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# MCC and Zambia: Enhancing Water Security for Economic Growth

The Millennium Challenge Corporation (MCC) and the Government of Zambia have signed a five-year, \$355 million compact to reduce poverty through economic growth. This compact aims to address one of Zambia's most binding constraints to economic growth through infrastructure investment in Lusaka, the rapidly urbanizing capital. The compact will invest in water supply, sanitation and drainage infrastructure with the goal of decreasing the incidence and prevalence of water-related disease, productive days lost due to disease and time to collect water, cost of water and new sanitation, and business and residential flood losses. The compact will also support the Government of Zambia's ongoing water sector reform efforts by strengthening partner institutions. More than 1 million Zambians are expected to benefit from the compact.

MCC's investment builds on more than 15 years of water-sector reform, during which Zambia developed a healthy commercial utility, an independent regulator and a sound legal and regulatory structure. The compact is expected to continue the Government of Zambia's sector reform efforts through institutional strengthening and improving the health and economic productivity of more than 1.2 million Zambians. The compact has a projected economic rate of return of approximately 13.7 percent.

The compact's Water Supply, Sanitation and Drainage Project has two activities:

- ★ **Infrastructure Activity:** This activity will support infrastructure managed by the Lusaka Water and Sewerage Company (LWSC), the utility primarily responsible for managing the city's water and sanitation infrastructure, as well as the Lusaka City Council (LCC), the local government entity responsible for managing Lusaka's drainage infrastructure. A major portion of the investment is focused on the rehabilitation of Lusaka's core water supply network, including components designed specifically to reduce nonrevenue water.

This activity also includes interventions designed to expand the city's water supply network, rehabilitate and enlarge select sewer networks, improve select drainage infrastructure, and provide support for engineering and resettlement professional services. Each of the water supply and sanitation components was selected based on investment master plans and feasibility studies. These chart a three-phase, \$3 billion plan that will allow Lusaka to meet the needs of its population through 2035. The drainage component was selected based on the results of priorities identified in a separate comprehensive urban development plan funded by the Japanese International Cooperation Agency (JICA).

- ★ **Institutional Strengthening Activity:** MCC will make investments to help support sector and institutional strengthening for LWSC and LCC. This activity will provide technical assistance to LWSC and LCC to continue ongoing government sector reform efforts and pursue new ones designed to ensure improved sector management and sustainability of the compact. The activity also includes support for

better asset and environmental management by LWSC and provides technical assistance for LCC to improve its strategic planning and conduct better maintenance and environmental management for the city's drainage network.

Support will be provided to LWSC and LCC for mainstreaming gender policies, improving service delivery to poor and underserved populations and carrying out well-designed and coordinated information, education and communications campaigns. The activity aims to increase innovation in pro-poor service delivery in the water sector through grants to community-based organizations, civil society and/or private sector entities to enhance and support the compact's sustainability.

## Expected Results

The Water Supply, Sanitation and Drainage Project is expected to benefit 1.2 million people in the city of Lusaka. It aims to increase incomes in Lusaka by creating conditions for a healthier population, which would result in more time available for productive economic activity.

In addressing health conditions, the investment seeks to have significant impact on reducing:

- ★ The incidence and prevalence of water-related diseases
- ★ Productive days lost due to water-borne and water-related diseases
- ★ Child and infant mortality rates
- ★ The cost of water and sanitation
- ★ The time to collect water
- ★ Business and residential flood losses

The program is designed to address these aims by:

- ★ Improving service provider operating efficiency
- ★ Increasing water storage capacity
- ★ Enhancing water delivery capacity
- ★ Upgrading wastewater collection and treatment capacity and quality
- ★ Modernizing and expanding primary and secondary network components

MCC is based upon core principles of transparency and accountability. In keeping with this commitment, all economic rate of return analyses conducted during project development are available to the public. Monitoring and evaluation will be conducted throughout implementation. Third-party, independent researchers will conduct impact evaluations upon project completion. All results will be available to the public and published on [mcc.gov](http://mcc.gov).

### For More Information

Please visit [www.mcc.gov/zambia](http://www.mcc.gov/zambia).