

The Water Dialogues- South Africa

Proceedings

Working Group Meeting

Mvula Trust, Johannesburg

17-18 June 2008

Meeting Register

Attendees

17 June

Thobile Mthiyane (DWAF)
Jay Bhagwan (Water Research Commission)
Kathy Eales (Independent)
Mary Galvin (WD-SA Coordinator)
Barry Jackson (DBSA)
Neil Macleod (eThekweni Municipality)
William Moraka (SA Local Government Association)
Jean Pierre Mas (JOWAM)
Jeff Rudin (South African Municipal Workers' Union)
Tony Sanders (Water and Sanitation Services, SA)
Laila Smith (Mvula Trust)
Jessica Wilson (Environmental Monitoring Group)
Ann Harper (Facilitator)
Erin Raab (Recorder)
Carina van Rooyen (Researcher hired for Johannesburg case study)

18 June

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Kathy Eales (Independent)
Mary Galvin (WD-SA Coordinator)
Barry Jackson (DBSA)
Neil Macleod (eThekweni Municipality)
Jean Pierre Mas (JOWAM)
Jeff Rudin (South African Municipal Workers' Union)
Laila Smith (Mvula Trust)
Jessica Wilson (Environmental Monitoring Group)
Ann Harper (Facilitator)
Erin Raab (Recorder)

Apologies (for missing both days)

Hameda Deedat (SA Water Caucus)
Laila Horton (PPP Unit of National Treasury)
Sandile Mbanjwa (Westonaria Municipality)
Nolene Morris (Bloem Water)

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17 June 2008

I. Welcome and Introduction

The Coordinator of WD-SA, Mary Galvin, welcomed the group and relayed apologies from WG members. Ann Harper then explained the agenda for the day:

Day One:

- Capturing the dialogue discussion
- Research Updates, Phases 1 and 2
- Discussion of the Johannesburg Case Study

Day Two:

- Further discussion on the Johannesburg Case
- Revision of WD-SA Timeline
- Brainstorm about the local dialogues
- Business Meeting

II. Capturing the Dialogue

Ann asked the WG to discuss the purpose, form and use of WG proceedings that capture the dialogue. The March proceedings took a significant amount of time to pull together and edit. Is the end product useful? How does the group envision the proceedings will be used in the future and who will have access?

The group verified the in-depth proceedings were useful. The decision was that future proceedings should continue to capture each discussion in a similar fashion. The full proceedings of what happens in the meetings may be useful to other groups and the documents can be posted on the webpage once they have been approved by the WG. The final documents will also be useful for Mary when she brings the cross-cutting themes together in a separate summary document.

It was agreed to extract summaries (bullet-points) from each of the cross cutting issues as a basis for a larger document and to identify issues that need to be pursued further in WG dialogues. This will provide a basis for the forum and local dialogues, as well as for future international meetings. The proceedings should be made available to new researchers to inform their future research.

It was recommended Mary approach WIN-SA about accessing and using different tools that it has been developing. These may be useful to WD-SA in putting together its final products.

III. Phase One Update

Mary reported on progress of pilot reports on Ugu, Bushbuckridge (BBR), and ILembe District Municipalities (DM). Researchers have been addressing comments raised by the WG at its previous meeting, some of which required follow-up research. Then Mary will edit reports to meet WG specifications.

- Mary will be working through the Ugu report, which has recently been submitted by Erin Raab.
- Anne Mayher conducted additional interviews in BBR, but was slowed down by her concurrent work as team leader of WD's Maluti case study. There may be a need to go back to the CFO of BBR with a financial analyst to get more detail on financial issues.
- Glen Robbins has completed extensive written WG comments on the Ilembe report, but indicated that his TOR did not include an in-depth comparison of contract items with what actually happened. Instead he was drawing on completed contract assessments.

The WG decided at Kalk Bay that there is a limit to what WD-SA can ask of the researchers, after which point Mary will be in charge of editing and restructuring the reports. The WG agreed it is more important to get the pilot reports out than to have them be absolutely perfect; it requires a fine balance between speed and quality, as the reports also need to be of good quality. WG members offered support editing reports, but expressed their confidence in Mary's ability to decide when the reports were finished. There is no need for the WG to vet the final reports.

IV. Cross Cutting Issues

Mary asked the WG to review the cross-cutting issues identified at Kalk Bay since dialogue around three issues was captured, but the remaining issues have not yet been discussed. This dialogue would create a basis for WD advocacy. Important questions to remember will be: Are the themes related to South Africa only? Are the issues endemic in the system (whole sector) or specific to an institutional approach?

She also asked that the WG review headings since there had been confusion over the previous proceedings. The following headings were agreed upon as WD's cross-cutting issues:

1. Cost Recovery

Including:

- Pricing/ tariffs and subsidies

2. Water Resource Management

Including:

- Scarce water resources,
- Demand management (Equitable vs./and Sustainable policies/tariffs)

3. Financing and Funding

Including:

- Equitable Share
- FBW, including targeting and means testing
- Tariffs, subsidies, cross-subsidies and what proportion of each should be used (Who is paying for the water and sanitation services of people who cannot afford them?¹)
- MIG issues

4. Operations and Maintenance

5. Regulation

6. Role of CBOs

7. Public Participation

8. The Challenge of rural areas

9. Role of Politics and Political Process

10. Service levels

Including:

- What are adequate service levels?
- Who assesses whether that level has been met?

11. Planning and Management

Including:

- Informal settlements
- The limited planning in terms of sustainability (all financial planning is short-term and the system does not care about the full planning cycle, or take it into account).
- The focus on meeting targets rather than sustaining them.
- Need to record both good practices and bad practices, as there are both.

¹ A WG member took issue with the labeling of “pro-poor” policies WD-SA has already agreed on ‘universal water provision’ as an aim. It is a one-sided view to say if it is universal everyone needs to pay, it could also be that it should be free. There should not be a need to specify ‘pro-poor’ since the group already agreed to universal, which should, by definition, include the poor. It was decided the label would stay as “Financing & Funding” and the discussion (terms included) would be saved for when the scheduled discussion time officially began.

It was noted that **language** and **data** are issues that must be flagged throughout.

V. Discussion on WD’s Johannesburg Case Study

Papers by Laila Smith and Jean-Pierre Mas on water provision in Johannesburg were distributed to the WG prior to this meeting. The WD case study will draw on data from these studies, not endorse their conclusions. Laila and Jean-Pierre were asked to give a brief overview of their papers to spark WG discussion. The aim of discussion is to identify gaps in the research; indicate information currently available; extract themes that WD-SA can structure a dialogue around (capturing dialogue as one of its research products). The main difference between this case study and others undertaken by WD-SA is that it will use existing data and the WG will formulate the analysis, rather than researchers gathering data and providing an analysis as a basis for discussion.

In identifying data gaps, Mary drew attention to the four quadrants that assisted in developing WD-SA’s outcomes chart – service delivery, consumer satisfaction, asset management and financial management.

Figure 1: Four Quadrants of Research Areas

Asset Management	Financial Management
Service Delivery	Consumer Satisfaction

It is important to keep in mind what we can actually determine about the management contract from research, as the history of water services in Johannesburg is complex. First the City was split into five sections with various providers. In the late 1990s it went bankrupt and the City brought all services together. The City created the utility (Johannesburg Water), but then it brought all policy expertise into the utility so no one was left to oversee it. How do we separate out and assess causality between the city government, the management contract with a private entity (JOWAM) and the public utility? How do we make sure the information actually relates to the contract or private company and is not attributable to something else completely? It was agreed that it will be difficult, perhaps impossible to attribute causes, but WD-SA will gather the data and then the WG can review the information and how it relates to specific entities.

Presentations

Neither Public nor Private- Unpacking the Johannesburg Corporatization Model: Laila Smith

While undertaking this study for UNRISD, Laila was working at the City of Johannesburg and found that existing information seemed to be missing a key part of the picture. So this study was motivated by wanting to get a clearer picture of what was really happening on the ground (i.e.: What were consumers saying? What was their experience?). The research was undertaken with the approval of the City Manager, and Laila had access to quarterly reports and the ability to speak with the managers of JOWAM and Johannesburg Water, who both showed a willingness to participate. The CFO of Johannesburg Water also gave Laila a detailed overview of her perspective.

After the interviews, Laila hired graduate students from Witwatersrand University and did 120 household surveys in four different areas. The surveys asked basic questions about how service delivery had improved over the past few years. The responses from consumers through the surveys told a very different story than what Laila was receiving in the quarterly reports; many users were not happy with the services. It did not seem politicians / leaders knew about this discrepancy and seemed aghast at the news. They reacted very negatively to the information that their constituents were not happy with their services.

Background to Case:

Johannesburg Water was facing huge challenges when JOWAM took over (e.g. 43 percent water loss rate; 70 percent of the unaccounted for water was lost in Soweto). There was a dire need to get a handle on the issues, particularly that of water loss. The company knew it needed to go in and fix leaks, but there also needed to be a consequence to allowing, or not reporting, leaks in the future.

The truth is that, contrary to what most critics believe, there were many pro-poor considerations that went into the decision to implement the prepaid meter system. Prepaid meters were seen as a way to encourage people to pay attention to water leaks, since the user would have to pay for water lost through them. The agreement was that if a household did not tamper with the meter, then three years after it was installed any current debt would be waived.

Conclusions:

What became most apparent to Laila was the enormous challenge that cities in developing countries are facing with regard to the issue of rapid urbanization. No matter how hard a city might try to wipe out backlogs or extend services to everyone, the migration is constant and every day new people arrive, the backlog grows and the situation becomes completely overwhelming. Through the research Laila developed a new sympathy with municipalities in having to deal with the constant growth and, particularly, if new households making up the

growth cannot pay for services and hopes through the WD-SA research new ideas will emerge about how to deal with this issue.

The conclusion was that, overall, tremendous strides towards greater efficiencies were made through the management contract. Major findings included:

- The issue of unaccounted for water was improved through JOWAM management.
- A better understanding of true costs and revenue was developed and pricing became more cost-reflective.
- The contract was well-regulated, which was an achievement in its own right. Not many cities have had this level of attention paid to a management contract. This needs to be recognised in terms of the weakness of the regulatory role in other parts of the country.
- The WSA/WSP accountability measures were hugely improved, but the citizens-WSP relationship was weak (there was a call centre, but no innovations were made). The relationship between citizens and politicians was incredibly weak.
- The issue of equity was not adequately taken into account or addressed, even though pro-poor considerations were made. This was especially true for procedural equity as communities, particularly poor communities, were not given an avenue through which to participate in the decision-making process.

Clarifications given by Laila to questions asked by WG members:

- The report was written in 2004, and research was carried out in 2003-04. What was important for the study focused on what was happening before and during the contract.
- The definition of “unaccounted for water” is non-revenue water (which is the difference between the volumes injected into the system and the volumes billed to the customers, including the free basic volumes).
- When trying to ascribe difficulties to a particular partnership, it is important to keep in mind that some of the problems are endemic to all service delivery, and some have to do with rendering services in an urban environment, and then there are certain issues that do have to do with the contract.
- Critique of the model: its limitations include that the board of Johannesburg Water wants to hear the bottom line is doing well and the

focus is on that financial viability. It is not tied closely enough to the city's plans. So, when the mayor comes out with a 'top ten' agenda pro-poor, the Johannesburg Water's board interprets the agenda very narrowly when designing policies and/or plans to incorporate the objectives.

Comments on report by WG:

The key point is stated clearly: 'what are we putting priority on, efficiency or equity?' This is the discussion on the table. It is a global cross-cutting issue, and the answer is that it has to be both. Industry is in either the mode of exclusion or inclusion, and up until now the mode has been exclusion in water services. Stereotypes of either "NGO dreamers" or "private operators only for profit" need to stop, or problems will never get solved because the groups will not work together. If one does not go for efficiency, the truth is that it will hurt equity. Likewise, if one does not go for equity then it will hurt the efficiency / sustainability of the services. Neither one of the two can be compromised.

Using a Private Operator to Establish and Strengthen a Corporatised Public Water Utility: Jean-Pierre Mas

**** This report was written for the World Bank and has not yet been published. It is for discussion only. WG Members CANNOT CIRCULATE THIS REPORT outside the WG, nor may it be quoted or cited.****

Background to the Paper:

When the City of Johannesburg launched in January 2001 its three utilities for electricity, water and sanitation, and solid waste, Johannesburg Water (JW) was the biggest of the three utilities in terms of both area and numbers of people. Transformation of the utility (from white to black management, etc.) was supposed to be happening, as the management was 90 percent white male at that time. This was not due to the Utility avoiding hiring new employees, but because there was no one available with the skills needed to fill the positions. Thus the City had to contract the expertise. One of the main aims of the contract was to build internal capacity and make Johannesburg Water sustainable after year five.

The contract included a fixed fee with added incentives for the achievement of certain water quality and service improvement targets. The measuring of quality of service improvement was done quarterly by an external auditor, Dynacon, which changed their name to VelaVke subsequently. JOWAM achieved between 90 and 95 percent on quality measurements every year.

When JOWAM's contract began, there was no data available. For instance the consultant who organised the tender had to create a figure for unaccounted for water (42/43 percent) since Johannesburg Water had not been measuring it (when JOWAM did measure, unaccounted for water was about 36/37 percent).

This lack of basic information was an issue for the contract: when it came time to judge performance, there was not a baseline to use as a comparison. It was therefore agreed that the first year's target was to establish the baseline. There were 50 KPIs measured every month.

It was discovered that the quality of the water distributed by the previous municipal water departments prior to the JW creation and the JOWAM's contract had not been monitored (not at all in Soweto or Randburg). The municipal water departments had been very focused on quantity and technical repairs, but it did not seem anyone was worried about water quality. Whoever is distributing a product should be able to guarantee the quality of the product and before 2001 the City was unable to guarantee the quality of water in the City at all.

Main service improvements included:

- During the length of the contract 500 water samples were taken every month to be tested for quality, and the results showed drinking water quality compliance higher than 99 percent.
- In terms of environmental compliance – when JOWAM arrived 50 percent of the sludge was dumped on site (which was against national guidelines for sludge handling) and JOWAM changed that practice to be compliant with national and international regulations.
- Non-revenue water did not change much during contract time. This is due to the fact that by far the majority of water losses were generated in townships, particularly in Soweto, and the Soweto Project (called Operation Gcin'amanazi – Save Water) was not initially meant to be part of the contract. This project requested by the City of Johannesburg and conceived by JW/JOWAM was only launched in 2003 and sizable results appear only at the end of the management contract.
- When JOWAM took over the management of water services, the City was supposed to transfer the water accounts to JW. This was meant to happen at the beginning of the contract. At the end of the contract the accounts representing around 40% of the revenue had been transferred to JW but the rest were never transferred: only the top customers accounts (representing around 30% of the revenue) were transferred at the very beginning of the contract.

The result of this was that JW was never fully in control of its revenue. JW achieved over 100 percent collection rate with the top customers accounts including commercials, very few industries, public administration and buildings (over 100 percent because also collected back payments). Part of the reason it was important to JW/JOWAM to get all of the accounts was that so little information was available and to set up JW for success,

JW/JOWAM would need to clean the data and implement incentives to encourage good paying habits.

- JOWAM increased the internal capacity of JW in particular in terms of electro-mechanical maintenance (a fully fledged unit was created) and decreased the number of subcontractors limiting them to specific and highly specialised services. Additionally, a further 300 people were hired within JW.
- On financial side, JW/JOWAM was first told the collection rate was 87 percent and that the utility was financially solvent even if it was having some issues. JW/JOWAM questioned this collection rate because this was an overall collection, and electricity services and rates were not billed by the City in Soweto (where non-payment was an issue), meaning it was likely that water services collection rate would be far lower than the overall collection rate. In August 2003 following the audit commanded by the City, it turned out the suspicion was justified as the truth was that Johannesburg Water was technically bankrupt due to a far lower collection rate. In 2001/2002, on an operating budget of R2 billion, the utility sustained a R450 million loss.

End 2003 the JW/JOWAM management presented to the JW Board and then the City a financial turnaround policy including the transfer of more accounts and all the revenue management functions from the City to JW, the implementation of Operation Gcin'amanzi which was already running and the temporary increase of water tariffs three percent above inflation for a period of three years. JOWAM promised that by 2006/07 the utility would break even financially. The process actually went more quickly than expected; when the contract was completed in June 2006 the JW net profit was slightly positive (R60 million). This means that within the five year management contract period the JW financial situation was completely turned around.

- The benchmarking initiative initially launched by the City Managers Water Forum and then taken over by DWAF and SALGA rated consistently JW first amongst the various SA Metros in terms of quality and performance of water services (both technically and financially).

Expansion to informal settlements is tricky and there is a need to be careful because isolating the parameters is complicated. When it came down to serving the informal settlements the City decided (at the request of the Housing Department) that it was not JW but the Housing Department responsibility, and JW would provide temporary services only to temporary settlements. Which means that 90% of the water services backlog eradication was the Housing Department responsibility. Unfortunately the Housing Department performance

was extremely poor in terms of infrastructure services expansion, whilst JW and JOWAM felt a lot of pressure to expand water services.

Part of the reason JOWAM and Johannesburg Water began working on issues in Soweto was that there was a strong political will from the City to deal with unaccounted for water. A map was examined to identify areas with significant unaccounted for water. In metered areas it was around 20 percent whilst in un-metered areas it was closer to 60 percent. So a plan had to be made to deal with this. To avoid fixing the problem, decreasing water losses and then watching losses go right back up again after a short period of time, there was the need to measure water usage over the long run and give people an incentive to repair leaks.

Measurement of consumption had to be done, so JOWAM worked out means of doing it. While prepayment was not necessarily the first choice of JOWAM, as it would add another level of complexity to the situation, the councillors said their constituents preferred pre-payment meters because households could see what they used on a day-to-day basis and know for certain that they would not end up with a huge bill at the end of the month (and they already had prepayment cell phones and electricity meters).

A Working Group member added:

In 2002 the City decentralised into 14 different municipal entities. Regulation was also done through a Contract Management Unit (CMU) and a Shareholder's Unit (SHU), which were originally in one unit until 2002. The choice to separate these units had significant consequences for accountability. The City decentralised everything but did not give anyone ultimate responsibility for policy. Its board was there for vision/ viability, but there was a huge lack of policy coherence between municipal entities, which affects the consumer. In terms of oversight of the contract and utility, the board was not representing any constituents; the members were selected based on their own capacity. This ended up being an issue as there were specialists around the table who understood technical issues, but very few who had managed a utility or business.

Working Group Discussion on Research Objectives

After the presentations, Carina van Rooyen, the proposed researcher for the Johannesburg case study, joined the meeting to hear what the WG saw as key considerations and the best way forward for the research. After discussion, it was decided:

1. The case study must look at the learnings.

How can we take learning forward and apply them elsewhere? The service provider was able to address one of the things other DMs are struggling with in terms of oversight of a management contract. What were its strengths and

achievements, and what were its limitations? There is no point in describing what is unique; it would be better to see and emphasise the commonalities and show how other WSPs can learn from it.

- While many of us would love to see a strong public sector, the public sector is not currently able to perform as well as is required: it needs help. The bigger question becomes: How do we strengthen universal service delivery, particularly with regard to the poor? What did the management contract improve or worsen? What actions could be used by other WSPs to improve service delivery and water quality?
- What is interesting is how you make a partnership work, especially one that is public-private. Where did the partnership work or not? Why?
 - How is an external WSP best regulated to ensure service delivery?
 - How do we regulate a powerful utility that is once removed from the municipality? What are the procedures and public accountability measures? How can it support technical expertise when losing talent? How can it strengthen the capacity that does exist?
 - Internally, what are the best ways to support and improve the capacity available?
 - The objective was to build capacity, has it been built? The idea was that JOWAM could serve as a 'change agent' encouraging a whole group of employees to improve delivery. How were workers incentivised because of the skills transfer opportunity (especially given the atrophy and low morale that exists across municipalities)? Was JOWAM a positive influence in the transformation of the labour force (has productivity and morale improved or declined since the end of the contract)? Has this capacity been sustained? Why or why not? Was the scope of the management contract wide enough? Why did it not include more extensions to informal settlements? What was in the contract vs. what was performance in relation?
 - The idea was to consolidate the sector, concentrating skills in one big entity and bringing in skills to do the job effectively. But it shifts power away from citizens and municipalities. How do you make it work so that there is accountability across the levels? How can citizens hold their politicians and WSPs possible?
- In order to properly analyse the situation and take learnings forward, the issues of 'Corporatisation' and that of the 'Management Contract' need to be debated in isolation.

2. The case is not meant to be only focused on the JOWAM contract. It should include a brief pre-2002 background, then analyse the ‘during’ and ‘post’ periods of the contract.

- For the time period of JOWAM’s contract there is a sufficient amount of data, but there is a need to fill in the recent gaps (data for the period since the contract ended).
- What, if any, is the connection between eGoli and the management contract? The background section should discuss the thinking that led to the creation of eGoli 2002, and how it is linked with the management contract. (eGoli 2002 was meant to give the utilities autonomy from political raiding. The situation in Johannesburg has been dynamic and has changed – what inspired eGoli 2002 was a specific set of issues. The City took a union-bashing approach, but very quickly it was softened, e.g. JOWAM never was given control of revenue base.)
- Did the post-management contract happen as planned?
- No one has captured the decision-making process behind the prepaid meters – some say Suez is completely behind the decision and others say it has nothing to do with it. Whether the prepaid meters and management contract are linked or not linked is controversial.
 - Cannot examine the case without looking at the Soweto issue, not necessarily in terms of JOWAM’s role, but in terms of the broader political context. It is an issue on its own and should be taken out and considered separately – especially the lack of attention to how citizens are experiencing delivery - which were why it was taken to court.
 - It is a political discussion: Trevor Ngwane left the ANC over eGoli disagreement and from then it was a war between Ngwane and the mayor. Johannesburg Water and JOWAM were held as hostages of this political war. All of the issues (e.g. 6kls vs. 12kls, etc.) could have been resolved by negotiation, but it did not happen because of this political war.

3. Additional questions/themes for the Johannesburg case relating to cross-cutting themes.

- Under the contract a sufficient amount of investment was put into Operations and Maintenance – other WSA/WSPs need to know how this was done. On the other hand, not as many inroads were made into extension of infrastructure – Why not? (political, housing issues?).
- Equitable Share: Does the City give money to Johannesburg Water for Free Basic Water? How is FBW currently dealt with?
- Any situation needs to achieve equity and efficiency (why were these achieved in some places and not others, and how can this be improved?)

- Public consultation/participation
 - What does public participation mean? How has it played out in the Johannesburg case
 - Issues around the levels of services provided and the ability of households to maintain those levels. How are choices / decisions being made?
 - Service in informal settlements and linkages with the MDGs
- Role of politicians and political processes
- Institutional arrangements (contract, SHU, CMU, etc).
 - Unpacking the World Bank triangle – the regulatory framework
 - Interesting to look at the case in terms of assessing if the regulatory framework works: was there a channel for recourse? (Not necessarily lawsuits, but maybe responsiveness to the public of their demands/concerns).
 - Nature of the capacity crisis
- Need the union perspective on the whole history

Research Plan

The Working Group is very pleased to have Carina on board. Mary will work with Carina in terms of prioritising the five research themes identified by the Working Group. Carina will use existing data and conduct interviews to develop a short report on themes. Her reports will be used by WD stakeholders as a launching point for a dialogue. WD-SA will capture the dialogue and Carina's reports and this record can together serve as the case study.

Given the contentious nature of the Johannesburg case, WD-SA WG will take much of the onus off the researcher formulating the analysis. The researcher will gather data, conduct interviews, and summarise findings, and the WG, possibly with additional stakeholders, will discuss the issues. WD-SA would capture the dialogue as the case study/report (this is a similar methodology to what the WD-Philippines is using for contentious cases). Mary will develop a proposal about the Johannesburg dialogue and send it out to the WG.

Support for Carina's Research:

The WG asked the four people involved in the Johannesburg case to draw on their networks of contacts so Carina can access a broader scope of people for interviews.

Community participation:

The question is whether it is worth spending the money to do community-level research when WD-SA cannot afford a representative sampling. Water services

is not just a technical business, it is implemented within a context and some people know what is going on, but most do not, so it would not necessarily be relevant.

On the other hand, the issues of appropriate levels of sanitation and sewers, and affordability for households are relevant for the community participation questions, and it would be interesting to discover what kinds of issues naturally arise from the community level. The research cannot single out JOWAM and Johannesburg Water, but there is a huge disconnect between the City and users and we need to know what is happening on the ground. Having information that points to the disconnect is important to discuss in dialogues because it speaks to the issue of access of information, which needs to be raised again and again.

It was recommended Carina find Rashid Sida (head of CPU) and ask for customer satisfaction surveys done citywide. If Rashid is too busy then she should request these from Graham Gotz. PDG also did a study looking at the whole socioeconomic situation.

18 June 2008

I. Welcome and Introduction

Ann Harper welcomed everyone to the second day and outlined the agenda. Mary summarised the previous day's discussions.

Summary of Decisions about the WD-SA Johannesburg case study

Carina will summarise her findings in a short document that covers the whole story:

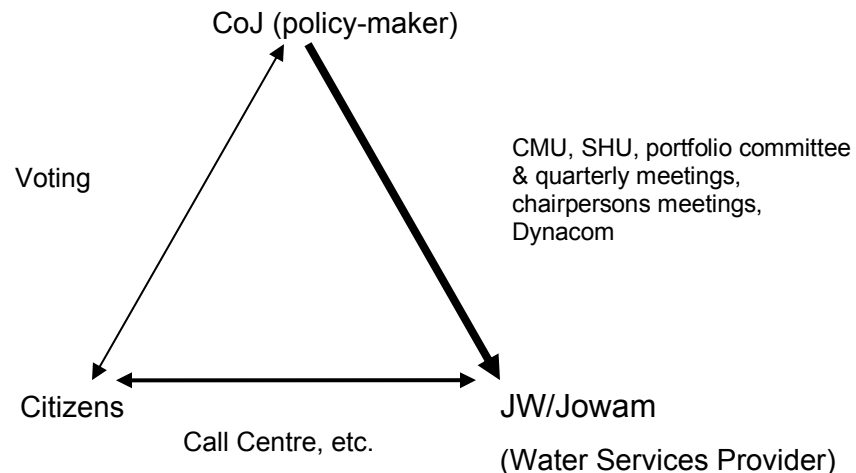
1. The time period covered will include JOWAM and post-JOWAM periods, but these will also be contextualised with a pre-JOWAM/eGoli 2002. The transition time around the end of the contract is also important. (At the end of the contract there was an assessment by the board and the City to decide if JOWAM contract should be continued. The decision was made that Johannesburg Water could stand on its own feet. Now, every five years the City is required to conduct an assessment of Johannesburg Water and its performance.)

2. The broader scope/environment around the management contract will be discussed. Were management contract objectives achieved? Did JOWAM meet its goals? What have the implications been post-JOWAM? How well was Johannesburg Water able to maintain any of JOWAM's achievements, and how well was it able to address JOWAM's weaknesses?

Themes in Case

1. Institutional arrangements and regulatory framework
2. Public consultation / participation (the relationships between citizens and policymakers and between citizens and the WSP—two sides of the “World Bank” Triangle presented by Laila Smith below).

Accountability mechanisms in WSS in Johannesburg (adopted from World Bank)



3. Levels of service and affordability
4. Serving informal settlements
5. Role of politicians and political processes (analysis of decision-making)

The potential of the Johannesburg paper is that, since there is a good amount of existing data and there are WD-SA WG members who were deeply involved, there is an opportunity to produce an accurate in-depth analysis and really examine decision-making.

II. WD-SA Process Discussions

Relevance of WD-SA

The WG discussed the problem statement in terms of today's South Africa and what we hope to achieve.

We want to know how these different institutional approaches affect the strategy that is chosen to achieve the universal access. Within this, it is important to remember there are not a finite number of approaches. WD-SA research might be able to identify principles or important elements, but situations are always complex. Our research and dialogues will identify examining alternative ways of achieving the objectives detailed in the WD-SA problem statement.

If there is a need to create a sustainable public utility, then there are many ways to arrive at that end. Public consultation is essential, but the broader context is perhaps more important. A big part of the issue is that the vast majority of municipalities are not considering the issues or even asking the right questions.

The overriding imperative over the past decade has been to achieve universal coverage, and the government has been pumping in money to expand infrastructure, but seems to have vastly underestimated how much it will cost to keep it running. Part of the problem is that MIGs set up the wrong incentives, particularly in that it encourages investment in infrastructure that municipalities do not have the skills to run or maintain. Serious asset stripping is occurring through neglect of infrastructure maintenance because the funds are not there to carry it out. Many municipalities are not thinking about these bigger, long-term issues, but the WG has the information, knowledge and experience to analyse them.

The dialogues and analysis of the cases will produce important learnings. Given the degree to which the sector is crumbling at the moment, municipalities may be more open to revisiting institutional arrangements and exploring new ways to support the public sector – hence the WD-SA research is becoming more and more relevant.

Attendance and its Effect on the WD-SA Process

Mary expressed her concern about the dramatic drop in WG participation on the second day. Although we do focus the business meeting on the second day, it is only an hour or so of the day. Members pointed out that this meeting determines the WD strategic direction for the quarter—so it is as much substance as the rest of the meeting. The issue that arises with members missing meetings is that then the next meeting has to find a balance between bringing people up to speed where were not there, and being able to move forward from previous discussions (especially when new attendees do not want to let go of issues already discussed).

Suggestions were made about ways to counteract non-attendance. It was decided:

- The group could not push more discussion or put more on the agenda for one day; meetings have to be held over two days.
- The group should consider changing incentives to include the business meetings as one of the three strikes.
- Mary should speak to members who do not participate in three meetings about their participation. Organisations that have not had representatives present for numerous meetings should likely be removed from the group.

It is also problematic in terms of process when organisations constantly send new representatives to join the WG. This is an issue both because it affects the cohesiveness and trust built within the group, and because new members are often not up to speed on what WD-SA is about and what has been previously discussed, so they are not prepared to immediately jump into the dialogue. It needs to be explained to organisations that when they send new representatives to the WG it is the responsibility of the previous WG member from that organisation, and the organisation itself, to help bring the new representative up-to-date.

III. Phase One and Two Reportbacks

All of the phase one reports are being edited. Mary has received the Ugu report, and expects to receive the iLembe and Bushbuckridge reports shortly.

In terms of phase two cases, Maluti is moving forward. The team has formulated a research plan and field research has begun. uThukela is on its way forward as well. The researcher will be in touch with some of the WG members for contacts and information soon. A researcher has been chosen for Chris Hani (Leslie Steele); the contracts are in the process of being drawn up.

The Cape Town case study has developed in a way that might need WD-SA to change direction a bit. The original idea was to interview Lance Veotti and Nick Henwood about their original research and to extract more information about the story behind the photos (photos were shown to the WG at its March meeting). The case was undertaken with the understanding that there was already data available and it could be a supplementary WD-SA case study. The researcher was asked to check out data, identify municipal gaps and formulate a community plan.

Mary received a final report for the initial SOW from the researcher. Her assessment is that the current report is well-written but thin on information from the photos (past health and labour abuses already identified). It looks as though the original premise of a significant amount of data being available does not hold meaning a lot of research would still need to be done. A written report by Nick is not currently available, and WD-SA cannot bank on it being produced. The WD-SA researcher has compiled a list of people to interview that seems strong and has ideas about how to gain access to these people for the interviews. However, incorporating a plan for community research jumped the budget from around R40,000 to R149,000. Due to its nature as a secondary case study, that amount of money had not been allocated (it was originally believed uThukela and Cape Town case together would cost around that amount).

The questions, then, are: if the original premise about the case being a desktop study does not hold, do we want to keep the scope of the study bounded to the bucket outsourcing, or should we expand the SOW to look at formal review of informal settlement sanitation? The choices are that WD-SA can send the researcher to do the municipal interviews and encourage her to interview a few people on her own in communities and look at bucket outsourcing, or we can find a way to greatly expand the budget and do the case in a more thorough and expansive way. In other words, the research could look at how the informal settlements are being serviced, or keep it to how the City is outsourcing the bucket system.

It was decided that the question of informal settlement services overall is far too large of an issue to tackle properly within the kind of budget WD-SA has available for the case. The WG recommended the research is restricted to looking at the outsourcing of the bucket system. Some interesting questions recommended that would fit within this are:

- When the original research / photos were presented to officials, the response from the officials was that there should be “no more outsourcing”. They were informed quite awhile ago at this point, what have they done since then?
- Cape Town claims to have 100 percent water and 99 percent coverage for water and sanitation in the City. Is this the whole approach to eradicating buckets? If so, why? If not, what replaces

it and what kind of teaching is given to communities in terms of maintaining any of the systems?

Mary will circulate both the original and new proposals for the case for WG feedback.

IV. Budget and Timeline Discussions

Mary presented a new budget and tentative timeline to the WG, and raised some issues for discussion. Main points included:

- As of March 2008, WD-SA is halfway through IrishAid funds.
- DWAF money for which WD-SA applied previously has been approved.
 - The WD-SA cannot meet EMG's conditions that would allow it to serve as accounting agent. Since WD-SA is not a registered NPO, Mary has been searching for an organisation to serve as accounting agent. The WD ManCo has approached The Mvula Trust to serve as accounting agent.
 - Assuming WD-SA finds a channel to accept DWAF funding, part of the year is gone, so now the R1.3m will need to be spent in nine months instead of twelve as funds cannot be carried over to the next year. As far as possible, DWAF money will be used this year and then the remaining IrishAid budget can be spent after March 2009.
 - It was also noted that we will need to ensure that WD-SA Administrator's salary is covered in any changes between donors and that we will need to consider the possibility of paying rent for the current office space.
 - WD-SA workplan will be extended with DWAF funds to cover 2-4 community workshops in each case study area as well as local dialogues with area stakeholders and the production of publications that are accessible to community members on the cases. It will also include compiling resource packs so that WD-SA can bring information to these communities from other organisations, as well as the contact details for potentially useful organisations and people in the water and sanitation sector.
- Tentative Timeline events included:
 - Working Group meetings are expected to take place in September 2008, February 2009, May 2009, and August 2009.
 - Final pilot case study reports will be ready by September/ October. Phase 2 research will go through February 2009.

- Local dialogues will be held in September, October and November for the pilot areas. Then, for phase 2, local dialogues will be held in March, April and May 2009.
- The contextual analysis should be drafted by September/ October 2008.
- The Forum Update will come out as soon as possible following this meeting. Forum meetings are planned for October 2008 and July 2009.
- The synthesis document of all of the cases will be developed between January and April 2009.
- The final process report will be pulled together between June and August 2009.
- Although advocacy will take place throughout the project, “concentrated” advocacy efforts will take place from June to August 2009, once the results from all of the case studies are known.

V. WD-SA Forum Planning

The WG’s commitment to dialogue and the trust that has been built here make dialogue possible. When new people (external to the WG) are invited to join in the dialogue, they may not share our same values; they will vastly outnumber WG members, with the potential to engage in an unconstructive manner that undermines the spirit of dialogue. Mary asked the group to brainstorm preliminary steps that could be taken to make it more likely the forum will go smoothly.

- The WG should have more substantive discussions first, so that it can speak with one voice (even if reflecting different viewpoints). Widening the discussion to all stakeholders before the WG is clear about its own responses is likely to cause problems.
- Design the agenda of the forum so that there is a good balance between the time allocated for discussing case studies and that put aside for cross-cutting themes.
- It is the responsibility of WG members to discuss with people in their own sectors to make sure attendees are aware they must come in the spirit of open discussion and dialogue.
- We must remember during the forum, and in its planning, that it is all in the way the work is presented and what questions are asked at the end of it.
- We will be asking people to consider concrete research and we cannot get defensive during the forum if people rip it to shreds as,

in the end, it means people are becoming engaged in the discussion. If there are divergent views which are critical, then we must differentiate between the productive and the non-productive. If people are simply expressing closed minds, then we ignore it and try to move the dialogue forward.

Objectives of the October Forum:

1. Present findings from the three pilot case studies and discuss/ debate them.
2. Spark an initial conversation on the cross-cutting themes that are emerging.
3. Advocacy: if we invite heavy-hitters and communicate a clear message about what is or is not working, and what we can do about it, then the information has a chance of making a difference. It can be seen as preparing grounds for the message that will come out more and more clearly as the WD-SA research progresses. Advocacy for WD-SA is a process, not an event.

A sub-committee will be formed at the next WG meeting in September to discuss details of the forum.