station. Your Committee was informed that the Station design capacity was 50,000 cubic metres, which included a booster pump house, treatment water reservoir, chlorine dosing room and power distribution room. Your Committee learnt that, once completed, the project would lead to an improvement in water supply to Lusaka. As part of the contract conditions, the Government was required to meet the cost of resettlement for displaced people.

Your Committee was informed that the Station was also affected by encroachments just like the Stuart Park facility. Your Committee further learnt that the project had suffered a setback in terms of resettlement because the Government had delayed to release funds to relocate the affected people.

Iolanda Rehabilitation Works

Your Committee was informed that the tower at Iolanda was constructed in 1970 and no rehabilitation works had been undertaken on the facility since 1988. Through support from the Millennium Challenge Account (MCA), LWSC was carrying out some rehabilitation works involving replacement of pumps and the motor control centre in order to extend the lifespan of the infrastructure to about fifty years.

Your Committee also visited the High Lift Plant that was constructed in 1988. The Plant channeled water from Kafue to the Chilanga Booster Pump Station. Your Committee learnt that prior to the commencement of the rehabilitation works, an assessment of the condition of the existing infrastructure and equipment was conducted. The assessment revealed that the pumps still had a lifespan of about fifteen years. Owing to the good condition of the equipment, the contractors had carefully removed all the old pumps and handed them over to LWSC for future use.

New Intake and Treatment Facility

Your Committee was informed that the construction of the new intake and treatment facility would include a new water supply and treatment plant and an administrative block. Your Committee was further informed that once completed, the project would result in improved water supply and sewerage services to areas such as Chalala and Meanwood in Lusaka. In order to improve sanitation services, the company was exploring on-site sanitation technologies in Chawama, Matero and Chelstone. However, your Committee

was informed that sewer connections were a very costly undertaking which required Government's financial support.

Your Committee was informed that the Lusaka Water and Sewerage Company faced the following challenges:

- (i) encroachments;
- (ii) vandalism of infrastructure;
- (iii) lack of capacity to meet demand for water and sanitation services;
- (iv) high non revenue water; and
- (v) unstable macro-economy.

Another major challenge was the company's loan and debt status which was submitted as outlined below. The outstanding loans on the books of the company are shown in the Table below.

S/N	Source	Amount	Loan balance
1	ZANACO Bank	K35,000,000	K25,902,193
2	WORLD BANK – Water Sector Performance Improvement Project	US\$33,000,000	US\$30,770,739
3	WORLD BANK – Lusaka Sanitation Programme	US\$65,000,000	US\$9,480,410
4	African Development Bank – Lusaka Sanitation Program	US\$50,000,000	US\$1,852,362

Other debts owed by the company as at 31st March, 2018 are tabulated below.

Category	Debt
Commercial and Domestic	K160,294,740.59
GRZ	K90,424,308.23
Lusaka City Council	K5,400,999.20
Total	K256,120,048.02

(ii) Lukanga Water and Sewerage Company

Your Committee was informed that Lukanga Water and Sewerage Company (LgWSC) operated in eight town centres of Central Province, namely: Kabwe, Kapiri Mposhi, Serenje, Chibombo, Chisamba and Mumbwa. Your Committee further learnt that following the re-alignment of districts, Itezhi tezhi, Ngabwe, Luano, Chitambo and Shibuyunji were added to its mandate. Your Committee was informed that the company had difficulties to provide service in all its operational areas due to the geographical location of some areas such as Kabangwe which was nearer to Lusaka than Kabwe. Further, the Committee learnt that the newly created Districts had not yet been added to the company's

license. The process of license review was done annually by the regulator (NWASCO).

Your Committee was informed that Kabwe was the largest and fastest growing town in Central Province. Due to this rapid population growth, there was a deficit in water and sanitation infrastructure. Your Committee was informed that K481,973,728 was needed to meet the sector's infrastructure gap in Kabwe. Your Committee was further informed that LgWSC had partnered with Rocla and EnviroSan of South Africa and Sinakho Consultancy of Zambia to pilot a toilet project called 'Eazi Flash toilet' in Makululu compound. The compound was identified based on its poor sanitation status. Once operationalised, the Eazi Flash Toilet could replace pit latrines and offer a solution to underground water pollution. Your Committee further learnt that the toilets were easy to install and used a minimum of two litres of water. The total installation cost was K10,000 per toilet.

Your Committee was informed that the government had approved the Makululu Project at a contract value of K13.4 million for installation of three new boreholes, new transmission pipelines, a 350 cubic litres tank and a network to service 10,000 people through 1000 new water connections, including five water kiosks. The project was expected to commence once 25 percent of the contract fee was released and it was expected to be executed in twelve months.

Your Committee learnt that the company was facing serious challenges in terms of huge debts owed by the Government and other public institutions. This situation prevented the company from reinvesting into water and sanitation services infrastructure. The total debt exceeded K18.9 million as at February, 2018. The company called upon the Government to settle the outstanding debt.

The Committee was informed that most of the infrastructure in Central Province was dilapidated. In some areas, the water utility inherited old and dilapidated equipment and infrastructure, which was designed for a smaller population and had not been rehabilitated and upgraded since 1950.

Your Committee was further informed that the company had had no Board since March, 2017. In the absence of a Board, the company reported to the Permanent Secretary, Ministry of Water Development, Sanitation and Environmental Protection. Your Committee further learnt that, the shareholders had submitted names of proposed Board members to the Ministry but there had been no feedback. The absence of a Board had created a governance vacuum which hampered the operations of the company.

Tour of Mukobeko Treatment Plant

Your Committee visited Mukobeko Treatment Plant, which sat on a thirty two hectares piece of land and was one of the source of ground water for Kabwe. The Plant had a capacity of 11,000 cubic litres and twelve boreholes. However, six of the twelve boreholes had not been working for the past two years. Due to limited resources, the Utility had not been able to repair the faulty boreholes. Your Committee further learnt that the land on which the Plant was located had been encroached by illegal settlers. In an effort to secure the Plant, the utility had commenced the process of acquiring title deeds.

Kasanda Sewerage Plant

Your Committee visited the Kasanda Sewerage Plant, and was informed that the Plant had not been spared from the problem of encroachment. Furthermore, the Plant was located in an open area with effluent exposed and therefore, posed a serious health hazard to nearby residents.

(iii) Kafubu Water and Sewerage Company

Your Committee was informed that Kafubu Water and Sewerage Company operated in three towns, namely: Ndola, Luashya and Masaiti, servicing a population of 600,000 with a customer base of 63,000 connections. Your Committee was further informed that the company had replaced 55 percent of its equipment in order to increase hours of supply and coverage. In an effort to curb wastage and Non Revenue Water, the utility had replaced the main distribution pipe line to Kansenshi, in addition to metering of Kansenshi Police Camp and Prison. In order to improve its billing system, the company was carrying out a database clean up exercise in Ndeke and Pamodzi townships. Your Committee further learnt that the company had instituted a task force to pursue debtors owing huge amounts to the company.

Your Committee further learnt that the company was undertaking the following projects:

- (a) Kafubu Sustainable Water and Sanitation Improvement Project (KSWSSIP) at a total cost of US\$104 million supported by the Danish International Development Agency (DANIDA). The project was aimed at improving service delivery to Ndola, Luanshya and Masaiti on a sustainable basis. The project period was from 2015 to 2018, and it was 90 percent complete.
- (b) Kafulafuta Water Supply Scheme Project (KWSSP) valued at US\$449 million, supported by the Chinese Government. The project's main objective was to improve service delivery to Ndola, Luanshya, Masaiti and Mpongwe Districts on a sustainable basis. The project duration was

from 2016 to 2019/2021. The project included the construction of Kafulafuta Dam in Ibenga Mission area, a new water pipeline to Kafubu dam, Makoma, Mikomfwa and a new water treatment system in Mpongwe.

Your Committee was informed that the project incorporated a plan for the construction of ten staff houses, resettlement houses and a new office block for KWSC. Your Committee further learnt that the resettlement Action Plan was progressing well and 192 of the planned 268 houses were under construction. The remaining works were earmarked to be completed by the end of April, 2018.

Your Committee was informed that the KSWSIP and KWSSP would culminate into the following outcomes:

- (a) increased revenue collection;
- (b) improved raw water quality;
- (c) improved plant availability;
- (d) improved energy efficiency;
- (e) increased water coverage;
- (f) reduced NRW;
- (g) increased metering ratio;
- (h) improved sewer effluent quality;
- (i) increased supply hours; and
- (j) improved sewerage services.

Your Committee was informed that the company had been operating without a Board since 2015. The shareholders had submitted proposals of appointees to the Ministry of Water Development, Sanitation and Environmental Protection. Your Committee further learnt that in the absence of a Board, the Permanent Secretary was acting as interim Board Chairperson.

Your Committee was informed that the company experienced challenges due to massive vandalism of infrastructure and encroachments. Your Committee further learnt that Minsundu Township had been highly encroached despite being a good water catchment area.

Kafulafuta Dam Construction Site

Your Committee visited the construction site for the Kafulafuta Dam in Mpongwe. The project was scheduled to be completed in 2021. Your Committee was informed that some residents in the surrounding areas would be displaced due to the construction of the dam. Your Committee further learnt that a resettlement action plan was in place to construct houses for all the affected people. The plan included a water reticulation system.

(iv) Nkana Water and Sewerage Company

Your Committee was informed that Nkana Water and Sewerage Company (NWSC) was wholly owned by Kitwe and Kalulushi Local Authorities. The company operated in three towns, namely: Kitwe, Kalulushi and Chambishi.

Major Projects

Your Committee was informed that the company had undertaken the following projects:

- (i) implemented the NWSSP funded by AfDB amounting to US\$63 million to cover the rehabilitation of water and sewerage installations in Kitwe, Kalulushi and Chambishi;
- (ii) implemented the GRZ grant of K20 million; and
- (iii) constructed 1,448 water borne toilets in Wusakile with the help of MCM Limited at a cost of US\$5 million.

Your Committee was informed that the company was undertaking several in-house projects such as replacement of collapsed sewer pipes in Bulangililo, Nkana East and West, Chimwemwe, Mindolo, Riverside, Ndeke, Chamboli and Kalulushi townships. Your Committee further learnt that the company had devised mechanisms aimed at enhancing revenue collection. These included restructuring, mass disconnections and opening more pay points. Your Committee further learnt that the utility had used strategies such as Shipwe Shipwe and Tumfwane Road Shows, where customers were given flexible payment plans and offered rewards as a way of motivating them to settle their bills. The company had recorded notable improvements in most key performance indicators and was recognised for this achievement in 2017 by NWASCO.

Loans and Debts

Your Committee was informed that at inception, the utility took over loans that were contracted by Kitwe City Council (KCC) and Asset Holding Company-Mining Municipal Services (AHC-MMS). NWSC inherited a subsidiary loan which the Government of the Republic of Zambia (GRZ) obtained from the African Development Bank and on-lent to KCC at an interest rate of 3 percent per annum. The Principal Units of Account of 17,780 (77,321.186) was disbursed to the Government at the exchange rate prevailing at the time of contracting the loan (UA5.64:K1, the rate is currently at UA14.1:K1). The Government further disbursed K7,006,527 as counterpart funding bringing the total subsidiary loan amount to K84,327,713.

Your Committee further learnt that on 1st January 2006, NWSC took over the operations of AHC-MMS, along with the assets and liabilities of the entity as at

31st December, 2005. Among the liabilities taken over was a subsidiary loan obtained by the Government from International Development Association (IDA) of the World Bank amounting to US\$12 million. AHC-MMS was the implementing agency at the time. The loan was split among the three Copperbelt Utilities of Kafubu Water and Sewerage Company, Mulonga Water and Sewerage Company and Nkana Water and Sewerage Company on 1st October, 2007 with Nkana Water and Sewerage Company taking 24 percent of the loan amounting to US\$2,850,473.00. The loan bears interest at a rate of 4.5 percent per annum and the subsidiary agreement was denominated in United States Dollars (USD).

Your Committee was informed that the company faced a challenge in that the loans had not been serviced and remained unpaid. Your Committee learnt that the company's weak financial position was also articulated in the report of the Auditor General on the Accounts of Parastatal Bodies for the financial years 2014 to 2016, submitted to the Public Accounts Committee.

Your Committee was informed that the company was facing a number of challenges as set out below:

- (i) low metering coverage;
- (ii) old water pipe network;
- (iii) overloaded sewage system;
- (iv) vandalism of infrastructure installations;
- (v) high customer arrears;
- (vi) illegal connections;
- (vii) inadequate liquidity;
- (viii) high turnover of professional and competitive labour market for qualified staff; and
- (ix) pollution of raw water sources.

FINDINGS FROM THE PUBLIC HEARINGS HELD AT MATERO, LUSAKA AND CHIFUBU, NDOLA

Your Committee held two public hearings at Matero Community Hall, Lusaka and Mpezeni Community Hall, Ndola.

Objective of the Public Hearings

The public hearings were aimed at obtaining information on the level of service delivery with regard to water supply and sanitation in Matero and Chibufu. Further, your Committee wanted to appreciate the challenges that members of the public faced in accessing safe and clean drinking water, sanitation services and the state of infrastructure.

The findings of your Committee's public hearings are set out below.

- (i) the public was dissatisfied with the service provided by both Lusaka Water and Sewerage and Kafubu Water and Sewerage Companies. The residents submitted that the utility companies did not respond to customers' complaints in time. Other grievances included inaccurate billing system and in the worst cases, customers being billed even in the absence of water supply;
- (ii) the communities experienced erratic water supply with only two hours of supply or none in some areas. Further, residents lamented that the regulated hours of access of water from communal taps presented a challenge;
- (iii) most of the water and sewerage infrastructure was old and dilapidated which resulted in dysfunctional sewerage systems and associated water leakages and wastage;
- (iv) there were no water and sanitation services in Matero and Chifubu markets;
- (v) some members of the public vandalised the company's infrastructure, which further exacerbated the problem of water supply;
- (vi) the cost of water from communal taps was unaffordable. For instance Lusaka Water and Sewerage Company charged K30 per month per household;
- (vii) members of the public submitted that some people had built houses where water and sanitation pipes are supposed to run, thereby blocking the lines;
- (viii) the public submitted that the utility companies did not send any notification prior to disruption of supply thereby inconveniencing the customers; and
- (ix) some members of the public lamented that personnel at service centres of Kafubu and Lusaka Water and Sewerage Companies were in most cases unable to address customers' queries. Customers were instead referred to the Head Offices of these utility companies, which defeated the purpose of the service centres save for payment of bills only.

PART III

COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

9. Your Committee notes that the water supply and sanitation sector, if properly harnessed has the potential to contribute immensely to the socio-economic development of the country. Furthermore, improved water supply and sanitation services would contribute to lowering costs to the health sector, as many people fell ill due to waterborne diseases. Your Committee is, however, concerned over the large number of serious challenges besetting the sector which were revealed during its interactions with various stakeholders.

9.1 Taking into consideration the findings from its meetings, the local tour and the public hearings, your Committee presents its observations and recommendations as set out below.

(i) Need to review the National Water Policy

Your Committee observes that there is no robust policy framework governing the water supply and sanitation sector. The National Water Policy of 2010 does not provide detailed policy measures or strategies and also lacks a clear implementation framework.

Your Committee recommends that in order to give the water supply and sanitation sector clear direction, there is an urgent need to develop a comprehensive water supply and sanitation policy which will address the many problems that the sector is facing.

(ii) Need to enhance Corporate Governance

Your Committee observes that there is a governance vacuum in most commercial utilities due to the absence of Boards of Directors. The current status is that only Nkana Water and Sewerage Company and Lusaka Water and Sewerage Company have Boards of Directors in place. However, Lusaka Water and Sewerage Company is operating with half a Board. This has led to inefficiencies in the operations of these commercial utilities, a situation which your Committee finds unacceptable. Furthermore, your Committee observes that most Chief Executive Officers for commercial utilities are working without contracts.

Your Committee recommends that, as a matter of urgency, the Government should put in place measures to enhance good corporate governance and ensure that Boards of Directors are appointed in all commercial utilities. The appointment of Directors to the Boards must meet the qualifications enshrined in the Companies Act and respective Articles of Association for commercial

utilities. Further, your Committee recommends that Government should ensure that no Chief Executive Officer was subjected to work without a contract.

(iii) Inadequate Water and Sanitation Investment

Your Committee observes that the existing water and sanitation infrastructure does not correspond with the ever growing population. Your Committee further observes that the current budgetary allocation to the sector is inadequate to meet the capital investment required to bring the infrastructure in tandem with the growing population.

Your Committee, therefore, strongly recommends that Government increases its financial support to enable commercial utilities to expand water and sanitation coverage to urban and peri urban areas. Your Committee further recommends that the Government should consider entering into public-private partnerships in order to leverage additional investment into the sector.

(iv) Outstanding Water and Sanitation Bills

Your Committee observes that delayed settlement of water and sewerage bills by Government and some public institutions continues to negatively affect the commercial utilities' ability to provide quality service. Your Committee further observes that as a result of these unpaid bills, most commercial utilities failed to meet their statutory obligations. Your Committee further observes that commercial utilities inherited huge debts in form of loans from local authorities.

Your Committee recommends that, as a matter of urgency, the Government should settle all outstanding arrears. Your Committee further recommends that the Government should consider debt swapping against the statutory dues that commercial utilities owe institutions such as Zambia Electricity Supply Corporation, Zambia Revenue Authority and National Pensions Scheme Authority.

Your Committee further recommends that in order prevent the accumulation of bills by Government departments and institutions, commercial utilities should consider installing prepaid meters in all Government departments and institutions.

(v) Non-Revenue Water (NRW)

Your Committee observes that the water supply and sanitation sector is characterised by old and dilapidated infrastructure, leading to water leakages and hence a high prevalence of non revenue water.

Your Committee strongly urges the Government to channel the necessary financial support towards rehabilitation and upgrade of water and sanitation infrastructure in order to curb the problem of non revenue water and consequently improve the efficiency of commercial utilities.

(vi) Uncoordinated City Planning and Weak Regulation

Your Committee observes that there is inadequate coordination in developmental planning between utilities and planning authorities in new development areas for the provision of water supply and sanitation services.

Your Committee recommends that in order to ensure that there is planned water and sanitation services in newly established residential areas, the Government should operationalise the Integrated Development Plan as enshrined in the *Urban and Regional Planning Act No. 3 of 2015*.

(vii) Uncoordinated and weak collaboration

Your Committee observes that there is lack of coordination among the different stakeholders in the water and sanitation sector.

Your Committee, therefore, recommends that in order to foster a well coordinated and integrated system, there is need to undertake a comprehensive review of the *Water Supply and Sanitation Act No. 28 of 1997* and finalise the development of the water supply and sanitation policy. Other relevant policies and pieces of legislation should also be reviewed to bring them in line with emerging issues such as climate change, as well as foster integrated planning and development to support Zambia's sustainable development agenda.

(viii) Information Management Systems

Your Committee observes that the country does not have a fully operational Information Management System in the water and sanitation sector.

Your Committee recommends that the Government, through the Ministry of Water Development, Sanitation and Environmental Protection, should accelerate the development of a robust information management system for the sector.

(ix) Improve Water and Sanitation Infrastructure

Your Committee observes that there is inadequate infrastructure in the water supply and sanitation sector. Further, even the little infrastructure available is, in most instances, old and dilapidated. Your Committee notes that there has been no investment in water supply and sanitation infrastructure in the last

thirty years. The sector also lacks funding for operations and maintenance, leading to further dilapidation of infrastructure.

Your Committee recommends that the Government should explore avenues for alternative reliable sources of funding for the water and sanitation sector in order to have a continuous flow of funds to the sector. In this regard, Government should create a basket fund for the sector.

(x) Financial Mismanagement

Your Committee observes with concern the submission from co-operating partners on the mismanagement of funds disbursed to the water and sanitation sector. This unfortunate incident has dented the image of the country.

Your Committee recommends that, as a matter of urgency, stringent measures should be put in place to ensure that resources meant for improvement of the water supply and sanitation sector are used only for the intended purpose. Your Committee further recommends that disciplinary action should be meted out against all officers involved in the mismanagement of funds. If necessary, the culprits in the matter should be prosecuted.

(xi) Government/Donor Funded Projects

Your Committee observes with gratitude the numerous Government and donor funded projects being undertaken in the water and sanitation sector.

Your Committee, therefore, recommends that the Government, in collaboration with commercial utilities should devise robust and sustainable management plans that cover capacity building, operations and management in order to maintain and prolong the lifespan of the infrastructure and equipment being installed under these projects.

(xii) Widespread Encroachments of Water and Sewerage Plants

Your Committee observes that there is an overarching problem of encroachments of water and sanitation plants. Some members of the public have built houses and other structures close to water reservoirs, as the case is at Stuart Park in Lusaka.

Your Committee recommends that in order to protect the facilities and stop any further encroachments, there is need to expedite the process of securing title deeds for all properties owned by commercial utilities.

(xiii) Rural Water Supply and Sanitation

Your Committee observes that there is no regulation of water supply and sanitation services in the rural areas. NWASCO is confined to regulation in urban and peri urban areas, a situation which has created a gap in rural areas.

Your Committee recommends that the Government expedites the process of approving the National Rural Water Supply and Sanitation Programme for the period 2016 to 2030 in order to increase access to safe, reliable and convenient quantities of water and access to proper sanitation.

(xiv) Poor Service Delivery

Your Committee observes that commercial utilities lag behind in terms of service delivery in peri urban areas. Your Committee further observes that commercial utilities took long to respond to customers' complaints and in some instances did not provide any feedback.

Your Committee recommends that in order to restore the confidence of the public in terms of service delivery, commercial utilities should improve customer relations in their service areas.

(xv) High Cost of Water from Communal Taps

Your Committee observes that the cost of water accessed from communal taps is too high. For example, Lusaka Water and Sewerage Company charges K30 per month per household. This has led to some residents using shallow wells as sources of water.

Your Committee strongly recommends that commercial utilities that provide water through communal taps should consider reducing the cost in order to attract a wide customer base and prevent people from resorting to sourcing water from shallow wells.

PHOTO GALLERY



Members of your Committee during the Public Hearing at Matero Community Hall, Lusaka



Water Kiosk, Ipusukilo Township



VIP Toilet, Ipusukilo - Nkana Water and Sewerage Company



Members of your Committee at the construction site of the Kafulafuta Dam



Eazi Flush Toilet Pilot Project - Lukanga Water and Sewerage Company



Eazi Flush Toilet Pilot Project - Lukanga Water and Sewerage Company



Kasanda Sewerage Treatment Plant – Lukanga Water and Sewerage Company



The Chilanga Booster Pump Station under construction



Kafulafuta Water Supply Scheme Project, Resettlement House



Mukobeko Water Treatment Plant – Lukanga Water and Sewerage Company



Members of your Committee listening to the Maintenance and Projects Engineer, Lukanga Water and Sewerage Company



Installation of Ductile Pipes – Nkana Water and Sewerage Company



Bulangililo Water Treatment Plant – Nkana Water and Sewerage Company



Kafubu Intake/Compact Treatment Plant – Kafubu Water and Sewerage Company



Prepaid Water Metre – Nkana Water and Sewerage Company



Kafue New Intake Treatment Facility – Lusaka Water and Sewerage Company



Kamirenda Sewage Ponds – Kafubu Water and Sewerage Company



A Member of the public asking questions during the Public Hearing at Matero Community Hall, Lusaka



Part of the audience at the Public Hearing in Chifubu, Ndola

PART IV

EXAMINATION OF THE ENERGY REGULATION BOARD 2016 ANNUAL REPORT

Background

10. In accordance with Standing Order No 157 (2) (iv) which mandates the Committee to examine annual reports of the Government ministries and departments under their portfolio, your Committee examined the Energy Regulation Board (ERB) 2016 Annual Report. In carrying out this exercise, your Committee requested the ERB to submit its 2016 Annual Report and later requested the ERB to give an oral submission on the contents of the Annual Report. The submission by the ERB is summarised below.

Your Committee was informed that in 2016, the ERB continued to carry out its mandate in the energy sector in accordance with the *Energy Regulation Act Chapter 436 of the Laws of Zambia*. The activities undertaken were based on the 6th Strategic Business Plan for the period 2014 – 2016.

Major Achievements

(i) Issuance of Licences

Your Committee was informed that in line with its mandate to license and regulate energy undertakings, the ERB issued a total of ninety six licences of which fifty seven were initial applications and thirty nine were renewals. This translated into K15, 757,566.34 as licence assessment fees for ninety six licences issued in 2016.

In addition, thirty five applications for inclusion of new energy facilities to existing licences were approved. By comparison, the ERB issued a total of 116 licences in 2015 representing a reduction of 20.8% in 2016.

(ii) Monitoring of Performance of State Owned Enterprises

Your Committee was informed that the ERB continued to monitor the performance of state owned enterprises through Key Performance Indicators (KPIs) to enhance the provision of quality energy products and services. In the petroleum subsector, KPI audits of INDENI Refinery and TAZAMA Pipelines Limited (TPL) were conducted. INDENI achieved one KPI out of the four KPI targets while TAZAMA achieved one KPI out of the five KPI targets.

Further, the ERB had set targets for financial KPIs for INDENI Petroleum Refinery Limited, TPL and TAZAMA Petroleum Products Limited (TPPL), so as to monitor the performance of these State Owned Enterprises (SOEs).

(a) *INDENI Petroleum Refinery Limited*

The ERB set INDENI’s quarterly KPI targets of fifteen trade debtor days and a current ratio of at least 1.0 at the end of each quarter of 2016. The table below shows the performance of INDENI in 2016.

Table 1: INDENI KPI Scores for 2016

	KPI Score	Quarter	KPI Target	Actual Performance	Target Achieved
1.	Debtor days	1	15	41.1	NO
		2	15	55.1	NO
		3	15	34.4	NO
		4	15	40.3	NO
		Quarterly Average	15	42.7	NO
2.	Current Ratio	1	1.0	2.4	YES
		2	1.0	1.7	YES
		3	1.0	2.3	YES
		4	1.0	2.1	YES
		Quarterly Average	1.0	2.1	YES

Based on the quarterly average in 2016, INDENI achieved one out of the two KPI targets set by the ERB representing a 50% achievement score.

(b) *TAZAMA Pipelines Limited*

The ERB set TPL’s quarterly targets KPI of fifteen trade debtor days and a current ratio of at least 1.2. This was the ratio of current assets to current liabilities, measuring a firm’s ability to pay off its short-term liabilities with its current assets.

The table below shows the performance of TPL in 2016.

Table 2: TPL KPI Scores for 2016

	KPI Score	Quarter	KPI Target	Actual Performance	Target Achieved
1.	Debtor days	1	15	22.5	NO
		2	15	91.0	NO
		3	15	5.9	YES
		4	15	36.7	NO
		Quarterly Average	15	31.7	NO
2.	Current Ratio	1	1.2	N/A	
		2	1.2	2.5	YES
		3	1.2	2.3	YES
		4	1.2	2.7	YES
		Quarterly Average	1.2	2.5	YES

Based on the quarterly average in 2016, TPL achieved one out of the two KPI targets set by the ERB representing a 50% achievement score.

(c) TAZAMA Petroleum Products Limited

The ERB set TPPL's quarterly targets KPI of 2.0 for asset turnover ratio; 1.2 for current ratio; thirty days for debtor days; and ninety days for creditor days. The table below shows the KPI performance of TPPL in 2016.

Table 3: TPPL KPI Scores for 2016

	KPI Score	Quarter	KPI Target	Actual Performance	Target Achieved
1.	Debtor days	1	30	0	YES
		2	30	0	YES
		3	30	0	YES
		4	30	0	YES
		Quarterly Average	30	0	YES
2.	Current Ratio	1	1.2	0.6	NO
		2	1.2	0.3	NO
		3	1.2	0.2	NO
		4	1.2	0.1	NO
		Quarterly Average	1.2	0.3	NO
3.	Asset Turnover	1	2.0	1.0	NO
		2	2.0	1.1	NO
		3	2.0	1.6	NO
		4	2.0	1.9	NO
		Quarterly Average	2.0	1.4	NO
4.	Creditor Days	1	90	44.1	YES
		2	90	61.8	YES
		3	90	52.3	YES
		4	90	53.5	YES
		Quarterly Average	90	53.0	YES

Based on the quarterly average in 2016, TPPL achieved two out of four two KPI targets set by the ERB, representing a 50% achievement score.

Your Committee was informed that in the electricity sub-sector, a performance audit of ZESCO Limited was undertaken which revealed that the company

achieved a compliance rate of 65% on its KPI targets. ZESCO's KPI's framework measured financial, operational and technical performance in the areas of customer metering, cash management, staff productivity, quality of service, system losses, power generation and safety and customer complaints. Of the eight KPI indicators, ZESCO recorded the least of 0% in quality of service supply and 1% in safety as shown in the table below. The overall average ZESCO performance in 2016 against the KPI's was 65% as summarised in the table. However, ZESCO's set of KPI indicators expired in the period under review and a new KPI framework was developed and was to take effect in 2017.

Table 4: ZESCO's KPI score – 2016

NO	INDICATOR	WEIGHT	2016
1	Metering Customers	10%	8%
2	Cash Management	20%	15%
3	Staff Productivity	15%	11%
4	Quality of Service Supply	20%	0%
5	System Losses	10%	10%
6	Power Generation	10%	10%
7	Safety	5%	1%
8	Customer Complaints	10%	10%
Total Score		100%	65%

(iii) Technical Infrastructure Compliance Audits

Your Committee was informed that technical infrastructure compliance audits were undertaken for ZESCO Limited, North Western Energy Company Limited (NWE), Copperbelt Energy Corporation (CEC) Plc, and Lunsemfwa Hydropower Corporation (LHPC) Limited. The inspections were conducted to evaluate performance against the set Zambian Standard, regulations, Code of Practice, licence conditions and Board directives. ZESCO scored compliance rate of 80.9%, CEC scored 96%, NWE scored 86.5% and LHPC scored 88%. The compliance rate for all four entities exceeded the Strategic Business Plan target of 80%.

Your Committee was further informed that in the petroleum sub-sector, infrastructure audits of all operational fuel filling stations nationwide were conducted. The audits were conducted to evaluate performance against the set Zambian standards and licence conditions. In this regard, 268 retail sites countrywide were inspected, out of which 254 were urban sites.

The national compliance rate for the 254 urban sites was found to be 87.73 percent compared to 87.4 percent for 2015. The marginal increase could be attributed to the technical hearings conducted during the year under review. Further, the ERB revised the grading criteria for service stations to include a consumer service requirement in addition to the technical specifications.

(iv) Product Quality Sampling at Service Stations

Your Committee was informed that the ERB conducted product quality sampling at service stations, and at the Government and Oil Marketing Companies (OMC) Depots. A total of two hundred eighty five samples were collected throughout the country during the year under review. The laboratory analysis revealed that the average overall product quality compliance was 93.66 percent compared to the overall product quality compliance of 75.41 percent recorded in 2015, representing an increase of 18.25 percent. The increase in overall product quality compliance was attributed to improved adherence to the sampling protocol with respect to sampling practices, sample handling and preservation. Further, this reflected that OMCs continually complied with established product quality standards for fuel distributed to consumers on the Zambian market.

(v) Regulatory Framework for Pricing for Liquefied Petroleum Gas

Your Committee was informed that in order to ensure that there was no exploitation of consumers through excessive pricing, a light-handed regulatory framework for the Liquefied Petroleum Gas (LPG) pricing was developed by monitoring wholesale and retail prices for LPG. On average, the retail price of LPG per kilogramme during the period under review was K17. One kilogramme of LPG was equivalent to 13.6 kWh which meant that the cost of 1kWh of LPG was K1.25. Meanwhile, the price of electricity was K0.73 per kWh. Thus LPG was more expensive than electricity by K0.52.

(vi) Development of Renewable Energy Subsector Regulatory Framework

Your Committee was informed that the ERB continued to promote diversification and investment in the renewable energy sub-sector. In this regard, a Renewable Energy Regulatory Framework (RERF) was developed. The aim of the framework was to ensure that there was a clear and predictable enabling regulatory mechanism for the renewable energy sector. In order to ensure compliance, a total of thirty audits of solar dealers were undertaken in Lusaka and Copperbelt Provinces. The audits examined the quality of solar products on the market, service delivery by the dealers and identified entities that required to be licensed. One of the major anomalies was the lack of traceability of sources of solar products in the industry. Hence the development of a framework for Renewable Energy Projects by ERB.

(vii) Complaints Resolution

Your Committee was informed that in line with its mandate, the ERB continued to receive and investigate complaints in the energy sector. A total of 573 complaints were received out of which 408 were resolved representing 71 percent, against a set target of 70 percent by December, 2016. The complaints were received through the four ERB offices, consumer watch groups and the toll free line 8484.

(viii) Development of a Service Charter

Your Committee was informed that in order to enhance efficiency, especially on matters affecting stakeholders, the ERB developed a Service Charter outlining Service Level Agreements. Under the Charter, all processes had been assigned timelines within which a service must be rendered. In this regard, the Service Charter Awareness Campaign Concept was developed and implemented in 2017.

(ix) Collaboration with other Government Agencies and other International Regulators/Bodies

Your Committee learnt that in order to strengthen partnerships with other regulatory institutions, the ERB continued its collaboration with the Competition and Consumer Protection Commission; Road Transport and Safety Agency; Zambia Bureau of Standards and Zambia Environmental Management Agency through entering into Memoranda of Understanding with the respective agencies.

At regional level, as a member of the Regional Electricity Regulators of Southern Africa (RERA), the ERB continued to chair the Consumer Services and Communications Sub-Committee under the auspices of RERA. To meet one of the RERA targets, the ERB spearheaded the survey to establish the baseline for consumer protection preparedness among member countries. The report would serve as a reference point for all energy regulators in the region. In addition, the ERB engaged RERA experts to conduct a peer review exercise which was aimed at assessing the organisation's procedures and the governance, risk management and compliance systems. The review was undertaken and the report was expected in 2017.

(x) Audited Financial Statements for the year ended 31st December 2016

Your Committee was informed that in line with the requirements of the *Energy Regulation Act, Chapter 436 of the Laws of Zambia*, the ERB was audited by Messrs Deloitte and Touché and the Audited Financial Statements approved

and presented as part of the Annual Report of the ERB for the year 2016 to the Minister of Energy.

Key Factors that had a bearing on the Energy Sector during 2016

Your Committee was informed that a number of factors affected the energy sector in 2016. These were mostly economic factors. According to the Ministry of Finance, the Zambian economy experienced slower growth after a decade of accelerated progress and this slow growth was expected to continue. This was on account of external and domestic challenges as outlined below.

(i) Fall in commodity prices and adverse weather conditions

On the external front, the fall in commodity prices on the international market as well as the adverse weather linked to the *El Niño* weather pattern over the previous two agricultural seasons affected the performance of the economy.

(ii) Electricity deficit on account of low water levels

On the domestic front, key challenges included the electricity deficit on account of low water levels in the main reservoirs, and high inflation that led to an increase in the cost of production for the private sector.

(iii) Policy Reversals

Policy reversals adversely impacted on business planning, particularly in the mining sector, and the growing expenditure exerted pressure on monetary policy. However, despite these challenges, inflation declined to a single digit and closed the year at 7.5 percent compared to 21.1 percent in 2015.

(iv) Depreciation of the kwacha

In the petroleum sub sector, a fuel price adjustment was made in October, 2016. Pump prices were increased by K3.83, K2.81 and K1.91 for petrol, diesel and kerosene, respectively. The increase was mainly attributed to a high exchange rate. In 2016, the price of fuel in Zambia continued to be determined mainly by international oil prices and the exchange rate. Any major movements in the two factors could trigger a price adjustment. Other factors that could initiate a price adjustment were changes in levies and duties; charges such as Strategic Reserve Fund fees; margins for transporters, OMCs or dealers; and changes in pumping or processing fees.

(v) Trends in International Oil Prices

In 2016, international oil prices generally increased. The rise in oil prices was sustained following proposals by the Organisation of the Petroleum Exporting Countries to allocate production quotas to its members and eventually produce less oil.

(vi) Trend in the Exchange Rate

During the year, the Kwacha was characterised by significant volatility.

(vii) Interruption of Fuel Supply arising from Contaminated Cargo

In January 2016, Zambia experienced an interruption of fuel supply following the rejection of contaminated petroleum feedstock by the Government. In order to mitigate the crisis, the ERB monitored the supply of the commodity and engaged OMCs to improve access to fuel through waiving of tanker driving time restrictions to extend beyond the 06:00 hours to 18:00 hours threshold. The ERB also directed that fuel should be sold to motorists on demand rather than hoarding for account holders only. Additionally, OMCs were directed to guard against fuel attendants selling the fuel to suspected vendors at the expense of motorists. Further, the Government issued Statutory Instrument (SI) No. 21 of 2016 which waived import duty on diesel and petrol for the OMCs contained in the schedule to the SI. The ERB provided value laden analysis and, advice to the Government on the implications of the imported products on the final price.

(viii) ZESCO Limited Electricity Tariff Reversal

In the electricity subsector, an application for the reversal of the tariff increase awarded in December, 2015 was received from ZESCO. The application was considered and approved. Despite the reversal, the Government expressed its commitment to the attainment of cost reflective tariffs by 2019 in line with the July, 2015 resolution of the 34th meeting of the SADC Energy Ministers. In line with this, the ERB undertook the Cost of Service Study (CoSS) in 2017 whose main purpose was to establish the cost of generating, transmitting, distributing and supplying power to various customer categories and at various supply points in the industry. During the period under review, the ERB had commenced and made progress in the procurement of a consultant to conduct the electricity CoSS with funding from the African Development Bank.

Your Committee was informed that the ERB would continue to work tirelessly to monitor the performance of licensed entities in order to ensure the provision of quality energy products and services. Further, despite the challenges experienced in the energy sector in 2016, the ERB would continue to improve regulatory oversight through enhanced compliance monitoring and consequent

enforcement actions. The ERB would strive to continue ensuring efficient provision of reliable energy products and services.

Committee's Observations and Recommendations

10.1 Arising from the consideration of the Energy Regulation Board 2016 Annual Report, your Committee makes the observations and recommendations set out below. In making these observations and recommendations, your Committee commends the ERB for submitting a well-structured and timely Annual Report and notes that the organisation conducted its operations in line with the law and laid down procedures.

- (i) Your Committee observes that since the enactment of the *Energy Regulation Act* in 1995, a number of developments have taken place in the energy sector that call for the amendment of the Act. Your Committee further observes that there is need for specific legislation that will guide the electricity sector.

Your Committee recommends that as a matter of urgency, the Executive should make amendments to the *Energy Regulation Act* to take into account the new developments in the energy sector. In addition, the Government should seriously consider promulgating legislation to govern the electricity sub-sector.

- (ii) Your Committee observes that during the period under review, the ERB Board held more meetings than scheduled. It, therefore, recommends that in order to ensure financial prudence, the Board should as far as possible, conduct its business within approved schedules.
- (iii) Your Committee observes that there is no conclusive information on the cost of producing electricity in Zambia and is, therefore, concerned that the ERB approves electricity tariff hikes without any real understanding as to what constitutes cost reflective tariffs in Zambia.

Your Committee, therefore, recommends that the results of the Cost of Service Study should be released to stakeholders as a matter of urgency.

- (iv) Your Committee observes that Jet A1 fuel is more expensive in Zambia than in any other country in the region and recommends that the use of the cost plus model to price Jet A1 fuel should be stopped in preference for the import parity model as this will help to reduce the price of Jet A1 fuel.
- (v) Your Committee observes that ERB staff costs accounted for about 80 percent of the grant received by the ERB during the period under review.

It further observes that the organisation was operating below its approved staff establishment.

Your Committee acknowledges that taking into account the nature of ERB's operations, the organisation was inadequately funded during the period under review and urges the Government to improve funding so that the ERB can effectively carry out its regulatory functions. Your Committee also recommends that adequate staff should be employed at the organisation to enable it operate more efficiently.

PART V

REVIEW OF THE OPERATIONS OF THE ZAMBEZI RIVER AUTHORITY

Background

11. In October 2017, your Committee undertook field visits to the Batoka Hydro-Electric Scheme and the Kariba Dam Rehabilitation Project, following an invitation from the Zambezi River Authority (ZRA) which manages the two projects. The visits were held jointly with the Zimbabwean Parliamentary Committee on Mines and Energy.

The objectives of the field visits were to:

- (i) equip Zambian and Zimbabwean Parliamentarians with first-hand information on the Zambezi River Authority's projects so as to enable them, where necessary, to articulate the developmental projects being undertaken by the two Governments;
- (ii) raise the visibility of the projects among all key stakeholders in both countries and beyond; and
- (iii) avail the Members of Parliament an opportunity to network and discuss bilateral issues pertaining to the two projects.

Following the field visits, your Committee resolved to request the Ministry of Energy to clarify matters that arose during the visits so as to enable it make appropriate recommendations to the Government on the way forward. Summarised below are your Committee's findings from the field visits and the subsequent meeting with the Ministry of Energy.

1) Tour of Batoka Hydro-Electric Scheme and the Kariba Dam Rehabilitation Project

Structure of the Zambezi River Authority

11.1 Your Committee was informed that the Zambezi River Authority (ZRA) was a statutory body jointly owned by the Governments of Zambia and Zimbabwe on a 50-50 basis. It was established in 1987 through the enactment of parallel legislation by the Parliaments of the two countries, namely the *Zambezi River Authority Act Chapter 467 of the Laws of Zambia*; and the *Zambezi River Authority Act No. 19 of 1987 of Zimbabwe*. The Authority's mandate was to contribute to the economic, industrial and social development of Zambia and Zimbabwe by obtaining the greatest possible benefit from the natural advantages offered by the waters of the Zambezi River. It was also mandated to improve and intensify the utilisation of the waters for the production of hydropower and for any other purpose beneficial to the two countries. Apart from the management of the Kariba Dam and Reservoir, the

Authority also operated thirteen gauging stations within the Zambezi River Basin catchment area for the two countries.

Your Committee learnt that ZRA had 147 members of staff based in Harare, Kariba and Lusaka against an establishment of 158. The Authority had a four-level organisational structure comprising the Council of Ministers, Board of Directors, Chief Executive and Departmental Heads or Executive Directors. A recruitment policy had been put in place which provided for equal numbers of Zambian and Zimbabwean staff to be employed in each grade. The legal framework was concluded in November 2001 when the Zambian Government gazetted the amendments to the *Zambezi River Authority Act of 1987* to enable implementation. In September, 2009, Zimbabwe gazetted the amendments. As at August 2017, the staffing levels stood at sixty eight for Zambia and seventy nine for Zimbabwe giving a total of 147 employees for the Authority. Your Committee further learnt that the two countries had an agreement that the country housing the Head Office of the Authority would not provide the Chief Executive Officer. Therefore, because the Head Office was in Zambia, the Chief Executive Officer would always be a Zimbabwean national.

Functions of the Authority

Your Committee was informed that the functions of the ZRA were stipulated in the schedules of the statues establishing the Authority in both Zambia and Zimbabwe. The mandate of the Authority was to obtain the greatest possible benefit from the natural advantages offered by the waters of the Zambezi River; to improve and intensify the utilisation of the waters for the production of energy; and any other purpose beneficial to both countries. The core mandate was for economic, industrial and social development with the following key strategic functions:

- (i) operating, monitoring and maintenance of the Kariba Dam Complex;
- (ii) investigating the desirability of constructing new dams on the Zambezi River and subject to approval by the Council, construct, operate and maintain new dams;
- (iii) collecting, accumulating and processing hydrological and environmental data of the Zambezi River; and
- (iv) regulating the water levels of Lake Kariba for both hydropower and flood disposal requirements.

Corporate Strategic Plan 2015-2019

Your Committee learnt that the Authority's Corporate Plan for period 2015 to 2019 was to:

- (i) secure the long term safety and reliability of the Kariba Complex by December 2022;

- (ii) build the Batoka Hydro Electric Scheme by 2022 and initiate the development of Devil's Gorge Hydro Electric Scheme by December 2019;
- (iii) achieve organisational efficiency and effectiveness;
- (iv) ensure availability of funds for recurrent and capital expenditure;
- (v) build a strong and positive corporate image;
- (vi) harmonise various legislative instruments; and
- (vii) implement an effective monitoring and evaluation mechanism.

Development of Hydro Potential of the Zambezi River

Batoka Gorge Hydro Electric Scheme

Your Committee was informed that the development of the Batoka Gorge Hydro-Electric Scheme dated back to January, 1972. In 1993, feasibility studies were undertaken, although the scheme could not be developed due to lack of clearance from the two Governments of Zambia and Zimbabwe. In February 2012, the ZRA was mandated by both countries to develop the Scheme.

According to the latest engineering studies, the technical configuration for the project comprised:

- (i) 181m high, 720m long roller compacted concrete (RCC) gravity arch dam;
- (ii) two surface power plants, with a combined capacity of 2,400MW, one on either side of the river bank and each having a capacity of 1,200MW;
- (iii) 6 x 200MW turbines in each power plant; and
- (iv) transmission lines: 330kV in Zambia and 400kV in Zimbabwe.

Your Committee was informed that the Batoka Project could put both nations in a stable and resilient position regarding power supply reliability. The competitive cost of electricity, estimated at 3.2c/kWh, would not only improve the competitiveness of the two countries' products, but also provide scope for new energy intensive investments such as smelters. The project would also raise the share of renewable energy relative to other sources of electricity.

Devil's Gorge Hydro Power Scheme

Your Committee was informed that the potential of Devil's Gorge Hydro Power Scheme site was estimated to be at 1240MW. Pre-feasibility studies were underway and the Authority was reviewing the first report on these studies. The development of this scheme was expected to commence before commissioning of the Batoka Gorge Hydro-Electric Scheme.

Kariba Dam Rehabilitation Project

Your Committee was informed that in order to secure the continued safe operations of the Kariba Dam in accordance with international standards, two components were identified, which included:

- (i) plunge pool reshaping; and
- (ii) spillway refurbishment.

The objective of the plunge pool reshaping project was to prevent further scouring, particularly along the weak fault or seam zone towards the dam foundations. It was anticipated that this component would be financed by the European Union's European Development Fund, parallel to the other components of the Kariba Dam Rehabilitation Project.

The objective of spillway refurbishment component was to improve the operations and prevent potential failure of the spillway control facility. This component would be jointly financed by the African Development Bank and the World Bank.

Zambezi Valley Development Fund

Your Committee was informed that that in its quest to address challenges faced by people displaced during the construction of the Kariba Dam, the ZRA created the Zambezi Valley Development Fund (ZVDF) in 1997. The Fund's objectives were to:

- (i) raise funds for specific and sustainable projects meant to alleviate the impact of the displacement of the Tonga/KoreKore people on both sides of the Zambezi River in Zambia and Zimbabwe who were displaced during the construction of the dam wall at Kariba, but whose resettlement was not properly managed;
- (ii) implement, administer and supervise the said specific and sustainable projects;
- (iii) address issues pertaining to the sustainability of the said projects through astute project financing, manpower training and project administration for the said displaced communities in both Zambia and Zimbabwe; and
- (iv) carry out such or any charitable projects for the general benefit of the said displaced communities as the Trustees shall think fit.

The ZVDF had been supporting a number of projects in Zambia and Zimbabwe. The projects included irrigation schemes, grinding mills, boreholes, school infrastructure and goat rearing. Some of the projects had since been fully implemented whilst others were still on-going. The majority of the

communities appreciated the efforts being made by the ZRA because the projects had the potential to improve their livelihood.

Submission from the Ministry of Energy

Your Committee was informed that the Batoka Hydro-Electric Scheme Project would serve as catalyst in the achievement of an improved social economic status for the general citizenry of Zambia. Some anticipated benefits from the implementation of the Batoka Gorge Hydro-Electric Scheme were submitted as outlined below.

- (i) Increased installed generation capacity by 1200MW - The energy demand in Zambia was expected to increase from the average of 2000MW to 5500MW by 2035. The introduction of additional power generation sources would be critical to meeting the forecast demand. The Batoka Gorge Hydro-Electric Scheme, which was part of the National Power System Master Plan, would contribute 1200MW to the Zambian national electricity power grid at peak generation. The project would create the additional capacity required to support growth in the mining and industrial sectors.
- (ii) Enhanced socio-economic development through provision of an estimated 10,800 GWh of energy annually.
- (iii) Low cost of electricity - The Batoka Hydro Electric Scheme would generate power at a unit cost of 3.2 cents compared to the regional average tariff of 9 cents. The Scheme would have the effect of lowering the average tariff, making electricity more affordable to the general public.
- (iv) Creation of employment estimated at 3000 jobs during the construction period - The project would bring about increased employment, purchase of local goods and services, social investment and community development. It was estimated that about 3000 workers would be required at the peak of the construction activities and about 300 fulltime workers of different skills and qualifications would be engaged during the operation and maintenance of the dam wall and power stations. These figures did not include other jobs expected to be realised as a result of the auxiliary infrastructure and investments like banks, lodges, schools and clinics which would be constructed in parallel with the development of the Batoka Gorge Hydro Electric Scheme.
- (v) Zambia would be in a stable and resilient position with regard to improved power supplies and reserves; competitive cost of electricity; security and reliability of power; availability of electricity for new and energy intensive investments such as smelters; and earnings in foreign currency from the export of excess power. In addition, Batoka Project Transmission lines would reinforce the infrastructure used for power trading in the Southern Africa Development Community Region through the Southern African Power Pool.

Timeframe for the Batoka Gorge Hydro Electric Scheme

Your Committee was informed that the Project, which was at feasibility stage, was expected to take up to seven years to be fully implemented. Power generation was planned to commence in the sixth year which was before completion of construction of the dam. The updating of the feasibility studies was expected to be completed by end of third quarter of 2018 and the actual construction of the Batoka Gorge Hydro-Electric Scheme was expected to start in 2019 and end in 2024.

Employment Structure

Your Committee was informed that the Authority's employee establishment was 163. However, the employee complement as at 30th January, 2018 was 150 of which seventy were Zambian and eighty were Zimbabwean nationals representing 47% and 53% for the two contracting States, respectively. In a quest to ensure that the Authority achieved the requirement of maintaining an equitable distribution of appointments between the two countries, the ZRA Board adopted a policy on employment equity.

The guiding principles of the Employment Equity Policy are outlined below.

(a) Criteria for Employment Equity between the Contracting States

The criteria for employment equity between Zambia and Zimbabwe was based on the factors listed hereunder.

- Cost of employment - Equity in the recruitment for managerial positions was based on cost of employment, that is, a vacant position was filled by a national from the contracting state with a lower cost of employment.
- Employee numbers - Equity in the recruitment for non-managerial positions was based on the employee numbers, that is, vacant positions were filled by nationals from a contracting State with a lower number of employees to achieve equity.

(b) Allowable variance in employment numbers between the Contracting States

A 2 percent variation in the number of employees between the two contracting states shall be allowed as the maximum variance in terms of percentage for each country resulting in the contracting States being at either 48 percent or 52 percent. There were twelve vacant positions and interviews were held for six. They were to be filled by Zambian nationals

by the end of February, 2018. This would increase the number of Zambians to seventy six compared to eighty Zimbabweans. After recruitment and filling of the remaining six non-managerial positions, the numbers would be 82 Zambians and 80 Zimbabweans.

In view of the provisions of the Employment Equity Policy, when recruiting for the remaining one position, the Authority would ensure that the best candidates were recruited from both countries, taking into consideration the guiding principle of employee numbers.

Adequacy of the Zambezi River Authority Act

11.2 Your Committee was informed that the *Zambezi River Authority Act, Chapter 467 of the Laws of Zambia* which was enacted in 1987 was inadequate as it did not allow for optimum effectiveness of the Authority in discharging its statutory mandate. The Act, which had not undergone any major amendments for almost three decades, required review in light of the operating environment which had gone through major changes and developments from an economic, political, legislative and environmental perspective. In that regard, the Authority, financed by the World Bank, engaged legal consultants from the contracting States to review the broader legislative framework regulating the utilisation, management and development of the waters of the Zambezi River and Lake Kariba and the powers and functions of the Authority as provided for in the Act.

Your Committee was further informed that there was also need to realign various pieces of legislation with a bearing on the utilisation and management of the waters of Lake Kariba to the *Zambezi River Authority Act*. The key issues related to such other pieces of legislation touched on the matters listed below.

- (i) Authority to abstract water from Lake Kariba - The mandate to issue water abstraction permits rested with the national water utilities of Zambia and Zimbabwe, which utilities were required to merely consult the Authority before issuing water abstraction permits. The lack of decisive power on the part of the Authority in relation to issuance of water abstraction permits made it virtually impossible for it to effectively discharge one of its key statutory functions which was the regulation of water levels in the Kariba Reservoir. In addition, because the ZRA was not the issuing authority of the water abstraction permits, it did not share any of the revenues derived from the permit fees. This was notwithstanding the fact that the ZRA had to meet all costs associated with dam maintenance which guarantees the availability of water for such abstractions.
- (ii) Fees for environmental pollution monitoring on the Lake Kariba – These fees were due to the environmental agencies of Zambia and Zimbabwe.

The two agencies did not play any active role in the monitoring of pollution in the Lake. The Authority undertook this role in the discharge of one of its statutory functions of collecting, accumulating and processing environmental and hydrological data. This was a costly exercise which was undertaken without the additional responsibility of effecting remedial measures to neutralise any detected environmental pollution such as oil spills from fishing rigs, containing invasive species such as cray fish and the water hyacinth weed. There was, therefore, an urgent need for the Authority to start benefiting from part of the fees derived from the pollution of the Lake; and

- (iii) Fees payable for economic activities on the Lake such as fishing and boat cruises – These fees were due to tourism authorities of the two countries. These economic activities were only possible because ZRA took proper care and maintenance of the Kariba Dam, without which there would be no such economic activities. ZRA met dam maintenance costs to the exclusion of the tourism authorities. It would be equitable and just if the ZRA were to also share in the fees collected on economic activities on the Lake as this would ensure effective maintenance of the Kariba Dam.

It was noted that aligning of pieces of legislation on water abstraction permits, fees for economic activities and monetary penalties for pollution on the Lake to the *Zambezi River Authority Act* required multi-stakeholder engagement.

Committee's Observations and Recommendations

11.3 Arising from the field visit, your Committee makes the observations and recommendations outlined below.

- (i) Your Committee observes that the completion of the Batoka Hydro-Electric Scheme will ensure more stable and reliable power supply for the country. It further observes that the anticipated competitive cost of electricity which is estimated at 3.2c/kWh will not only improve the competitiveness of the country's electricity products but also provide scope for new energy intensive investments. In this regard, your Committee recommends that there should be no delays in implementing and completing the Batoka Hydro-Electric Scheme.
- (ii) Your Committee observes that the 50-50 basis on which Zambia and Zimbabwe owned the Zambezi River Authority has not translated into tangible benefits to Zambia as can be seen from the employment of more Zimbabweans than Zambians at ZRA. In addition, the agreement that the Chief Executive Officer will perpetually be a Zimbabwean national due to the fact that the Head Office is located in Zambia needed to be reviewed. Your Committee recommends that there is need to ensure that the 50-50 employment basis is attained without undue delay. In addition, the agreement that a national of the country hosting the Head Office cannot

hold the position of Chief Executive Officer should be revoked as a matter of urgency.

- (iii) Your Committee observes that there are many gaps in the pieces of legislation on water for both Zambia and Zimbabwe namely the *Zambezi River Authority Act*, Chapter 467 of the Laws of Zambia and *Zambezi River Authority Act. No. 19 of 1987 of Zimbabwe*. Your Committee recommends that as a matter of urgency, the Zambian Government should prevail on their counterpart to initiate the review of the Acts of the two countries.
- (iv) Your Committee observes that the Zambezi Valley Development Fund is a progressive initiative that is helping to address the needs of vulnerable and displaced communities. In this regard, your Committee recommends that initiatives under the Zambezi Valley Development Fund continue and where possible should be enhanced.

PART VI

CONSIDERATION OF THE ACTION TAKEN REPORT

Consideration of the Action-Taken Report on the Committee's Report for the First Session of the Twelfth National Assembly

Development of a National Tourism Master Plan

12. Your previous Committee recommended that in order to give the Tourism sector a clear direction, there was need for a National Tourism Master Plan to guide the development of tourism in Zambia. The tourism master plan should be derived from a consultative process involving the Government, private sector operators and other stakeholders. Such a plan would help to eliminate policy inconsistencies in the sector.

Executive Response

The Executive responded that the Ministry of Tourism and Arts had embarked on the development of the National Tourism Master Plan in February, 2016 with the support of the European Union. The Tourism Master Plan was expected to facilitate systematic development of tourism assets in the country. Consultations with stakeholders were on-going and the process was expected to be finalised by December, 2017.

Committee's Observations and Recommendations

Your Committee requests an update on the National Tourism Master Plan.

Improve data collection and provisions of statistics

Your previous Committee had recommended that the Tourism Satellite Account should be operationalised.

Executive's Response

The Executive responded that the Tourism Satellite Account Technical Committee had facilitated commencement of the operationalisation of the Zambia's Tourism Satellite Account (TSA) in conformity with the International Recommendations for Tourism Statistics and the Tourism Satellite Account; and the Recommended Methodological Framework 2008, as guiding manuals.

Further, the Executive responded that a complete TSA comprised ten tables. Therefore, in 2014, the Ministry undertook an exit survey with the intended

view of commencing the operationalisation of Zambia's pilot TSA. The next planned survey was the domestic survey. A domestic survey provided critical complementary data in the full population of TSA tables. The TSA Technical Committee was exploring ways of collectively mobilising resources in order to undertake a domestic survey by December, 2017. Furthermore, the Technical Committee planned to include in the 2018 budget its plans for a full scale TSA exercise as a build-up on its experimental TSA.

Committee's Observations and Recommendations

Your Committee notes the response and requests a status report on the full operationalisation of the Tourism Satellite Account.

Improve the tax regime

Your previous Committee had recommended that the Government should carry out a comprehensive study and review of the various licensing fees and taxes in the sector to determine the actual effects of the tax regime on the sector. Further, your previous Committee urged Government to carry out a comparative study with other countries in the region. Restructuring the tax structure could help Zambia overcome its status as high cost tourism destination.

Executive's Response

The Executive responded that the Ministry of Tourism and Arts was working in conjunction with the Ministry of Finance and the Ministry of Commerce, Trade and Industry to address the issue of taxes and the multiplicity of licenses and how these was affecting the sector. Further, the Executive informed the Committee that the Ministry of Finance had adopted a more consultative approach in the 2018 budget preparation process and public stakeholder consultations were ongoing to get views on how matters such as this could be addressed and incorporated in the budget. The Ministry of Tourism and Arts was part of the team that was facilitating these consultative meetings.

Committee's Observations and Recommendations

Your Committee requests a progress report on the review of taxes and the multiplicity of licences in the tourism sector.

Diversify the tourism product

Your previous Committee had recommended that in order to increase the country's competitiveness in the tourism sector, the Government should take measures to address the lack of products diversity with the ultimate aim of increasing tourist arrivals (including repeat visitors), increasing their length of

stay and thereby, spreading the economic benefits of tourism to all parts of the country.

Executive's Response

The Executive responded that Government, through the technical departments of the Ministry of Tourism and Arts had embarked on programmes to increase the diversity of tourism products by developing other types of tourism such as the Meetings, Incentives, Conventions and Exhibitions (MICE) sector, cultural tourism, sports tourism, ecotourism, beach tourism and adventure tourism, among others. This was meant to widen the array of the country's tourism offerings, thereby increasing the average tourist's length of stay and hence expenditure in the country. One of the initiatives through which this would be done was the Tourism Development Fund which was intended to support tourism product development, among other interventions.

Committee's Observations and Recommendations

Your Committee requests a progress report on the operationalisation of the Tourism Development Fund.

Development of the Northern Circuit

Your previous Committee had further recommended that investors should be attracted to develop new areas in the Northern Circuit.

Executive's Response

The Executive responded that with regard to attracting investors to the Northern Circuit, the Kasaba Bay integrated Development Plan had identified areas for tourism investment in the area around shores of Lake Tanganyika. There was no basic infrastructure to allow for private sector investment in the area. However, the Government through the Zambia Development Agency (ZDA) was promoting private sector investment in other parts of the Northern Circuit where basic infrastructure had been developed.

Committee's Observations and Recommendations

Your Committee notes the response and requests a more comprehensive response on actual initiatives that are being planned to attract investors to the Northern Circuit.

Tourism One Stop Shop

Your previous Committee had recommended that the operations of the One Stop Shop should be overhauled to serve the purpose for which it was intended

and cut down on the tedious and burdensome processes that business owners went through. In addition, the One Stop Shop model should be replicated in other districts around the country.

Executive's Response

The Executive responded that it would endeavour to engage all the relevant stakeholders to come up with ways of streamlining the operations of the One Stop Shop and how best to replicate the model in all the districts around the country. There was need to train officers on the concept of the One-Stop-Shop as well as develop the service charter to guide officers in their operations. Officers in Regulatory Services Centres (RSCs) operated independently, thus defeating the concept of One-Stop-Shop in the way services were offered to clients.

Committee's Observations and Recommendations

Your Committee requests an update on the overhaul of the operation of the Tourism One-Stop-Shop.

Improve air travel

Your previous Committee had recommended that the Government should put in place strategies to improve Zambia's aviation industry. This should include finding ways of increasing the number of airlines operating in the country, attracting airlines that would operate direct flights to and from Zambia's main tourist markets; both domestic and foreign; reducing the cost of domestic air travel; and reviving the drive to have a national airline.

Executive's Response

The Executive responded as outlined below.

1. Strong Strategies to improve Zambia's Aviation Industry

The Government of the Republic of Zambia had developed the Civil Aviation Strategy aimed at improving the aviation industry. The Strategy contained, among others, objective strategies to ensure efficient facilitation of permits for new airlines by relevant authorities.

The Strategy was awaiting approval of the National Transport Policy and upon implementation, would ensure cohesiveness in the aviation industry.

2. Attract Airlines that would operate Direct Flights

The Government, through the Zambia Airports Corporation Limited and the Civil Aviation Authority, actively engaged both foreign and domestic airlines and drove the campaign to attract new airlines or encouraged already existing ones to increase frequencies. This was done through various strategies, some of which are outlined below.

- (i) participate in route development forums at which world airlines, airports and other aviation suppliers converged. Notable among these were the (a) World and Africa Routes Forum; and (b) Ground Handling International Conference; (c) Aviation Development Forum; (d) African Airlines Association meetings, among others;
- (ii) support airline partnerships such as Code Share Agreements to attract airlines with no traffic rights to Zambia. This allowed airlines to partner and draw traffic from regions not linked to Zambia through a third party such as an already existing airline;
- (iii) participate in Bilateral Air Service Agreements (BASAs) to engage airlines on the possibility of start-ups or frequency increase;
- (iv) package incentives for start-up airlines on new routes to encourage opening up more gateways;
- (v) engage low cost airlines such as Fastjet Airlines to stimulate local air travel. As seen in Tanzania, the introduction of Fastjet Airline to the market resulted in a 40 percent passenger growth, mainly made up of first time fliers;
- (vi) frequent visits to existing clients in order to discuss possible traffic increase or increase in capacity; and
- (vii) Engagement of stakeholders to create a conducive environment for airline sustenance in the Zambian Market.

Discussions were on-going with airlines such as Qatar Airways; Turkish Airlines; Fastjet Airlines; and Air Mauritius.

3 Reduce cost of both domestic and international air travel

The high costs of air travel into and within Zambia were attributed to the price of Jet A-1 fuel. Market findings by the Competition and Consumer Protection Commission (CCPC) indicated that aviation fuel in Zambia was more expensive relative to selected countries, namely: Zimbabwe, Kenya and South Africa. This cost was then passed on to the customers.

The following factors were responsible for the different prices in Jet A-1:

- (i) transport cost; countries like Zambia which transported jet fuel by road tended to have higher prices than those who transported the product by pipeline such as Zimbabwe;

- (ii) proximity to the coastline; countries that were closer to the coastline such as Tanzania had lower costs of Jet A-1;
- (iii) regulation; the price of JetA-1 was regulated in certain countries namely, Botswana and Malawi and not regulated in the remaining countries particularly Zambia, Tanzania, Namibia and Zimbabwe. Further, the price was influenced by different procurement systems such as competitive bidding in Tanzania. Regulating prices ensured that only margins that were considered just and reasonable would be passed on to the airline.

The Government was, therefore, considering the following actions to reduce the cost of air travel:

- (i) the ERB commenced regulation of the Jet A-1 retail price by reviewing the price build-ups, including margins for the OMCs. Presently, the OMCs were free to charge any margin, as they deemed fit. The purpose of ERB regulating the retail price was for the ERB and OMCs to agree on the cost elements that should be part of the price build-up, including the margins and how the prices would change following a change in the fundamentals. Where a cost-line in the price build-up was not justifiable, the OMC would be compelled to strike it out or reduce it. The regulation of the retail price was likely to result in lower Jet A-1 prices;
- (ii) the Import Parity Pricing (IPP) model for Jet A-1 be introduced for the wholesale price. The IPP model would enhance predictability and transparency, whilst also guaranteeing security of supply. The IPP mechanism would promote maximum efficiency in the supply chain for Jet A-1 while at the same time ensure that the domestic prices of Jet A-1 reflected the cost trends of petroleum products on the international market. This would enable consumers to pay fair prices for fuel, while allowing the OMCs to generate sufficient income to operate viably; and
- (iii) constructing a pipeline on the three corridors of Nacala, Tanzania and Lobito for transporting finished products in order to reduce transportation costs. Further, additional inland pipelines could be constructed for instance from Ndola to Lusaka, and other towns where Government fuel depots had been constructed in order to reduce transportation costs for finished products. In addition, the Committee was informed that the process of establishing a national airline was ongoing and the Ministry was undertaking the necessary consultative steps to ensure the best outcome.

Committee's Observations and Recommendations

Your Committee resolves to request a progress report on the establishment of a national airline. Furthermore, the Committee resolves to request for a status report from ERB on the regulation of JET A-1 fuel.

Support to Local Entrepreneurs

Your previous Committee had observed that the tourism sector was dominated by foreign tour operators and had recommended that the Government needed to step up efforts to incentivise local operators as this was a vital ingredient in spurring the growth of the sector. Your Committee strongly urged the Government to ensure that the Tourism Development Fund was correctly utilised.

Executive's Response

The Executive responded that, through the Ministry of Tourism and Arts, and in an attempt to enhance and increase the involvement of the majority of Zambians in tourism, it had initiated the Tourism Development Credit Facility (TDCF) programme under the Department of Tourism.

This was an intervention aimed at providing affordable finance for micro, small and medium tourism enterprises for the majority of Zambians to participate in tourism. Through the TDCF, it was envisaged that many economically disadvantaged Zambians who wished to participate in the tourism sector could be reached and financially empowered, thereby contributing to poverty reduction as well as economic growth.

The Tourism Development Credit Facility was meant to address the challenge of limited access to financing for the local people to participate in the sector in view of the fact that very few financial institutions were willing to finance tourism projects because of the perceived risk in not only the nature of the projects but also the credit worthiness of the local people. The TDCF was transferred to the Citizens' Economic Empowerment Fund (CEEC) to allow Zambians access low cost finance for tourism projects among others.

The Executive further submitted that the Tourism Development Fund (TDF) was different from the Tourism Development Credit Facility and it was meant to address five critical areas pertaining to the development of the tourism sector namely:

- (i) Tourism Product Development;
- (ii) Tourism Infrastructure Development;
- (iii) Tourism Research;
- (iv) Tourism Marketing; and

(v) Tourism Human Resource Development (Capacity building and training).

The utilisation of the Tourism Development Fund would be managed by a Committee as provided for in the *Tourism and Hospitality Act No. 13 of 2015* which had representation from both Government and the private sector.

The Ministry of Tourism and Arts through the Department of National Parks and Wildlife (DNPW) was encouraging local operators to develop and operate tourism ventures in wildlife protected areas. Government had provided incentives to local investors under the CEEC programme and the DNPW would give priority to local investors who had capacity to develop and operate as tourism ventures. The *Wildlife Act No. 14 of 2015*, encouraged local communities and individuals to establish game ranches.

Committee's Observations and Recommendations

Your Committee requests a status report on the disbursement of funds from the Tourism Development Credit Facility, under CEEC.

Lusaka National Park and Mosi-oa-Tunya National Park

Your previous Committee had observed that Zambia's tourism was highly dependent on wildlife and that there was need to ensure that the wildlife sector was well managed. Your previous Committee had recommended that, as a matter of urgency, the Department of National Parks and Wildlife should develop, implement and enforce management plans for all national parks and game management areas in order to eliminate unsustainable practices.

Executive's Response

The Executive responded that the Ministry of Tourism and Arts through the DNPW, had planned to develop a Wildlife Strategic Plan after Cabinet approved the National Wildlife Policy. The Wildlife Strategic Plan was to be based on the National Wildlife Policy.

The DNPW had been developing management plans for Wildlife Protected Areas, but inadequate funds had hindered progress on the matter. However, the DNPW was working with cooperating partners who were supporting the development of management plans for protected areas such as North Luangwa, Liuwa and Sioma Ngwezi National Parks and some Game Management Areas.

Committee's Observations and Recommendations

Your Committee notes the response and requests a status report on the formulation of the National Wildlife Policy and subsequently the Wildlife Strategic Plan.

Increased Funding to the Department of National Park and Wildlife

Your previous Committee had further recommended that Government should strengthen the protection of wildlife and habitat through increased budgets so that all necessary equipment for the DNPW officers was procured.

Executive's Response

The Executive responded that provision of uniforms and equipment had been prioritised and would be included in the 2018 budget. The Ministry was also working with cooperating partners in strengthening of the protection of wildlife and habitat.

Committee's observations and recommendations

Your Committee requests a status report on the procurement of equipment and uniforms.

Recruitment of Wildlife Officers

Your previous Committee had also recommended that more wildlife officers should be employed as a matter of urgency.

Executive's Response

The Executive responded that the Government, through the Ministry of Tourism and Arts, had prioritised increasing law enforcement staff by 600 per annum for the next three years.

Committee's Observations and Recommendations

Your Committee notes the response and requests a status report on the employment of wildlife officers.

Kabwata cultural Village and Maramba Cultural Village

Your previous Committee had observed that arts and culture had an important role to play in promoting tourism in Zambia. As the country strove to diversify its tourism products, your Committee acknowledged the need to promote cultural tourism that was offered by the Kabwata and Maramba Cultural Villages. Further, your Committee observed that the two Cultural Villages were important institutions in the promotion and preservation of Zambia's cultural heritage and consequently the promotion of the country's tourism.

Your previous Committee had recommended that marketing initiatives for Kabwata and Maramba Cultural Villages should be stepped up. This included

improving access to, as well as branding and signage of the two facilities. In addition, your Committee recommended that Kabwata cultural Village should be assisted to find partners to help improve the infrastructure at the facility.

Executive's Response

The Executive responded that the Kabwata Cultural village was a listed site of historic significance with potential for tourism and the development of a centre for a thriving performing and visual arts industry in Zambia. Being in the capital city of Lusaka, the centre needed to be rehabilitated to provide a convenient One-Stop Tourist destination for business prospectors and investors alike, while providing the community with the same social, economic and traditional products and services as before.

The Ministry was seriously scouting for strategic partners to assist in branding, signage, and rehabilitation of the dilapidated structure to ensure that the Kabwata Cultural Village became an economically viable enterprise.

Committee's Observations and Recommendations

Your Committee requests a progress report on the improvement of infrastructure at Kabwata Cultural Village.

Maramba Cultural Village

The Executive responded that Maramba Cultural Village was reconstructed in 2013 when Zambia co-hosted with Zimbabwe the United Nations World Tourism Organisation (UNWTO). The works were undertaken by a Chinese contractor called Chao Chao Construction Limited. The construction works enabled the cultural Village to house all arts, crafts, traditional food cuisines and other activities. Unfortunately, part of the village was gutted by fire in 2016. The structures had since not been reconstructed due to financial constraints.

Your Committee was informed that Government had not relented in its efforts to provide infrastructure aimed at promoting cultural tourism for the benefit of the local community and preservation of Zambia's rich cultural heritage.

The Ministry was also scouting for strategic partners to assist in branding the signage and build the business management and tourism marketing skills of the village practitioners of the Village to ensure that Village becomes economically viable enterprises.

Committee's Observations and Recommendations

Your Committee requests a progress report on the improvement of infrastructure and the capacity building initiatives of the village practitioners at Maramba Cultural Village.

Lusaka National Museum and Livingstone Museum

Your previous Committee had observed that museums were an essential part of the tourism sector. The items kept at the museums were priceless, not only in terms of tourism, but also in terms of the country's rich history and diverse cultural heritage.

Your previous Committee had recommended that the Government should find concrete solutions to the problems faced by the Lusaka National Museum and Livingstone Museum, as outlined below:

- (a) the poor state of the buildings;
- (b) the shortage of specialised staff;
- (c) the poor funding to the institutions; and
- (d) the lack of adequate and appropriate storage facilities for various artefacts.

Executive's Response

The Executive responded as outlined below.

- (a) Poor state of the building - the Ministry of Tourism and Arts, would endeavour to undertake the following:
 - (i) major renovation works to be done to the building;
 - (ii) leaking roof should be replaced with a false roof;
 - (iii) plumbing works be overhauled;
 - (iv) water reticulation improved; and
 - (v) installation of a power generator.
- (b) Shortage of specialised staff - the Ministry of Tourism and Arts would endeavour to undertake the following:
 - (i) sending staff for specialised training abroad; and
 - (ii) encouraging local universities to introduce courses that could address the needs of museums in the country.
- (c) Poor funding to the institutions - the Ministry of Tourism and Arts would endeavour to undertake the following:
 - (i) improved grants; and
 - (ii) introduction of field research fund.

- (d) Lack of appropriate storage facilitates for various artefacts - the Ministry of Tourism and Arts would endeavour to do the following:
 - (i) provide funds for upgrading of current storage facilities;
 - (ii) build specially designed buildings for storage according to the artefacts; and
 - (iii) introduce intangible heritage storage facilities.

Committee's Observations and Recommendations

Your Committee requests an update on the measures taken to address the problems at the Lusaka National Museum and Livingstone Museum.

Siavonga Tourism and Business Development Association

Your previous Committee had recommended that Siavonga District Council needed to have comprehensive plans to make the town tourist friendly.

Executive's Response

The Executive noted the Committee's observation and responded that Siavonga District Council was aware of the complaints of noise pollution caused by Kapenta rigs that carried out fishing activities very close to the shore of the lake. The Council, together with the Department of Fisheries, was very concerned because the Kapenta rigs also operated in fish breeding places, which had adversely impacted on fish stocks. To address the problem, Siavonga Council made a by-law restricting kapenta fishing from being conducted within 200 meters from the shores and thereby also restricting the rig operators from fishing in breeding points such as bays. The by-law was submitted to the Ministry of Local Government in 2013 for approval. Unfortunately, the by-law was not yet approved. Further, the Department of Fisheries was mandated to patrol the lake and ensure that all kapenta rig operators complied with the regulation.

In addition, the Council was in the process of developing an Integrated Development Plan (IDP) that would guide the development of infrastructure in the Central Business District and the district at large.

Committee's Observations and Recommendations

Your Committee requests an update on the development of the Integrated Development Plan.

Development of Infrastructure

Your previous Committee had further recommended that infrastructure such as roads, the airstrip and the water reticulation system in the District should be improved as a matter of urgency so that investors could be attracted to the district to invest in other tourism related activities away from Lake Kariba such as game farming.

Executive's Response

The Executive responded that there were no immediate plans to work on township roads in Siavonga District due to budget limitations. However, the Government would consider working on roads in the District in future, funds permitting.

With regard to the airstrip, the Government allocated funds in 2001 and constructed an airstrip in Siavonga District as part of the development plan of the Tourism Circuit around Chirundu-Siavonga-Kafue areas. However, the airstrip had not been fully utilised for landing and take-off of small aircrafts due to flooding during the rainy season and encroachment by squatters as it was not fenced. Due to these challenges, the Government, in collaboration with Siavonga District Council, had since identified land in Chief Simaamba's Chieftdom where a new airstrip would be constructed. Actual construction would commence once funds had been approved and made available.

Committee's Observations and Recommendations

Your Committee resolves to request a progress report on the construction of an airstrip in Siavonga.

Livingstone Bus Terminus

Your previous Committee had observed that the Livingstone Bus Terminus was supposed to have been completed by the time the 20th Session of the UNWTO General Assembly was held in 2013, but four years later, the structure was not yet complete.

Your previous Committee had strongly urged the Government to ensure that adequate funding was provided so that the building could be completed without any further delay.

Executive's Response

The Executive responded that the slow progress in completing the Livingstone Bus Terminus was due to budgetary constraints. In the 2017 budget,

Government had allocated K14 million towards the project and would allocate more funds in subsequent years to ensure the project was completed.

Committee's Observations and Recommendations

Your Committee requests a progress report on the construction of the Livingstone Bus Terminus.

CONCLUSION

13. Your Committee wishes to pay tribute to all the stakeholders who appeared before it and tendered both oral and written submissions. Your Committee also wishes to thank you, Mr Speaker, for the guidance rendered to it throughout the Session. Your Committee further extends its gratitude to the office of the Clerk of the National Assembly for the services rendered to it.

Your Committee is hopeful that the observations and recommendations contained in this Report will contribute to the development of the water supply and sanitation sector of the country.

E K Belemu, MP
CHAIRPERSON

June, 2018
LUSAKA

APPENDIX I

LIST OF WITNESSES

- (i) European Union Delegation to Zambia;
- (ii) Gesellschaft für Internationale Zusammenarbeit (GIZ);
- (iii) United Nations Children's Fund (UNICEF);
- (iv) Millennium Challenge Account;
- (v) WaterAid Zambia;
- (vi) Water and Sanitation for the Urban Poor;
- (vii) African Development Bank;
- (viii) Village Water Zambia;
- (ix) Consumer Unity and Trust Society;
- (x) Water and Sanitation Association of Zambia (WASAZA);
- (xi) National Water and Sanitation Council (NWASCO);
- (xii) Lusaka Water and Sewerage Company;
- (xiii) Southern Water and Sewerage Company;
- (xiv) World Bank Group;
- (xv) Eastern Water and Sewerage Company;
- (xvi) Chambeshi Water and Sewerage Company;
- (xvii) Mulonga Water and Sewerage Company;
- (xviii) North Western Water and Sewerage Company;
- (xix) Western Water and Sewerage Company;
- (xx) Ministry of Local Government; and
- (xxi) Ministry of Water Development, Sanitation and Environmental Protection.

APPENDIX II

List of National Assembly Officials

Ms C Musonda, Principal Clerk of Committees
Mr H Mulenga, Deputy Principal Clerk of Committees (FC)
Mr S Mtambo, Senior Committee Clerk (FC)
Mrs D C Mukwanka, Committee Clerk
Mrs S B M Nyirongo, Committee Clerk
Ms S Phiri, Typist
Mr M Chikome, Committee Assistant
Mr D Lupiya, Acting Committee Assistant