Financing for Commercial Water Utilities in Zambia

USAID Water, Sanitation, and Hygiene Finance (WASH-FIN) Project

Country Brief Series

INTRODUCTION. Zambia aims to achieve universal access to clean and safe water supply and sanitation by 2030. To make this a reality, approximately United States (US)$ 384 million is required each year for service expansion and infrastructure maintenance. However, Zambia's water supply and sanitation (WSS) sector has been significantly underfunded, with budget allocations averaging US$ 40 million per year, just 10 percent of the total need. To improve funding for the sector, the United States Agency for International Development's (USAID) Water, Sanitation, and Hygiene Finance (WASH-FIN) program provided technical assistance to key WSS service providers to improve financial performance

Key Takeaways

- Improved non-revenue water (NRW) management is a key component of strengthening WSS service providers' financial health.
- While prepaid "smart" meters may reduce NRW and increase revenue collection, they pose significant drawbacks that must be considered.
- In Zambia, solar water pumping is not currently a commercially viable investment, but there are compelling reasons to continue to expand solarization.
- Evidence from the electricity sector demonstrates that greenfield, "government-pays" infrastructure public-private partnerships (PPPs) may be a viable option for engaging the private sector in water and sanitation provision.

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and expand sustainable service delivery. This brief provides context on local challenges in providing access to sustainable water and sanitation services, as well as WASH-FIN Zambia's approach to building the capacity of water utilities, achievements, and lessons learned.

CONTEXT. Following sector reforms in 1994, Zambia has progressively corporatized the provision of urban water supply and sanitation (WSS) services and, today, there are 11 Commercial Utilities (CUs), which are wholly owned by the municipalities that they serve.[1] The CUs face major barriers to expanding service delivery, including inadequate governance, operating inefficiencies, and limited financial resources. Over the years, the Government of the Republic of Zambia (GRZ) has implemented various reforms aimed at invigorating the performance of the WSS sector and increasing financial investment However, these efforts have experienced mixed success, as most CUs continue to exhibit poor operational performance and have failed to attract significant external investment.[2]

Zambia aims to achieve universal access to clean and safe drinking water and adequate sanitation by 2030.[3] At present, 72 percent of Zambian households obtain drinking water from an improved source and 54 percent have access to improved sanitation facilities.[4,5] However, considerable investments are required to meet the 2030 goal. WSS budgetary allocations typically ranged from half a percent to three percent of the national budget, or an average of US$ 40 million annually from 2011 to 2019. Of this amount, only 37 percent (US$ 14 million) is disbursed annually on average, due to insufficient available funding. These budget allocations represent only 10 percent of the required spending, and actual disbursements make up less than four percent of the annual requirement.

Zambia received a total of US$ 192 million in concessionary financing between 2009 and 2018 in the form of grants and concessionary loans from development partners, development finance institutions, and philanthropic foundations. Loans from domestic commercial banks contributed a mere one percent of sector investment.[6] Despite these substantial investments from development partners, a significant financing gap remains.

To bridge this gap, the sector must not only consider alternative forms of financing for large-scale and long-term capital investments at the national level, but also increase the capacity of the CUs to directly obtain finance. To this end, the three-year WASH-FIN Zambia Activity provided strategic support to select CUs and the Ministry of Water Development and Sanitation (MWDS) to implement activities designed to improve CUs' operational efficiency, and in turn, their creditworthiness. WASH-FIN also aided the MWDS in the creation of a Water Development Trust Fund as well as project preparation and transaction advisory support to select CUs with the objective of mobilizing finance.

DEVELOPMENT CHALLENGES. WASH-FIN Zambia selected four CU partners, three of which—including Mulonga Water and Sanitation Company (Mulonga WSC), Nkana Water and Sanitation

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1 Reform of the water and sanitation sector was guided by the National Water Policy adopted in 1994.

2 Zambia nongovernmental organization Water, Sanitation, and Hygiene (WASH) Forum & WaterAid Zambia, Analysis of the Special Report of the Auditor General on the Accounts of Water and Sanitation Companies for the Financial Year January 1 to December 31, 2018, 2020.

3 Government of the Republic of Zambia, Vision 2030, 2006.

4 Government of the Republic of Zambia, National Water and Sanitation Policy, 2020.

5 Improved drinking-water sources are defined by the World Health Organization (WHO) as those that are likely to be protected from outside contamination. Improved water sources include household connections, public standpipes, boreholes, protected dug wells, protected springs and rainwater collection. Improved sanitation facilities are defined as those that hygienically separate human waste from human contact. Improved sanitation includes flush or pour-flush to piped sewer system, septic tank pit latrines, ventilated-improved pit latrines, or pit latrines with slab or composting toilets.

6 USAID WASH-FIN, Zambia WASH Financing Landscape Report, 2020.

Company (Nkana WSC) and Lusaka Water and Sanitation Company (LWSC)—were perceived to have the ability to assume additional repayable financing given that they are among the largest water utilities in Zambia, each services a large urban customer base, and all have past borrowing experience. The fourth CU, Eastern Water and Sanitation Company (Eastern WSC) was selected in consultation with MWDS and USAID Zambia as a priority intervention in response to rapid urbanization in the largely rural Eastern Province. At the start of WASH-FIN Zambia in 2018–19, these CUs were in a position to effectively leverage commercial loans to finance capital expenditures for their respective water and sanitation systems. WASH-FIN assessed each of the four CUs' financial performance to measure their creditworthiness; in other words, their ability to repay the principal and interest on any loans on time.

The assessment included a review of audited financial statements for a three-year period (Fiscal Year 2016 [FY16], FY17, FY18) and revealed that three of the four CUs were financially sustainable, despite some improvements over the years. To make a more sophisticated assessment of the CUs' creditworthiness, WASH-FIN designed an assessment tool that utilized regional benchmarks and standard key financial metrics for the sector. The creditworthiness assessments further illustrated that the CUs could only fulfill their existing short-term obligations but would struggle to service additional debt.

By 2021, the novel coronavirus 2019 (COVID-19) pandemic had further diminished the CUs' ability to meet even short-term obligations, as they faced steep declines in revenue collection over the previous year due in part to GRZ mandates to temporarily halt disconnections for non-payment. WASH-FIN conducted a study to quantify the impact of the COVID-19 pandemic on the financial performance of the four CUs and identify potential mitigating actions that could be deployed to sustain the CUs. The study confirmed that collections declined while operational costs increased and suggested that not a single CU would likely have managed to remain financially sustainable or have positive cash generation at the height of the pandemic if the Government had not paid a portion of the CUs' outstanding bills. While this support was integral to maintaining service continuity through this difficult period, it highlighted the need to further build the CUs' financial and operational resilience to withstand shocks more successfully in the future.

KEY INTERVENTIONS. Given these challenges, WASH-FIN refocused its technical assistance to support efficiency improvements rather than the initially anticipated support to CUs in structuring and entering into loan transactions. Addressing these operational inefficiencies is a critical step for CUs on their path to enhancing their cashflows and eventually accessing repayable finance.

1. Identifying and Implementing Priority Efficiency Improvements

Following the analysis of the CUs' financial performances, WASH-FIN examined their operational performances as reported by the country's sector regulator, the National Water Supply and Sanitation Council (NWASCO), to identify common financial and operational challenges. Based on these common challenges, the team generated a priority list of technical, commercial, and organizational areas to potentially receive WASH-FIN support. Through a consultative process designed to identify the most urgent needs, WASH-FIN and the CUs agreed on the following areas of technical assistance: reducing high levels of NRW, increasing metering efficiency and revenue collection, and reducing high operating costs.

Non-Revenue Water Management: According to NWASCO, Zambian CUs did not collect revenue on more than 50 percent of the water they produced in 2021.[7] This represented a revenue loss of approximately US$ 75 million.[8] Several factors contribute to Zambia's high NRW levels, including leaking infrastructure, vandalism, illegal connections, unmetered connections, and inaccurate billing. To effectively address NRW, service providers must have a clear understanding of the magnitude and sources of the water losses. They must then define a strategy to address the highest impact sources of water loss and secure buy-in from utility leadership. These two steps are critical to mobilizing internal and external support for the necessary reforms.

WASH-FIN's interactions with the CUs revealed a lack of documented and coordinated approaches to tackling NRW. Where plans existed, they were defined by individual technical departments and existed independent of guiding policies, strategies, and resourcing plans at the organizational or national level. WASH-FIN therefore designed an engagement to define NRW reduction strategies for Nkana WSC, Eastern WSC, and Mulonga WSC. In response, the MWDS requested that WASH-FIN extend its support to their development of an updated National Non-Revenue Water Strategy (the existing strategy only covered 2016 to 2018). With WASH-FIN supporting both national-level and utility-level policy development, the three CUs' utility-specific policies, strategies, and plans were able to align closely to the updated National Strategy. Furthermore, to ensure sustainability of WASH-FIN's technical assistance, WASH-FIN developed capacity-building plans and delivered training sessions for the CUs' senior management teams and Boards of Directors to orient them on the importance of NRW reduction and their roles and responsibilities in implementing NRW reduction strategies. As a result of this work, the new National Non-Revenue Water Strategy was revised to promote a culture of NRW management within institutions of the water sector, pushing for a focus on asset management and capacity building. In addition, the Strategy spells out the roles and responsibilities of stakeholders such as the ministry, regulator, private sector, cooperating partners and consumers towards achieving this.

Revenue Collection and Metering: The financial sustainability of a CU depends on its ability to accurately bill for water distribution, collect the owed revenue, and carefully control operating costs. NWASCO tracks CU performance, including collection efficiency (percent of billed revenue that is collected) and how much of operating expenditures are covered by revenues. In 2018, Nkana WSC had the lowest collection efficiency among the 11 CUs in Zambia at 72 percent against the sector average of 85 percent.[9] The creditworthiness assessment further revealed that Nkana WSC had the lowest net profit margin and the poorest customer debt collection performance. WASH-FIN accordingly designed additional support to aid Nkana WSC in identifying the key drivers of low revenue collection and developing a Revenue Collection and Debt Management Plan. In Nkana, some of the key drivers to poor revenue collection included low customer willingness to pay, inaccurate and inefficient billing, and low collection rates. To complement the development of the Revenue Collection and Debt Management Plan, WASH-FIN undertook a study to help Nkana WSC understand customer perceptions of service received and highlight key messaging activities that Nkana WSC could use to improve willingness to pay.

A recurring theme in discussions with CUs about approaches to improving revenue collection was the use of prepaid meters. CU management believed that transitioning customers to prepaid water meters could help the utility improve revenue collection, as the CUs believed these meters would improve

[7] NWASCO, Urban and Peri-Urban Water Supply and Sanitation Sector Report, 2021.

[8] Ibid.

[9] NWASCO, Urban and Peri Urban Water and Sanitation Sector Report, 2018.

collection of existing debt, reduce accumulation of future debt, and require fewer meter reading staff. Additionally, a customer engagement diagnostic study undertaken by WASH-FIN revealed the interest of customers in transitioning to prepaid meters, having experienced the benefits of prepayment for electricity especially as a form of household budget control. Accordingly, WASH-FIN conducted a cost-benefit analysis (CBA) of potential investment in prepaid meters.

While prepaid meters indeed serve as a tool for debt recovery and non-accrual, the cost recovery potential of prepaid meters is not as straightforward as many assume. The CBA highlighted that prepaid meters are up to three times more expensive to procure and install than conventional meters, which would offset any potential improvements in revenue collection. The CBA indicated that a higher return on investment could instead be achieved through improved operational efficiencies, prioritization of traditional debt management strategies, and increased efforts to sensitize customers around timely payment.

Efficiencies in Operating Costs: Several CUs have high operation and maintenance costs, which negatively affects their financial sustainability. For example, Eastern WSC's statements show that the utility's operating costs grew by 85 percent from 2016 to 2020. This increase in costs is attributable mainly to three factors: (1) a significant increase in electricity costs due to ZESCO, the national electricity utility, increasing tariffs by more than 100 percent in the 2019 to 2020 period; (2) an increase in the cost of maintaining and repairing an aging water network because of further deterioration and the increasing cost of repair materials; and (3) an increase in salary and staff costs driven by a high number of staff and additional administration costs like overtime, casual labor, and retirement provisions. To address these challenges, WASH-FIN worked with Eastern WSC to identify major cost drivers and develop a Cost Reduction Plan. The plan targeted four cost drivers and developed key strategies that included: (1) conducting a staffing audit to reduce current and future staffing costs, (2) automating labor-intensive functions to reduce logistics and staffing costs, (3) reducing energy costs at dam and water treatment sites, and (4) outsourcing some operation and maintenance functions. According to expectation, Eastern WSC will progressively implement the plan over the next several years.

For most CUs in Zambia, including Eastern WSC and LWSC, electricity is the second largest cost driver after staffing costs. As energy usage remains high, the cost of grid electricity is expected to increase in the short to medium term because of increasing pressure to implement cost-reflective tariffs in the power sector.[10] Utilities are increasingly turning to energy-efficient technologies to help save money. In addition to mounting grid-supplied electricity costs, Zambia's electrical grid has suffered from outages in recent years due to a severe drought that impacted the country's hydropower production. In response to the outages, many CUs either relied on expensive and polluting diesel generators or were forced to reduce water production.

COVID-19 has posed additional electricity cost challenges. In Zambia, CUs rely on both surface and ground water resources for water production. LWSC, for example, obtains 60 percent of its production from ground water sources. The borehole sites are mostly fitted with prepaid meters from ZESCO. With the onset of COVID-19, LWSC experienced constrained cash flows, limiting their ability to prepay for additional electricity consumption.

[10] Government of the Republic of Zambia, Green Paper on the Findings and Recommendations of the 2021 Electricity Cost of Service Study, 2022.

In response to the increasing cost and reliability challenges of electricity supply, WASH-FIN supported Eastern WSC and LWSC in the installation of five solar borehole pumping systems to significantly reduce the boreholes' reliance on grid-supplied power. There is significant opportunity to scale this borehole solarization, as there are over 100 boreholes requiring a total of 2,500 kilowatts of electricity just within these two CUs. It is estimated that solarization of the most feasible 70 to 80 sites would require an investment of approximately US$ 2.6 million which could unlock savings of over US$ 200,000 per year for the utilities.

Simultaneously with the installation of solar systems, WASH-FIN undertook a financial viability assessment of the solar borehole pumping installations as an energy cost reduction strategy. Financial modeling was performed using a life cycle cost methodology to assess the long-term feasibility of the investment. The viability assessment found that the alternative power source resulted in significant operational savings for the CUs over the long-term; however, the financial analysis determined the investment would not be bankable under current conditions.

This lack of bankability is largely driven by three key factors: higher-than-anticipated capital costs of the solar systems, the artificially 'low' price of electricity from the grid due to subsidization, and unattractive commercial lending terms.

A. *Higher Cost:* Despite a competitive procurement process, bids received by WASH-FIN for the solar water pumping systems were higher than anticipated. In Zambia, where solar pumping systems are relatively new, the market may not yet have established standard or competitive pricing, and information on prevailing pricing is likely difficult to obtain. If additional investments in solar projects are made in the coming years, market competition may improve, resulting in lower costs.
B. *Subsidization:* Grid power tariffs in Zambia have historically been low relative to other countries in the region due to the country's access to substantial hydroelectric power and the Government's policy of subsidization. Recently, the Government has substantially increased the price of grid power; however, prices are still likely below full cost-recovery levels. Furthermore, the cost of grid power is likely to increase further over the longer term, in large part due to climate risks impacting water resources, but also economic factors such as interventions by the International Monetary Fund to reduce the level of subsidization in the power sector (i.e., to reduce public debt). The feasibility analysis demonstrated that a relatively minor additional increase in the electricity tariff over time would result in significantly improved bankability of solar pumping investments.
C. *Commercial Lending Terms:* Finally, the terms offered by commercial lenders in Zambia may not be suitable for investment in solar pumping systems. In particular, the short tenor of commercial loans (typically seven years) is not appropriate for the long-term (20- to 25-year) investment life cycles for these solar projects. Combined with relatively high interest rates, the projects do not generate sufficient cashflows to cover the debts.

On a more positive note, WASH-FIN's analysis also found that rates of return improved as system size increased. This finding suggests that solar pumping systems may be more suitable for larger pumps or for micro-grids that provide power for multiple borehole pumps in a wellfield. The financial feasibility of solar pumping systems is also particularly sensitive to the price of electricity from the grid. If electricity tariffs increase as expected, the bankability of solar systems will likely improve. Finally, capital costs of solar pumping systems could come down as the Zambian solar supplier market matures and introduces new competition, which would improve the financial feasibility.

The potentially positive trends suggest that solarization of water pumping in Zambia would be an appropriate investment for donors seeking to improve water service provision and climate resilience. Short- to medium-term donor assistance would allow the solar supplier market to mature which would reduce costs. Investments in solarization through grants or concessional loans from climate-financing sources would improve the climate resilience of utilities in the face of future drought impacts to hydroelectric supplies while avoiding the potential increase in emissions from the use of backup diesel generators.

2. Development of Public Sector Capacity to Mobilize Financing

Another barrier to the mobilization of financing is the lack of a sector financing framework that promotes innovative or alternative forms of finance for WASH given the challenges experienced by the service providers. WASH-FIN worked with the MWDS to conceptualize a Water Development Trust Fund (WDTF) that would serve as a facet of a broader comprehensive sector financing framework. WASH-FIN additionally worked to prove the viability of some alternative forms of finance that serve as examples for the framework, including vendor financing for critical investments and a potential PPP.

Conceptualization of a Sector Fund: WASH-FIN supported the MWDS in the conceptualization of the WDTF as a sustainable financing mechanism, building upon previous efforts summarized in the 2017 Proposed Water Sector Sustainable Financing Framework, which proposed the development of a sector fund.[11] WASH-FIN reviewed and provided comments on the WDTF concept note prepared by the MWDS and supported policy dialogue and stakeholder consultations aimed at eliciting support for the proposed mechanism. The consultations highlighted the importance of broadening the methods of pooling funds to make a meaningful contribution toward closing the financing gap, marketing the Fund to cooperating partners for easier pooling of resources, and harmonizing the Water Resources Management Act and the Water Supply and Sanitation Act to enable the establishment of the Fund.

Project Preparation and Transaction Facilitation Support: WASH-FIN supported LWSC with project preparation and transaction facilitation for two projects: Meter Financing and the Lusaka West Water Supply Project.

Meter Financing: WASH-FIN helped LWSC prepare and conduct a business case analysis for the investment in new meters to improve metering coverage and accuracy. Given that LWSC could not readily take up additional debt, WASH-FIN and LWSC explored the use of vendor financing for the purchase of approximately 76,000 meters. Vendor financing refers to the lending of money by a vendor to a customer, who then uses that money to buy the vendor's inventory or service. Market research revealed that several meter suppliers could offer such financing with various favorable loan terms, including repayment grace periods. While LWSC continues to explore options for meter procurement, this engagement helped build capacity within LWSC to undertake business case analysis and revealed new models of financing that the market is willing and able to offer.

Lusaka West Water Supply Project: Businesses in the quickly growing industrial area of western Lusaka have for many years lacked a reliable supply of high-quality water for their industrial processes. In the absence of sufficient utility water supply, many of these businesses have turned to private boreholes to augment supply. Meanwhile, the residential population of the Lusaka West area has also grown quickly, resulting in additional water demand. To address this, LWSC envisioned a project to enable the

[11] Anchicon, Final Proposed Water Sector Sustainable Financing Mechanism (prepared for MWDS), 2017.

development of a new wellfield and the treatment and conveyance of this water to business and household consumers within this area of the city. A pre-feasibility study completed by other partners detailed engineering options for infrastructure development and provided cost estimates and information on willingness to pay and affordability.

Based on the pre-feasibility analysis, WASH-FIN developed a business case for a new water supply PPP for LWSC based on an offtake agreement whereby the private operator would produce "bulk water" from a new wellfield, treat it, and deliver it to LWSC who would pay the private operator for the volume received with the payment guaranteed by the Government. LWSC would, in turn, distribute this water as "retail water" to its customers in the Lusaka West area and collect tariff revenue.

This approach adopts "greenfield" PPP structures made popular by the electricity sector in Africa that emphasize construction of new generation assets, mostly via Build-Operate-Transfer (BOT) contracts like those used in Independent Power Producer (IPP) projects. IPPs typically involve the sale of electricity to a government utility pursuant to a long-term purchase agreement. In these arrangements, the utility is typically the only "customer" of the IPP (the so-called "single buyer" of electricity), and usually retains responsibility for all aspects of retail electricity distribution, thus eliminating demand risks for private partners.

A number of greenfield water PPPs have been successful in Africa, although many have been small and not captured in popular project databases. Most have reached closure in South Africa and involved BOT contracts to construct and manage new water storage or treatment facilities (including desalinization and recycling). For example, the city of Durban competitively awarded a groundbreaking 20-year BOT contract in 1999 for the treatment and recycling of 10 percent of the city's wastewater, enough to supply potable water to 300,000 city residents. In 2017, another pioneering greenfield water BOT reached financial closure in Rwanda: a consortium led by an international private developer contracted as a concessionaire to provide bulk water for use in the city of Kigali. The water supplied by the concessionaire will be sold to the government-owned water utility, which will distribute it to end users to help meet the water demands of Kigali's expanding population of households and businesses. The project has already won several international awards and was hailed as a pioneering African water PPP by Project Finance International (PFI) in their influential 2018 PFI Yearbook.

At the conclusion of WASH-FIN Zambia, WASH-FIN facilitated the handover of this work on designing the PPP to the Private Infrastructure Development Group (PIDG) and LWSC, whose collaboration on the continued development of the project is detailed in a Memorandum of Understanding that WASH-FIN helped develop and negotiate. PIDG will continue to provide support in the form of grant financing for a full feasibility study as well as procurement, financing, and management of a transaction support advisor to support LWSC in the procurement of a private partner for the PPP.

LESSONS LEARNED. The activities described above have led to a better understanding of the challenges and opportunities in increasing investment in the water and sanitation sector in Zambia. Key lessons learned are presented below.

1. Improved NRW management is a key component of strengthening WSS service providers' financial health.

Operational challenges including high rates of NRW contribute to the poor financial health of Zambia's CUs and their resulting inability to access repayable finance. The entire CU structure from operational

staff to board members should be committed to managing NRW as a long-term process that incorporates numerous aspects of water operations. Utilities must end the "vicious cycle" wherein companies face increased NRW, financial losses, limited investment, and poor service.

Instead, utilities should follow the "virtuous cycle" that enables them to decrease NRW, improve efficiency, preserve financial resources, and promote strong customer satisfaction and willingness to pay. Each CU's specific virtuous approach must be documented into strategies and disseminated within and outside the organization to make meaningful progress. The magnitude of the problem must also be understood by the CUs' senior management to ensure adequate commitment and resources. The balance of resources applied to each aspect of the strategy should be based on an analysis of the aspect's relative impact on NRW levels versus the investment needs.

2. While prepaid "smart" meters may reduce NRW and increase revenue collection, they pose significant drawbacks that must be considered.

Many service providers in Zambia believe that transitioning their customers to prepaid water meters can help them improve collection and reduce commercial NRW. However, the cost-benefit analysis conducted by WASH-FIN in Zambia demonstrated that the benefits of prepaid meters did not justify the higher purchasing costs. The savings from prepaid meters were primarily driven by collecting outstanding arrears, which requires additional operational support. Higher returns on investment could be achieved through improvements in operational efficiencies, prioritized debt management, and increased efforts to sensitize customers around timely payment. It is important for CUs to carefully assess their unique performance, situation, and needs when choosing among potential metering options.

3. In Zambia, solar water pumping is not currently a commercially viable investment, but there are compelling reasons to continue to expand solarization.

WASH-FIN's viability analysis of the hybrid solar pumping installations it supported, suggested that while investment in solar pumping provides a modest operational cost savings for the CUs, it does not currently provide a commercially feasible return. This lack of bankability is largely driven by three key factors: higher-than-anticipated costs of the solar systems, the artificially low price of electricity from the grid due to subsidization, and unattractive commercial lending terms. However, future conditions are expected to be more favorable for solarization. In the short- to medium-term, there are compelling reasons to increase donor investment in solar water pumping to promote climate resilient improvements to water services.

4. Evidence from the electricity sector demonstrates that greenfield, "government-pays" infrastructure PPPs may be a viable option for engaging the private sector in water and sanitation provision.

The greenfield PPP model proposed by WASH-FIN for the Lusaka West Water Supply Project provides a viable mechanism for mobilizing private sector investment in expanding water supply critical to economic development in Zambia. USAID's early support for this project led to PIDG's commitment of grant financing for further development of this potential PPP project.

ABOUT WASH-FIN: USAID's WASH-FIN program works in collaboration with national governments, development partners, financial institutions, service providers, and local stakeholders in eight countries. The program's Country Briefs summarize the development challenges, activity design, and results to date for each country of operation. The briefs focus on the lessons learned and their applicability in each country as well as for USAID and the broader global water and sanitation sector.