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USAID EXPANDING WATER AND SANITATION PROJECT

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Quarterly Progress Report #1

Contract #: 72061122C00004

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The authors' views expressed in this report do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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ACRONYMS AND ABBREVIATIONS

ADS	USAID Automated Directives System
AMELP	Annual Monitoring, Evaluation, and Learning Plan
AWP	Annual Work Plan
CBO	community-based organization
CF	construction fund
CFM	Construction Fund Manager
CHWSC	Chambeshi Water and Sanitation Company
CLA	collaborating, learning, and adapting
COP	Chief of Party
COR	Contracting Officer's Representative
CSO	civil society organization
CU	commercial utility
DDCC	District Development Coordinating Committee
DFC	USAID Development Finance Corporation
DMA	delegated management agreement
D-WASHE	district water, sanitation, and hygiene education committee
EMMP	Environmental Mitigation and Monitoring Plan
GRZ	Government of the Republic of Zambia
GUC	grants under contract
GYSI	gender, youth, and social inclusion
HEARTH	Health, Ecosystems, and Agriculture for Resilient, Thriving Societies (USAID public-private partnership program)
IEE	Initial Environmental Examination
IT	information technology
LA	(government) local authority
M&E	monitoring and evaluation
MEL	monitoring, evaluation, and learning
MOF	Ministry of Finance
MWDSEP	Ministry of Water Development, Sanitation, and Environmental Protection
NRW	non-revenue water
NWASCO	National Water and Sanitation Council
NWSSP	National Water Supply and Sanitation Policy
O&M	operations and maintenance
PDCC	Provincial Development Coordinating Committee
PEA	political economy analysis
PLOCA	Participatory Local Organizational Capacity Assessment

PP	Planet Partnerships
PPP	public–private partnership
PSE	private sector engagement
PSP	private sector participation
P-WASHE	provincial water, sanitation, and hygiene education committee
PWD	persons with disabilities
QASP	Quality Assurance and Surveillance Plan
RTI	RTI International (registered trademark and trade name of Research Triangle Institute)
SaniFOAM	framework to analyze behaviors to design effective sanitation programs: focus, opportunity, ability, motivation
SBC	social and behavior change
SNV	SNV Netherlands Development Organisation
STTA	short-term technical assistance
SUN-TA	Scaling Up Nutrition Technical Assistance
SWSC	Southern Water and Sanitation Company
TBD	to be determined
USAID	United States Agency for International Development
V-WASHE	village water, sanitation, and hygiene education committee
WARMA	Water Resources Management Authority
WASAZA	Water and Sanitation Association of Zambia
WASH	water, sanitation, and hygiene
WQAP	Water Quality Assurance Plan
WWSC	Western Water and Sanitation Company
ZCSMBA	Zambia Chamber of Small and Medium Business Associations
ZANACO	Zambia National Commercial Bank
ZPPA	Zambia Public Procurement Authority

EXECUTIVE SUMMARY

RTI International is pleased to submit Quarterly Progress Report #1 for the United States Agency for International Development (USAID) Expanding Water and Sanitation Project. The Quarterly Progress Report discusses progress within the reporting period, as well as cumulative progress in the context of the agreed-upon accomplishments and indicators. It discusses existing and potential problems in implementation and variance from the Annual Work Plan (AWP) and Activity Monitoring, Evaluation and Learning Plan (AMELP).

The purpose of this contract (72061122C00004) is to professionalize water, sanitation, and hygiene (WASH) services, to promote accountability for reliable and high-quality WASH services, and to enhance the enabling environment for private sector engagement (PSE) in service delivery in Zambia.

This was the first quarter of the USAID Expanding WASH project, starting in FY 22 Q2. Given the award date of January 27, 2022, the project quarter was abbreviated. Nevertheless, in the first two months good progress was made in both the operational and technical start-up of USAID Expanding WASH. The top five highlights from the quarter include:

- Project kick-off meeting held with USAID and project introductions held in-country with the USAID/Zambia Office of Economic Development and Environment
- Seven project staff were identified and hired, including three key personnel that were approved by USAID
- Operational start up began, including receiving VAT exemption, identifying potential vendors, and identification and negotiation of the office lease
- Technical start up began, including introductory meetings to key project stakeholders, and completing work planning sessions around the theory of change, results chains, and outlining Year 1 programmatic activities
- Submission of key start-up deliverables, including draft Initial Work Plan, Activity, Monitoring, Evaluation and Learning Plan, Branding Strategy and Marking Plan, and Environmental Mitigation and Monitoring Plan

PROGRAM OVERVIEW

The United States Agency for International Development (USAID) Expanding Water and Sanitation Project (USAID Expanding WASH) is a five-year program to professionalize water, sanitation, and hygiene (WASH) services, promote accountability for reliable and high-quality WASH services, and enhance the enabling environment for private sector engagement (PSE) in service delivery in Zambia. With operating dates from January 27, 2022 through January 26, 2027, implementation of the USAID Expanding WASH Project is led by RTI International.

The USAID Expanding WASH Project will use USAID’s Local Solutions Framework to strengthen social accountability within complex, dynamic local systems. This approach entails a flexible and responsive strategy to link supply-side governance—understood as GRZ’s ability to follow through on its promises for providing WASH services to its citizens—with demand-side governance, defined as robust civil society engagement that keeps governments and private service providers accountable.

The four objectives of the project are:

- institutionalize market-based WASH service delivery through financially sustainable and inclusive management models
- increase the accountability of WASH service providers, policymakers, and civic leaders
- support policy and regulatory reform
- increase private sector participation (PSP)

These interventions, taken together, will increase access to safe water, improve sanitation, and enhance the capacity of the Zambian government, the private sector, and civil society organizations (CSOs).

The USAID Expanding WASH Project will be headquartered in Lusaka, Zambia, and will cover four provinces: Northern, Muchinga, Western, and Southern. The project has an initial target of 12 districts within the provinces: Chinsali, Kalabo, Kalomo, Kaoma, Kazungula, Lunte, Mongu, Mpika, Mungwi, Nakonde, Nalolo, and Sesheke. Throughout implementation, the project team will work with USAID to reaffirm the target areas.

The target provinces were selected based on the CUs that operate there. The three targeted CUs are (1) Western Water and Sanitation Company (WWSC); (2) Chambeshi Water and Sanitation Company (CHWSC), which covers both Northern and Muchinga provinces; and (3) Southern Water and Sanitation Company (SWSC).

During preparation of the Initial Work Plan, the project team assumed that work in the districts would be apportioned in the following ways:

- Focus on water: Lunte and Mungwi districts in Northern Province; Kalomo and Kazungula in Southern Province, and Nakonde in Muchinga Province
- Focus on sanitation: Kalabo, Kaoma, Mongu, Nalolo, and Sesheke districts in Western Province, and Chinsali and Mpika in Muchinga Province

Throughout this Quarterly Progress Report, the districts, provinces, and CUs listed above may be referred to as “targeted provinces,” “targeted districts,” or “targeted CUs,” to be as concise as possible.

SUMMARY OF CUMULATIVE PROGRESS AND HIGHLIGHTS

This was the first quarter of the USAID Expanding WASH project. Given the award date of January 27, 2022, the project quarter was abbreviated. Nevertheless, in the first two months good progress was made in both the operational and technical start-up of USAID Expanding WASH. Highlights from this quarter are listed below.

Operational

- Kick off meeting with USAID
- Submission and approval of local compensation plan
- Submission and approval of three key personnel
- Hiring of additional four staff
- Identification and negotiation of office lease
- Submission and approval of subcontractors SNV, WASAZA, and Planet Partnerships

Technical

- Three short term technical assistance trips to support start-up, with two completed and one extended
- Introductory meeting with the USAID/Zambia Office of Economic Development and Environment
- Initial Project Work Plan meetings completed, reviewing results chains and year 1 activity targets
- Introductory meeting with the Permanent Secretary of the Ministry of Water Development, Sanitation and Environmental Protection
- Submission of key start-up deliverables, including draft Initial Work Plan, Activity, Monitoring, Evaluation and Learning Plan, Branding Strategy and Marking Plan, and Environmental Mitigation and Monitoring Plan
- Identification of subcontractor to complete WASH Baseline Assessment data collection

DELIVERABLES

During the reporting period, USAID Expanding WASH submitted four deliverables in line with Section F of the contract, as seen in Table I below. No additional work plan deliverables were submitted during this quarter.

TABLE I. REPORTS AND DELIVERABLES COMPLETED DURING THE REPORTING PERIOD		
REPORT/DELIVERABLE	STATUS	SUBMISSION DATE
Branding Strategy and Marking Plan	Draft	February 25, 2022
	Final	April 1, 2022
Initial Annual Work Plan	Draft	March 12, 2022
Activity MELP Plan	Draft	March 12, 2022
Environmental Mitigation and Monitoring Plan	Draft	March 12, 2022

DESCRIPTION OF PROGRESS AND ACCOMPLISHMENTS

START-UP ACTIVITIES

USAID Expanding WASH start-up activities began immediately on the project effective date and began execution in the first 90 days of the project. Start-up activities included attending a kickoff meeting with USAID, holding work planning sessions for development of the Initial Work Plan, meeting local stakeholders (e.g., MWDSEP), establishing an office in Lusaka, obtaining VAT exemption status, beginning procurement and vendor collection for project supplies, recruiting local staff, and developing essential project-management documents. Because RTI is already registered in Zambia, the project has moved quickly to establish a presence in the country.

Administrative start-up tasks have been led by a local consultant and supported by the Project Coordinator and Project Associate, until the project Chief of Party (COP), Finance and Operations Director, and Office Assistant start. Once project staff are on board, the Home Office Project Manager, Project Coordinator, and Project Assistant will support project staff in completing tasks. Technical start-up, including development of key start-up deliverables, has been led by the Acting COP and Project Manager, who mobilized in February to lead on-the-ground activities.

To complement operational start-up, USAID Expanding WASH identified four assessments for a comprehensive and precise programmatic baseline evaluation: (1) a comprehensive WASH baseline, (2) a baseline political economy analysis (PEA), (3) a WASH market assessment, and (4) a gender, youth, and social inclusion (GYSI) action plan, further detailed below. All assessments are expected to be concluded by July 2022, and will provide foundational information for the four objectives under USAID Expanding WASH.

OPERATIONS

RTI started operations with a Home Office (HO) team including a Start-Up Coordinator, Project Coordinator, Project Assistant, and regional staff based in Nairobi. A local consultant was brought on board starting in March, and worked closely with HO on VAT exemption, office procurement, identification of potential vendors for IT equipment, office furniture, and vehicles, and other ad-hoc administrative tasks.

On February 16, the project reached out to three real estate agents to identify properties in Lusaka suitable for an office space. Over the next week, the real estate agents shared potential properties for viewing, which mostly met requirements laid out in the office specifications. The team visited a total of nine properties between March 1 and March 16 and selected the top location shortly after; however, the landlord contracted COVID-19 and was unable to respond quickly, having been evacuated from Zambia to receive medical attention. Office negotiations were finalized by the end of the quarter, with only a final walk-through of the property needed to move forward with next steps of the procurement process. The office lease is expected to be signed in April with the office expected to open in mid-May, once necessary minor repairs and office furniture and equipment procurements are completed.

The team collected initial procurement documentation for various vendors, including but not limited to office-cleaning services, IT equipment, internet service providers, car dealerships, office furniture, office security, and car-hire services. Vendors were contacted at various times in early March, and many required in-person follow-up by the local consultant. The project contacted at minimum three vendors per each category (more than three vendors were contacted in most categories) to collect articles of incorporation and complete new vendor registration forms. Once the office lease is finalized, the project will be poised to quickly secure these other services.

The VAT exemption process documentation began in February. The local consultant was able to move quickly, securing approval for local purchase orders on March 29.

STAFFING

As requested by USAID, HO support staff prepared a project-specific local compensation plan (LCP) to be used during the life of the project. The LCP was submitted to USAID on February 10, 2022 and approved by the Contracting Officer (CO) on February 23, 2022.

Upon receipt of approval of the LCP from USAID, on February 23 RTI submitted approval requests for four key personnel (KP), including the Service Delivery Lead/Objective 1 Lead, Civil Society Engagement (CSE) Lead/Objective 2 Lead, Policy and Regulatory Lead/Objective 3 Lead, and Private Sector Participation (PSP) Lead/Objective 4 Lead. On the same day, RTI sent a separate approval and waiver request for the COP. USAID responded on March 11, approving the PSP Lead and rejecting the COP. The PSP Lead had to negotiate her start date with her previous employer and is set to begin on April 18. Approval was received for the Service Delivery Lead and CSE Lead on March 14 and March 15, respectively. Start dates for both KPs have been set for April 13, 2022. Following further review, the candidate for the Policy and Regulatory Lead position was removed from consideration on March 22, 2022.

With the approved salary scale in place, RTI moved forward with hiring the Monitoring, Evaluation, and Learning Director/Cross-Cutting Lead, with a start date of April 1. The HR Manager from Nairobi traveled to Lusaka to support recruitment efforts from February 28 to March 11. Job positions were posted on gozambijobs.com, Devex, Indeed, and the RTI Careers Page to advertise project openings. Additional HO and Africa Regional Office staff supported interviews for other project positions, including Finance and Operations Director (FOD), Monitoring & Evaluation Assistant, Grants Specialist, Office and Procurement Assistance and Accountant, that took place throughout March. The project identified finalists for all these positions, except the FOD, and made verbal offers. The FOD second-round interviews will continue into the next quarter. A complete list staff positions in the Lusaka and Province offices, and expected start dates, is shown in Table 2.

TABLE 2. USAID EXPANDING WASH STAFF POSITIONS

POSITION TITLE	EXPECTED START DATE
Monitoring, Evaluation and Learning Director	April 1, 2022
Service Delivery Lead	April 13, 2022
Civil Society Engagement Lead	April 13, 2022
Private Sector Participation Lead	April 18, 2022
Accountant	April 18, 2022
Monitoring and Evaluation Assistant	April 21, 2022
Office and Procurement Assistant	May 2, 2022
Grants Specialist	May 2022
Finance and Operations Director	May 2022
Institutional Development Specialist	April 2022
Southern Provincial Lead	May 2022
Southern Governance & Accountability Coordinator	May 2022
Western Provincial Lead	May 2022
Western Governance & Accountability Coordinator	May 2022
Northern/Muchinga Provincial Lead	May 2022
Northern/Muchinga Governance & Accountability Coordinator	May 2022
Policy and Regulatory Lead	June 2022
Chief of Party	June 2022

Staff onboarding will take place next quarter, with staff on-boarding envisioned to take place in two waves to accommodate different staff start dates.

WORK PLANNING

The Project Manager and the Acting COP led work-planning sessions, with hybrid virtual and in-person sessions convened on February 25 and 28 and March 1-3. The February 25 and 28 sessions provided an overview of the results chains for each of the four objectives. On March 1 and 2, the Service Delivery Team and Governance and Accountability Team met separately to develop Task Sheets including an overview of the task, necessary steps for completion, responsible parties and partners involved, timeline, targets, and budget estimate. On March 3, with USAID in attendance, staff made presentations on each objective and provided feedback on changes in sequence or missing steps or information.

After the work-planning sessions were completed, the team revised the task sheets and included them in the draft Initial Work Plan, submitted on March 12.

ACTIVITY MONITORING, EVALUATION AND LEARNING PLAN (AMELP)

Concurrent with work planning, the project drafted and reviewed the project AMELP. The team reviewed project activities and contract deliverables against USAID WASH indicators, USAID PSE indicators and proposed project PIRs which were submitted to USAID together with the AMELP narrative on March 12. The AMELP includes project CLA strategies and objectives and was drafted to align with the Comprehensive WASH Baseline assessment which will provide baseline data for project monitoring and evaluation (M&E).

Future quarterly progress reports will update indicator progress against the approved AMELP.

COMPREHENSIVE WASH BASELINE

The comprehensive WASH baseline will clarify the status of infrastructure and service needs across the 12 identified districts. This information will feed into all objectives, and will complement identification of priority infrastructure and service needs by collecting key demographic data (e.g., number of women or youth water users, population served through clinics or schools), and the location and state of existing WASH facilities, their functionality, and who manages them.

The WASH baseline will be carried out by an M&E subcontractor identified through competitive procurement. The project identified qualified candidates through in-country research, desktop review, and review of M&E and research firms with relevant published work online and shortlisted three firms. To ensure that these candidates were capable and had relevant experience, the Acting COP and Project Manager conducted one-hour discussions with each between February 29 and March 2. No specifics on the baseline assessment were shared during the calls. All firms were asked to share a capability statement by March 3.

On March 4, the project notified the firms of their shortlist status and the intention to issue a request for proposals (RFP) on March 7, with a bidders' conference on March 14. All bidders attended the conference, and clarification questions and responses were circulated to the project team on March 16. All three firms submitted their proposals on March 21.

The Acting COP, Service Delivery Lead, and Project Manager scored and evaluated the proposals on March 25. The MEL Director participated in an advisory role only. Questions were sent to the top two firms on March 28, and responses received on March 30. The evaluation committee reviewed the responses and confirmed Impact Research as the chosen subcontractor, based on technical performance and cost.

The inception meeting will be held in early April. Data will be disaggregated by gender, age, disability, and wealth quintile and will include direct field surveys, reports from CUs and NWASCO, and GRZ platforms such as the Zambia Demographic and Health Survey. The results of the baseline will define the types of water systems and management models most appropriate for each community and will inform the project's selection of entry points—directly feeding into Objective 1, but also serving as a foundational step for all objectives.

BASELINE PEA

A PEA is a powerful tool for improving the effectiveness of aid; it shows how power and resources are distributed and contested and identifies implications for development activities and outcomes. For a market-led activity such as USAID Expanding WASH, the baseline PEA will help identify constraints and opportunities to market expansion and private sector entry at a macro level. The

baseline PEA will create a foundation to detect changes in the local context, identify barriers and enablers to reform, and adapt project activities as needed. It will identify formal political structures, incentives, constraints, champions for change, and political/economic factors among water sector stakeholders. The baseline PEA process will also build the capacity of the project team to employ a PEA lens through “everyday PEA”, ensuring issues are continually examined.

A PEA Introductory Training was held on March 21, attended by approved Objective Leads and the MEL Director. Facilitated by [REDACTED], Director of Governance and Economic Development at RTI, the training covered types of PEAs, processes, and examples from other projects. During the meeting, the team decided that PEA questions would be included in the comprehensive WASH baseline assessment and WASH market assessment, with supplementary meetings as needed.

During the baseline PEA, further technical assistance will be provided by [REDACTED] and other RTI staff, to build staff capacity to use PEAs as a “pulse check” on key questions throughout implementation. The outcome of the applied PEA will include specific, politically informed actions for project design, project start-up, work planning, policy-reform processes, and project implementation. The aim is to uncover not just *what* is happening, but *why*. The baseline PEA will feed into Objectives 2 and 3. It will reveal potential barriers to enacting policy-level changes, and any hesitancy at the district level toward moving to a private service-delivery model.

The internal PEA workshops will take place in April 2022 to finalize the PEA questions at the system, household, and service provider level. PEA questions will be embedded in the WASH Baseline survey and WASH Market Assessment that are taking place in Q3, while separate PEA discussions will start in May and go through the end of Q3.

WASH MARKET ASSESSMENT

The WASH market assessment will investigate the potential for market-based WASH service-delivery models, including the presence and capacities of local businesses. This analysis will support the development of a portfolio of WASH investment and management partnerships and the establishment of a forum for public-private dialogue under Objective 4. The team will use the SaniFOAM framework (an analytical tool designed to answer behavioral questions around sanitation behavior; FOAM = focus, opportunity, ability, and motivation) to learn about consumers’ needs and preferences, willingness and ability to pay, cultural drivers and contextual barriers, to design effective market-based sanitation strategies.

Work on the WASH Market Assessment Plan will begin when the Private Sector Participation Lead comes on board in mid-April.

GYSI PLAN

The GYSI plan will include a systematic analysis of obstacles, relevance, and power dynamics in the context of the WASH sector. The project will identify the differential impacts of development policies and programs on women, men, youth, and persons with disabilities, to examine disparities and their causes, assess their potential to negatively impact results, and determine how they can be addressed. The GYSI plan will outline how project WASH interventions can leverage this information to expand opportunities for vulnerable populations (e.g., improving WASH facilities in schools to reduce dropout rates for female students).

Work on the GYSI plan will begin when the Civil Society Engagement Lead comes on board in early April.

ACTIVITIES BY OBJECTIVE

The following sections elaborate on the project's progress on activities by objective and sub-objective.

OBJECTIVE 1: INSTITUTIONALIZED MARKET-BASED WASH SERVICE DELIVERY, FINANCIALLY SUSTAINABLE AND INCLUSIVE MANAGEMENT MODELS

Objective 1 will improve social accountability by securing the minimum quality standards for market-based services and strengthening the institutional arrangements to ensure that these services reach customers. The USAID Expanding WASH Project will achieve this objective through comprehensive analysis and deliberate engagement of district, community, and private sector stakeholders, recognizing how co-implementation can enhance governance (Objective. 2), policy reform (Objective 3), and sustained investment (Objective 4). The project will work with CUs to identify service-improvement projects for peri-urban areas, rural growth centers, and rural communities, including upgrading existing infrastructure, drilling boreholes, installing water taps and small piped water schemes, and improving on-site sanitation. Where possible, the project will capitalize on existing management models to increase shared value for rural growth centers and communities, using them as a foundation to scale a structured delegation of authority for market-based services.

SUB-OBJECTIVE 1.1: IMPROVE AND INSTITUTIONALIZE MARKET-BASED, PROFESSIONALIZED, FINANCIALLY SUSTAINABLE, ADAPTIVE, AND INCLUSIVE MANAGEMENT MODELS

TASK 1.1.1: DETERMINE ENTRY POINT FOR WATER SUPPLY AND SANITATION SERVICES

Although official activities under this task are anticipated to begin in June 2022, the project prepared introductory letters to the three CUs. Introductory meetings will be held early in Q3.

TASK 1.1.2: ESTABLISH FLEXIBLE MODELS FOR DELEGATION OF WASH SERVICE DELIVERY

Activities under this task are anticipated to start in July 2022.

TASK 1.1.3: STRENGTHEN DATA SYSTEMS, TECHNOLOGICAL TOOLS AND INFORMATION PLATFORMS

Activities under this task are anticipated to start in October 2022.

SUB-OBJECTIVE 1.2: ENHANCE CONSTRUCTION QUALITY OF SMALL-SCALE WATER SYSTEMS (NEW AND REHABILITATED HAND PUMP BOREHOLES AND SMALL PIPED-WATER SCHEMES)

TASK 1.2.1: ENSURE CONSTRUCTION QUALITY OF SMALL-SCALE WATER SYSTEMS (NEW & REHABILITATED HAND PUMP BOREHOLES AND SMALL PIPED-WATER SCHEMES)

Although the activities as defined in the work plan are anticipated to begin in July 2022, the project met with the USAID Scaling up Nutrition Technical Assistance (SUN-TA) project in mid-March to discuss potential synergies. SUN-TA has agreed to provide relevant documentation and shared lessons, such as the importance of constant project oversight during construction, based on their

construction experiences thus far. A separate meeting on small-scale water systems is planned early in Q3.

TASK 1.2.2: BUILD CU AND COUNTERPART CAPACITY FOR CONSTRUCTION MANAGEMENT AND OVERSIGHT

Activities under this task are anticipated to start in July 2022.

TASK 1.2.3: DESIGN AND OPERATIONALIZE A CONSTRUCTION FUND (CF) FOR NEW, EXPANSION, AND/OR REHABILITATION OF WATER AND SANITATION INFRASTRUCTURE

Although activities under this task are anticipated to start in July 2022, the project met with WaterAid to learn about its processes and lessons learned from management of the CF.

TASK 1.2.4: DEVELOP ASSET MAINTENANCE MANAGEMENT SYSTEMS AND O&M MANUALS

Activities under this task are anticipated to start in May 2022.

SUB-OBJECTIVE 1.3: FACILITATE ACCESS FOR THE POOR TO ADEQUATE SANITATION FACILITIES

TASK 1.3.1: DETERMINE STATE OF SANITATION COVERAGE AND EXISTING PRACTICES

Activities under this task are anticipated to start in July 2022.

TASK 1.3.2: ADDRESS SANITATION PRIORITIES THROUGH MARKET-BASED SERVICES

Activities under this task are anticipated to start in April 2022.

TASK 1.3.3: COMMUNICATION AND BEHAVIOR CHANGE

Activities under this task are anticipated to start in September 2022.

OBJECTIVE 2: INCREASED ACCOUNTABILITY OF WASH SERVICE PROVIDERS, POLICYMAKERS AND CIVIC LEADERS

Objective 2 focuses on enhancing social accountability by equipping citizens—as constituents and as customers—with tools and spaces that enable them to advocate for high-quality services and hold service providers accountable to minimum standards. At the district level, a primary challenge is the competing priorities of civic leaders and local authorities (LAs). In town and rural councils, political expedience often trumps adherence to national policies and guidelines. This discrepancy translates into a misalignment of incentives which in turn misdirects resources and investments away from local citizen demands and priorities. The project will use insights from the baseline PEA to analyze district-level political dynamics, then engage reform champions within GRZ, LAs, and civil society to co-implement activities that reinforce responsive governance systems. Using its social accountability framework and grants, the project will focus on scaling activities that demonstrate a positive impact on more-inclusive citizen engagement.

SUB-OBJECTIVE 2.1.1: IMPROVE CITIZENS' CAPACITY TO HOLD WASH SERVICE PROVIDERS, POLICYMAKERS, AND CIVIC LEADERS ACCOUNTABLE FOR QUALITY SERVICE DELIVERY

TASK 2.1.1: EMPOWER CITIZENS AND BUILD CAPACITY OF CIVIL SOCIETY FOR ADVOCACY AND SOCIAL ACCOUNTABILITY

Activities under this task are anticipated to start in April 2022.

TASK 2.1.2: DEPLOY RIGOROUS AND USER-FRIENDLY LOCAL GOVERNANCE TOOLS

Activities under this task are anticipated to start in May 2022.

TASK 2.1.3: REINFORCE PUBLIC PLATFORMS TO MONITOR PERFORMANCE AND SERVICE QUALITY

Activities under this task are anticipated to start in July 2022.

SUB-OBJECTIVE 2.2: IMPROVE INVESTMENTS AT THE NATIONAL LEVEL

TASK 2.2.1: INCREASE GRZ RESOURCE ALLOCATION FOR WASH

Activities under this task are anticipated to start in July 2022.

TASK 2.2.2: IMPROVE WASH SECTOR COST RECOVERY

Activities under this task are anticipated to start in May 2022.

OBJECTIVE 3: SUPPORTED POLICY AND REGULATORY REFORMS

Under Objective 3, the USAID Expanding WASH Project will strengthen social accountability by ensuring that updated policy, regulatory, and legislative frameworks reflect local stakeholder priorities and create a favorable enabling environment for market-based services. The project's policy and regulatory reform agenda will be driven by priorities and constraints identified under Objective 4, together with private sector partners and through the planned private sector forum. Although existing legislation has limited provisions for rural WASH, the NWSSP outlines GRZ's updated vision of private sector partnerships that can deliver services to these areas. The policy builds on a strong business-enabling environment established by several national laws, including the Companies Act, Investment Act, Public Financial Management Act, and PPP Act. Directed by the Policy and Regulatory Lead, the project will analyze the above laws and other relevant policies to locate specific articles on PSE; engage MWDSEP, the private sector, and local stakeholders to prioritize key reforms; and co-implement a joint policy-review process that capitalizes on political insights and reform champions identified in the baseline PEA. The project will explore partnerships to scale WASH services and their impact as the enabling environment improves.

SUB-OBJECTIVE 3.1: STRENGTHEN THE POLICY AND REGULATORY FRAMEWORKS TO REMOVE BARRIERS TO PRIVATE SECTOR INVESTMENTS AND PARTICIPATION IN THE WASH SECTOR

TASK 3.1.1: DESIGN AND STRENGTHEN REGULATORY INSTRUMENT FOR RURAL WATER SUPPLY

Activities under this task are anticipated to start in April 2022.

TASK 3.1.2: DEVELOP APPROPRIATE ENABLING ENVIRONMENT ACTIVITIES FOR THE PRIVATE SECTOR

Activities under this task are anticipated to start in April 2022.

SUB-OBJECTIVE 3.2: LEGISLATIVE IMPROVEMENTS TO COMMODIFY WASH SERVICES

TASK 3.2.1: ADVANCE NECESSARY LEGISLATIVE IMPROVEMENT FOR COMMODIFICATION OF WASH SERVICES

Activities under this task are anticipated to start in June 2022.

OBJECTIVE 4: INCREASED PRIVATE SECTOR PARTICIPATION (PSP)

PSP is at the core of the USAID Expanding WASH approach and is key to its sustainability. Outputs from tasks under this objective will shape and inform tasks under other objectives. For example, all Objective Leads will participate in the PSE forum, noting outputs that impact and direct their respective tasks (e.g., policy and regulatory priorities for review and strengthening under Objective 3). Objective 4 will enhance the private sector's ability to fulfill its role in socially accountable services, using partnerships to establish effective pricing policies, cost recovery, and shared value. Although the Water Supply and Sanitation Act of 1997 enables PSP directly in the management (and even ownership) of CUs, a more effective approach would create shared value by engaging businesses and private operators in investment partnerships and performance-based operations and maintenance (O&M), management, and service contracts that complement CU capacities.

SUB-OBJECTIVE 4.1: ENHANCE THE PARTICIPATION OF THE PRIVATE SECTOR IN WASH SERVICE PROVISION AND IMPROVING SERVICE RELIABILITY

TASK 4.1.1: PREPARE A PIPELINE OF WASH INVESTMENT AND MANAGEMENT PARTNERSHIPS

Activities under this task are anticipated to start in April 2022.

TASK 4.1.2: FACILITATE WASH SECTOR DIALOGUE THROUGH A PSE FORUM

Activities under this task are anticipated to start in April 2022.

TASK 4.1.3: STRENGTHEN GRZ AND PRIVATE SECTOR CAPACITY TO IMPLEMENT PPPS

Activities under this task are anticipated to start in April 2022.

CROSS-CUTTING ACTIVITIES

GENDER AND YOUTH

A key priority of the USAID Expanding WASH Project is to create and maximize opportunities to enhance social inclusion and gender equality through public policy and direct field activities. Activities and tasks to support expected outcomes will apply a gender lens, but the project also will incorporate specific processes and indicators. Under Objective 1, for example, in Task 1.1.2, the project will take special care in the delegated management agreements (DMAs) to include GYSI targets for service delivery and will target women and youth for capacity-building courses. Also, the choices in Task 1.3.2 will be critical for establishing GYSI sanitation priorities so that the project responds to the needs of the entire demographic.

Under Objective 2, the project will employ a social-accountability framework with community scorecards, to empower reporting by women and youth and to hold providers, policymakers, and civil leaders accountable. The project will also work with CSOs and women and youth groups to help frame gender and youth-focused service-delivery goals and expectations, to ensure that accountability is measured against shared delivery standards and expectations.

Under Objective 3, the project will pay special attention to policy and regulatory review with gender impact. For example, all legal experts engaged to review legislation will receive orientation in the project's GYSI action plan, and their terms of reference will include language to ensure that reviews include a gender and youth lens. Working with government and counterpart ministries and agencies, the project will continually share information and results to make the case for policies and regulations that empower women and youth.

Under Objective 4, the project will ensure that potential investments included in the pipeline will undergo a gender and youth impact review, in line with the project's GYSI action plan.

To ensure partners understanding of how project activities support improved gender and youth outcomes, the learning agenda includes specific gender and youth-related questions. Through collaboration with other programs and local partners, USAID Expanding WASH will continually explore opportunities for gender equality and women's economic empowerment (e.g., through engagement with V-WASHE and D-WASHE committees) and actively seek out approaches to prevent gender-based violence and address entrenched gender norms. Project grants will share these priorities.

The Civil Society Engagement Lead will help ensure that community mobilization grants support CSOs and have strong GYSI, and that catalytic grants engage CSOs and women's groups in advocacy activities under Objective 2. All calls for applications under the grants program will include evaluation criteria requiring applicants to propose actions that reinforce the project's GYSI action plan. All policy review processes (Objective 3) will include a gender analysis and consultation process (via D-WASHE and V-WASHE committees) to ensure that proper social safeguards are integrated into policy design. To strengthen capacity for private sector partnerships (Objective 4), the project will target woman-led businesses for the PSE forum and training program on public-private partnerships (PPPs), then link these businesses to CUs for engagement along the WASH service chain (e.g., water point management, kiosks, and sanitation marketing).

GRANTS UNDER CONTRACT (GUC)

Expanding WASH will implement a flexible GUC mechanism to encourage local organizations to collaborate to achieve expected results. The draft grants manual will be submitted to USAID no later than April 26, 2022, outlining the application, review, and award process, as well as suggested USAID

involvement in establishing selection criteria and approving grant recipients. The GUCs will measure grantees' ability to achieve technical results and evolve in a way that helps them become more efficient, effective, and sustainable entities that can transform their communities. Grants to bolster activities and build local capacity will fall into three categories: (1) community mobilization grants, (2) catalytic grants, and (3) scale-up awards that leverage CSO, private sector, GRZ, or other donor resources to co-invest, share risk, and institutionalize successful WASH delivery models.

The project will issue no more than 15 grants throughout its five years of implementation, with a ceiling of [REDACTED]. Given the limited number of grants that can be awarded, the project will work closely with USAID to ensure that grants are high impact, sustainable, technically focused, and supportive of gender and localization goals. The project will develop a grants pipeline and review it quarterly with USAID to identify and pursue high-potential grants that align with project scope and will continually work with other USAID implementing partners to share strong ideas that may be better suited to their programs or that can be used for replication and scale-up. As reflected in Objective 2, the project will issue the first call for applications by month 6 of operation.

Starting in March, the HO staff began adapting the grants template for the GUC manual. It is expected that this deliverable will be submitted to USAID in advance of the contractual deadline for review and approval, to allow project staff sufficient time to begin preparing for the first call for applications, expected to be released by the end of July.

LOCALIZATION

USAID Expanding WASH will take a broad approach to localization, pursuing multiple, complementary pathways. All proposed key personnel and other long-term staff are Zambian, and all grant and construction funds will be directed to "local entities" as defined in USAID Automated Directives System Chapter 303 (ADS 303.6). All activities will be undertaken with local partners and, wherever possible, with local partners taking the lead and the project playing a facilitative role. In the event that a specific local leadership and or capacity-building imperative impacts deliverable schedules, the project will advise the Contracting Officer's Representative (COR) in advance and discuss with USAID how to achieve the results of the project and support USAID's local capacity development policy and improved performance under the standard capacity-building indicator CBLD-9.

The project's approach to PSE and leadership is also central to its localization approach. Sustainability of outcomes is based on a market-driven approach, in which private sector and public sector partners find common cause in a business-enabled environment, where citizens can access high-quality services and where enterprises and businesses are encouraged to enter the market based on clear and favorable policies and regulations. To support government buy-in to this approach, the project will share successes and seek to elevate the role of government in supporting market-based approaches. This localization approach will be reflected in project communications that place local partners at the center of this activity, with USAID support.

COLLABORATING, LEARNING, AND ADAPTING

Expanding WASH will bring stakeholders into the learning and adaptation cycle early and often. The project will actively engage and collaborate with stakeholders in gathering information, learning from data, and sharing findings. As the primary means to address learning systematically, the project's AMELP includes a learning agenda that identifies key learning questions. Through these learning activities, the project will bring forward information from M&E data, learning and research questions, and lessons learned to continually test assumptions, analyze the development hypothesis, and monitor changes in the local context to inform an adaptive management approach.

The draft AMELP was submitted this quarter and included life of project indicators that will be used to measure the four objectives. Future quarterly progress reports will provide updates on the performance indicators after the baseline assessment has been completed and the AMELP has been approved by USAID.

During this quarter, the project met with the USAID SUN-TA project and the USAID Local Governance Impact project. Meetings with the A2C project and other identified partners will take place in FY 22 Q3, once additional project staff are on board.

USAID DEVELOPMENT FINANCE CORPORATION (DFC)

USAID Expanding WASH will explore DFC loan guarantees to connect potential private sector partners with enabling loans. In Year 1, the team will work with the Mission and existing DFC financial institution partners in Zambia (Zambia National Commercial Bank [ZANACO], Standard Chartered Bank, and Madison Financial Services Company) to determine how the DFC portfolio in Zambia can be leveraged to bring private sector partners into the WASH sector. This approach will help the project meet its goal of leveraging ██████████ in private sector partnerships.

SCHEDULES

No significant schedule delays occurred this quarter.

However, two deliverables are expected to have modified due dates, as communicated by USAID. As directed by USAID, the project has not moved forward with the completion of the Construction Plan or the Water Quality Assurance Plan, pending receipt of a contract modification related to construction. These deliverables were originally scheduled to be due 90 days post project award (in Q3) but will be delayed post signing of the modification.

CHALLENGES

There are several long-term challenges that USAID Expanding WASH will continue to evaluate as project implementation progresses. Current potential foreseen challenges include:

- As a result of the recent transfer of responsibility of rural WASH functions to the CUs, many LAs and community-based enterprises fear losing control and resources in managing WASH service delivery, risking lukewarm cooperation. Clarity on roles and responsibilities is critical for local stakeholders to be willing partners in this transition. Consistent consultation is required to clearly articulate benefits and reflect their priorities in the new arrangements.
- Under an uncertain policy framework, businesses risk losing their investments and ultimately not meeting the expected standard of service provision. In the WASH sector, the right conditions for private investment are created through effective pricing policies and cost recovery principles. Digital tools and technology can make billing and revenue collection more efficient, reduce NRW, and make partnership models more cost-effective.
- Low service quality and lack of timely information contribute to customer non-payment, risking low levels of cost recovery. An emphasis on affordability - which varies between peri-urban areas, rural growth centers, and rural area - can help determine willingness to pay for each project site. Digital technology can improve information flows and enable customers to monitor quality and track professionalization in service delivery.
- The coronavirus disease 2019 (COVID-19) presents a risk for construction management and oversight, given travel restrictions, human health concerns, and general slowdowns of economic activity that affect the supply chain. Early identification and engagement with multiple pre-qualified vendors (for materials, maintenance, and engineering capabilities) can ensure services are available at the precise time and keep activities on track.

IMPLEMENTATION STATUS, CHALLENGES, AND RISKS

As with any project, unexpected situations may arise that could derail project implementation if not carefully tracked. As part of project implementation, RTI deploys a risk register to continually track potential risks and challenges during project implementation. Using adaptive management principles that promote collaboration, transparency, and accountability, RTI identifies potential mitigation measures for every risk or challenge that is identified. A summary of the risks and challenges as identified this quarter are included in Table 3 below.

RISK / CHALLENGE	MITIGATION MEASURES
<p>Financial Risk: The Zambian Kwacha has varied significantly against the U.S. dollar since the project budget was created over one year ago. The variance and rising prices of monthly costs, such as the project office, could cause budget overruns if not carefully monitored.</p>	<ul style="list-style-type: none"> Review the budget forecast monthly against actual expenditure. Look for cost savings where possible, evaluating measure such as buying in bulk and getting potential discounts. Make sure the project is not covering any tax or VAT charges, as the project has VAT exemption status from GRZ.
<p>Schedule Risk: Although construction is not anticipated to begin until Year 2, significant preparatory work must be done in Year 1 to adequately prepare environmental compliance documentation and determine the feasibility of projects prioritized by stakeholders. Continued delay in receiving updated information and regulations regarding constructions results in difficulties in budgeting and planning.</p>	<ul style="list-style-type: none"> Work with partner USAID projects to identify important lessons learned in construction, such as building in oversight, setting scoring criteria, etc., to facilitate environmental compliance reviews once appropriate documentation is received. Continue to speak with potential Construction Fund Managers, to adequately prepare for construction activities.
<p>Schedule Risk: While the project is actively recruiting replacements for the two key personnel positions not approved by USAID, there is a potential risk for short-term activities to have a delayed start if personnel are not in place</p>	<ul style="list-style-type: none"> The Project Manager will serve as Acting COP until the approved COP is in place to continue to move forward technical implementation. Additional support was brought on to provide coverage for the Project Manager as she takes on Acting COP responsibilities. The project will seek to hire a consultant to support the regulatory gap analysis, as required under Objective 3 in FY 22 Q3.

TABLE 3. CHALLENGES AND RISKS

RISK / CHALLENGE	MITIGATION MEASURES
<p>Challenge: Since the original FOD candidate did not accept the offer of employment, the project has needed additional operational support for office set-up, etc.</p>	<ul style="list-style-type: none"> • The project hired a short-term independent consultant to facilitate operational tasks, such as reviewing office space and collecting vendor information for upcoming procurements. • The project will mobilize the HO Project Coordinator in FY22 Q3 to facilitate office opening and staff onboarding in the absence of an FOD.
<p>Schedule Risk: Subcontractor approvals for two of the three partners were issued this quarter. However, this happened after work-planning sessions, and additional administrative tasks are necessary to engage in technical work. Subcontractors may not reasonably be able to fully engage in project implementation until next quarter.</p>	<ul style="list-style-type: none"> • RTI is working under smaller agreements to allow technical work to move forward with subcontractor partners while larger contracts are being set up and long-term deliverables are defined.
<p>Schedule Risk: Potential delays in formal introduction to project partners and stakeholders could impact the project’s ability to move forward with individual tasks.</p>	<ul style="list-style-type: none"> • The project has prioritized key stakeholders to reach out to in order to begin implementation.

NEXT-QUARTER ACTIVITIES AND MILESTONES

During the next quarter, the project will begin its move out of start-up phase and into full project implementation. It is anticipated that the Lusaka project office will be opened, with all full-time staff based in Lusaka hired and on-boarded. All start-up assessments are expected to be completed at this time. The project also anticipates holding a project launch event in late June or early July, depending on USAID availability. Table 4, below, includes expected project milestones and deliverable submissions.

TABLE 4. ACTIVITIES AND MILESTONES		
MILESTONE/DELIVERABLE	RELATED ACTIVITY	DATE
Draft Quarterly and Financial Report Submission	Reporting Requirements	April 15, 2022
Draft GUC Manual Submission	Grants Under Contract	April 26, 2022
Quality Assurance and Surveillance Plan Submission	Reporting Requirements	April 26, 2022
Final Work Plan and AMELP Submission	Reporting Requirements	April 26, 2022
Final Quarterly and Financial Report Submission	Reporting Requirements	April 30, 2022
Project Office Open	Project Start-Up	May 16, 2022
All Staff orientation complete	Project Start-Up	May 31, 2022
WASH Baseline Assessment Complete	Project Start-Up	May 31, 2022
Database of Community Communicators Compiled	Objective 2	June 1, 2022
Establish Project Focal Points at Key Stakeholder Institutions	Objectives 1, 2, 3, and 4	June 15, 2022
GYSI Action Plan Complete	Project Start-Up	June 15, 2022
WASH Market Assessment Complete	Project Start-Up	June 30, 2022
Baseline PEA Complete	Project Start-Up	June 30, 2022
Gap Analysis of Regulatory Environment Complete	Objective 3	June 30, 2022
Project Launch Event	Project Start-Up	June 30, 2022

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