



the water dialogues
SOUTH AFRICA

A multi-stakeholder dialogue and research process on institutional approaches for water and sanitation

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Ugu Case Study Summary

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Background

In South Africa (SA), access to a minimum level of potable water and sanitation facilities are a human right. All citizens are meant to receive a minimum of 6 kilolitres of clean water per month, have a standpipe within 200 metres of their home and have at least a drop or VIP toilet. Since the first democratically-elected government took office in 1994, the extension of basic services to those previously denied access has been made a priority. Amongst the most basic and critical of these is the access of citizens to clean water and sanitation services. However, not everyone has even this minimum of access, and there are great numbers of people without water and sanitation services across the country. While this is due in large part to apartheid policies, some people say the new democratic government should have done more since 1994 to extend water and sanitation infrastructure to all citizens.

The Water Services Act of 1997 established the 'Water Services Authority' (WSA) function. The WSA is meant to ensure the delivery of water and sanitation services to SA residents. The Municipal Structures Act of 2000 decentralised the WSA function to local government by assigning it to either the local or district municipalities, depending on which was more able to perform the duties in each area. The WSA must determine the best way to deliver water and sanitation services by choosing a 'Water Services Provider' (WSP). The WSP does the actual delivery of services. A municipality can decide it would like to be the WSP itself (an internal model), it can partner with another organisation, or it can contract an outside organisation to complete all of WSP responsibilities (external model). There are many factors that must be considered by the WSA in order to decide the best mix of organisations to fulfil a WSP's responsibilities. The "Section 78" process requires a WSA to carefully evaluate the benefits and drawbacks of the options available to it before it may select a WSP. Each municipality must ensure the institutional model it chooses is carefully designed to address its particular context and challenges.

The Water Dialogues – South Africa (WD-SA) is trying to understand the best institutional models for South Africa to achieve universal access to water and sanitation services. To do this, WD-SA has invited key stakeholders from national and local government, private companies, civil society, and the unions to discuss the most important issues and challenges facing the water and sanitation sector. WD-SA aims to bring a range of views and constituencies round the table to discuss, review and analyse different institutional approaches to water and sanitation delivery services. Through collaborative research and discussions around the findings WD-SA seeks to understand the process of choosing institutional approaches, as well as the impact different approaches have on the quality and level of services received by residents.

To better understand the true situation, WD-SA has been conducting research in District Municipalities across the country. The research was designed as a series of case studies. Researchers conducted in-depth interviews with municipal officials and organised participatory community workshops in four diverse areas of each municipality. A financial expert also reviewed WSP documents. The research tries to understand the situation and challenges of both the provider (government) and recipients (community members) of the services.

This document summarises the case study research conducted by The Water Dialogues-South Africa in the Ugu District Municipality (DM). The context of the research will be established through key demographic facts about the DM, followed by a chart which summarises important data gathered from and about each of the participating communities. Key findings are then discussed, highlighting the main issues and important points of the research.

Introduction to Ugu DM

Figure 1: Local Municipalities of Ugu DM



Source: <http://www.ugu.org.za/council/municipalities.asp>

Ugu DM has six local municipalities: Umuziwabantu, Eziqoleni and Vulamehlo are located inland, and Umzumbi, Umdundi and Hibiscus Coast on the coast. In terms of physical development Ugu DM resembles a ‘T’ shape: areas along the coast have well developed infrastructure and reasonable economic growth, while the large rural areas are characterised by poor infrastructure and high unemployment levels

Key demographic information about Ugu DM includes¹:

- Ugu DM has over 700,000 residents, about 7.5 percent of the population of KZN.
- 84 percent of the Ugu DM population resides in the rural areas while the remaining 16 percent are urbanised.
- The DM is mostly poor. More than 44 percent of households earn less than R1500 per month and almost 60 percent earn less than R2500 per month. The unemployment rate for the district as a whole is estimated at 30 percent.
- Urban areas tend to be wealthier and have access to better infrastructure, more economic opportunities and greater range of municipal services than rural areas. Rural households depend largely on external income sources, e.g. state grants and remittances from relatives working in urban areas. The Hibiscus Coast, with the two largest towns, contains over 30 percent of the population and 60 percent of the DM’s economic activity.

¹ Sources for demographic information: DPLG & Business Trust 2007; MDB 2007(3); SANDMC Ugu Profile; and, Ugu IDP 2007/08 -2011/12.

Participating Communities

For the WD-SA case study research, communities were chosen with the aim of achieving an accurate representation of the different types of communities' diverse experiences and researchers worked closely with the ward councillors and other community officials to identify appropriate areas. Participatory community workshops were held in four distinct areas and participants conveyed information pertaining to the access, level, quality and affordability of services that are currently being provided. Researchers were also interested in participants' knowledge of the free basic water policy and the relationship the DM has with communities. The workshops added texture to the information received from the municipality and provided a unique overall 'take' different from that of municipal officials. Table 1 gives a summary of key information about the communities.

Table 1: Summary of Community Contextual Information

Local Municipality	Umkhunya (ILembe) Vulamehlo	Amahlongwa Umdoni	Umthimude Ezinqoleni/ Izingolweni	KwaQwabe Umzumbe
Location	Inland, 'deep rural', Northernmost LM of Ugu	Coastal LM, inland. The most developed of the four communities and has a higher population density than the other areas and has more affluent households. Amahlongwa contains both peri-urban and rural areas.	Inland, Southern part of Ugu. One of the largest wards in the LM	Rural community in central Ugu, around 40 kilometres outside of Port Shepstone. Inland with a small section bordering the coast.
Development History	1987 – Major flooding caused numerous community deaths. 1999 – A gravel road to Ntshaseni was constructed 2002 – 21 Municipal toilets were built 2005 – Water infrastructure (communal standpipes) was extended to community.	1986/87 – LIMA (CBO) installed standpipes in the area 1989 – Electricity infrastructure reached community 1996 – Beginning of the 'development Councillors': 13 gravel roads were constructed in the area.	No development history information was available.	1992/93 – Political violence resulted in many deaths 1996 – Electricity infrastructure installed 2001 – Road access built 2007 – Received "Red Cross" toilets and standpipe infrastructure in some sections.

	Umkhunya (ILembe)	Amahlongwa	Umthimude	KwaQwabe
Overview of Water Services	<p>Main Source - River</p> <p>Some households have access to standpipes, but the standpipes are often farther than 200m away. At times, even if a household is close to the standpipes it will draw water from the river because the water pipes break frequently, leaving the community without potable water in the taps.</p>	<p>Main Source – Standpipes and yard taps</p> <p>The community estimates half still gets water in the standpipes while the other half have managed to connect to their yards.</p>	<p>Main Source – Standpipes, boreholes and streams</p> <p>There are areas that get water from the standpipes, others from boreholes and streams due to either a lack of standpipe infrastructure or the standpipes being located too far from the house.</p>	<p>Main Source – River, boreholes and springs</p> <p>Most (60%) households get water from the river, followed by boreholes and springs. One part of the community has a few standpipes (5). In one section residents connected a pipe to a water main from an adjacent urban area to bring water to their yards.</p>
Sanitation Services	<p>Main Source – Self-built toilets</p> <p>The community used self-built toilets exclusively until 2002 when the municipality announced it would build 40 zinc toilets. Only 21 were built, so much of the community still uses their old self-built toilets.</p>	<p>Main Source – Municipal and Self-built toilets</p> <p>While much of the community has municipal toilets, some households were not able to afford the installation costs (households had to pay for the blocks, dig their own hole and collect the municipal-supplied container from the councillor).</p>	<p>Main Source – Municipal toilets</p> <p>The municipality built three types of toilets in the community. One with concrete walls, corrugated iron roof and wooden or corrugated iron doors, one that is concrete, and one that is made of corrugated iron. Some households still use self-built toilets.</p>	<p>Main Source – Municipal toilets</p> <p>All households have sanitation facilities, and many have more than one toilet. The households with multiple toilets refer to the different kinds as “Ugu toilet,” “Red Cross toilet,” and “self-built toilet.”</p>

	Umkhunya (ILembe)	Amahlongwa	Umthimude	KwaQwabe
Free Basic Water	This community does not pay for water: households access water from rivers. There was little to no knowledge of FBW.	Community members did not seem to understand FBW and the benefit of the policy was unclear to them.	Standpipe users did not know about FBW (they do not pay for water). The few private connections pay a flat R26 per month, regardless of usage. Bills do not reflect FBW.	This community does not pay for water since households access water mainly from rivers, boreholes and springs. There was little to no knowledge of FBW.

Overview of Findings

This report examines the approach Ugu District Municipality (DM) has taken toward the delivery of water and sanitation services to its residents and how it is serving as WSA and WSP (a public model) affects its strategy and performance. It finds that, overall, Ugu is a well-established district municipality that is making progress on most indicators measured by outside institutions, but it also has significant water services delivery challenges, both in terms of water resource-management in a water-scarce area, and inherited rural backlogs. Main findings from the research include:

1. From an official perspective, Ugu is performing very well relative to other DMs.

National performance ratings of the Ugu DM are high. The South African Local Government Association's (SALGA) National Benchmarking Initiative (NBI) rates the performance of Metros, DMs, and Local Municipalities (LMs) as Water Services Authorities). Ugu DM was one of highest scoring participating DMs overall and also had a high data confidence rating due to the positive correlations between the information it submitted.² The report found Ugu to have:

- The highest rate of payment collection (between 90 and 100 percent)
- An impressive rate of eliminating backlogs (between 6 and 10 percent annually)
 - Between 2001 and 2005, Ugu reduced backlogs in water services by 24 percent, an average annual rate of 6 percent³. The current rate of reduction has increased to around 10 percent per year.⁴
 - Backlogs in sanitation services were reduced by 4 percent, an average annual rate of 1 percent, much lower than the reduction in water services backlogs⁵.
- The lowest proportion of water quality sample failures (less than 5 percent)

Three of the four communities involved in the research have had standpipes installed within the past six years (and two have received access within the last three years). This indicates there has been a significant increase in the extension of infrastructure to previously unserved areas. The low failure rate of water quality samples suggests that, when residents have access, water is safe to consume.

² One should keep in mind that participation in the study was voluntary and not all DMs participated. Furthermore, scores were based on questionnaires completed by staff of the municipalities concerned. Information was not verified through checks but through telephonic follow up and, in some cases, interviews.

³ IDP Review 2006/07

⁴ SALGA 2006/07

⁵ IDP Review 2006/07

2. There are still massive backlogs, though they are not spread evenly across the DM: urban coastal areas receive better services than inland rural communities.

The municipality is performing well relative to other district municipalities, but substantial investments are required to provide effective, equitable and affordable water and sanitation. While the municipality is making progress in the hinterlands, the backlogs are still huge and the difference in levels of services between urban and rural areas is quite stark.

- Around 40 percent of the population still does not have access to potable water, which means about 263,000 Ugu residents are living without access to safe water.
 - 99.4 percent of urban residents and 35 percent of rural households have access to water at an RDP standard of a standpipe within 200metres.
 - Informal settlements outside of established urban areas are not counted in the 16 percent of residents who reside in urban areas. Residents in these areas make up about two percent of the population and are mostly served by standpipes and, some, from natural sources.
 - In communities where the research was conducted, most residents obtained their water from standpipes or rivers. The majority of people do not have metered connections or pay for their water in any of the four communities.
- Delivery of sanitation services parallels that of water in terms of the urban / rural divide, but both the number of backlogs and the difference between levels of service are greater.
 - 70 percent of the population does not have access to basic sanitation.
 - Around 14 percent⁶ of households have water borne sewage systems. These are almost exclusively in urban areas. The access and level of sanitation services in rural areas are still very low, but some communities have begun to receive sanitation services through VIP toilets.
 - All of the research communities had some form of municipal sanitation, but the quantity and quality was often inadequate, and a number of households in all of the areas were still using toilets they had constructed themselves.

3. The municipality reports that it struggles to secure adequate funding to eradicate backlogs in water and sanitation, despite being fairly highly capacitated and applying for grants.

Ugu DM is a large, well established municipality with a good-sized operating expenditure (OPEX) budget, but the municipality contends the main reason for the remaining backlogs in both urban and rural areas is insufficient funding to effectively address the backlogs.

- The estimated cost of eradicating water backlogs is R1.12 billion. The cost is potentially higher in areas that lack readily available natural sources of water, or have low population densities or dispersed settlement patterns⁷.
- The backlogs in sanitation are even greater. The estimated cost of providing a Ventilated Improved Pit-latrine (VIP) toilet for each family (6 people) across Ugu DM is estimated to be R280 million. In high-density urban areas, appropriate

⁶ 14,434 of 105,500

⁷ IDP 2006/07, 6

sanitation systems (water-borne sewerage) will have to be installed at an even greater cost per capita⁸.

Officials estimate the DM has the staff capacity to efficiently spend about double the amount of funds it has currently been allocated, which they predict would greatly accelerate the expansion of basic services coverage.

4. In most official reports, it appears Ugu's financial management is sound.

SALGA's NBI report (2007) shows:

- A cash collection efficiency of between 90 and 100 percent, and WSP billing that is 99.9 percent accurate⁹.
 - Internal accounting techniques may play a role in the high payment rates. Despite the unrestricted access communities have to water from standpipes, the accounting department considers the municipality to be 'billing everyone'. For areas where there is only FBW, the accounting department still creates an invoice and it is 'billed' to the municipality's equitable share allocation.
- Meter coverage grew from 45 percent in 2005 to 95 percent in 2006. Has the highest revenue per connection (over R100/ month) of the 15 participating DMs.
 - Where residents have metered water connections or secure municipal sanitation facilities (including VIPs), the cost of connections, basic monthly charges and maintenance are high compared to other municipalities, and community workshop participants felt they were too high to be affordable for their households.

However, Ugu DM's budgeting and debt treatment raises some issues:

- Actual expenditure at 31 December 2007 was only about 7 percent of the original budget. Much of this discrepancy is attributed to loans which have been late in getting approved, or because Ugu is still searching for new sources of funds. When asked about this under-spending, a municipal official explained that the original budgets were designed to include all of the loans and financing the municipality was *hoping* to receive.
- Despite a very high payment rate, Ugu DM carries a considerable amount of debt, about 54 percent of which can be considered irrecoverable and which may hamper the municipality's ability to secure additional loans.
- Unaccounted for water was at 35 percent in 2006, which some consider high.
 - According to a municipal official, the debt is almost fully from households/individual accounts, and a large amount of the debt was inherited from the townships and community-based organisations when they were absorbed. As all of the inherited debt is greater than 90 days old this goes some way towards explaining the bad debt. Still, debt is continuing to be accrued; one could figure that if there is a 96 percent payment rate, then the debt accumulation should be around 4 percent per annum, yet it is still a significant amount.
 - There does appear to be a concerted effort to stabilise the outstanding debtor situation. A municipal official told researchers there are different mechanisms

⁸ The 2006/07 IDP citing the WSDP (2004)

⁹ SALGA NBI (2007)

being used to recover this debt. One is a recovery programme through which users make an agreement to pay debt over a period of time. One household with the income of two pension grants reported having been part of this debt recovery programme. Their experience suggests the municipality is implementing the debt-collection programmes mentioned by officials, but also that charges may be too high for poor households and they may have to sacrifice other essentials to be able to pay for water.

5. Water is expensive, relative to other SA DMs, for residents who pay for access.

The majority of people do not pay for their water because they access through standpipes; however, where connections are metered, the tariffs are high.

- The few households with metered connections in the communities that WD-SA researched (generally located in urban or peri-urban areas, though there are a few rural residences with household connections) find services to be expensive, and participants were sceptical they receive the free basic water allocation. While urban areas tend to have higher levels of sanitation services than rural areas, this often comes at the cost of affordability for the urban poor.
 - Urban users were more likely to find water services unaffordable and more likely to end up with their connections cut-off or restricted due to non-payment. In the most developed areas where WD-SA conducted interviews, some community members did not have municipality-built toilets because they could not afford the cost of installation.
 - Any household with a basic connection has an ‘availability’ or basic charge of either R77.43, 54.99 or R19.37. These charges include 7.5 kilolitres or more of water per month,¹⁰ depending on the kilolitre quota of the account. Above the basic connection charge, the charges for consumption start at R6.06 per kilolitre which is abnormally high compared to other DMs nationally. These are relatively high charges compared to other municipalities participating in SALGA’s NBI.
 - Additionally, community members had to pay for the blocks and dig their own holes and, although the municipality provided the container, households had to collect the container from the councillor (which requires a vehicle), thus further increasing the overall cost of installing the toilets.
- Rural users with access to standpipes were not restricted from accessing an unlimited amount in theory, but the access was at a lower level of service (standpipes). It is also unlikely a household would be able to access more than six kilolitres per month as it would be near impossible to carry that amount of water over that time period and access was also restricted by frequent disruptions in the service due to pipes breaking or low water pressure.

¹⁰ Users who pay R19.43 are allowed 7.5 kilolitres per month included in the fee, those who pay R54.99 receive 21.3 kilolitres and those who pay R77.43 receive 30 kilolitres (Ugu DM’s Water and Sanitation Charges Policy).

6. Ugu DM has a Free Basic Water Policy, but there is some confusion about how many people it covers, how it is reflected in billing and whether it is well-publicised.

Ugu DM maintains it allows every household six kilolitres of water per month under the free basic water (FBW) policy. However, the statistics on FBW, as with the backlog and other data, are inconsistent across different organisations' studies and reports.

- Ugu DM reports 61 percent of the population is receiving a FBW allocation (everyone with access), but the 2006/07 Provincial Water Sector Plan (PWSP) reports that Ugu DM is only reaching 41.6 percent of the total population with FBW and only 46.6 percent of the poor population. According to the PWSP, this is one of the lowest percentages of all of the district municipalities in the province.
 - Part of the confusion may be about what is considered provision of 'free' basic water. While water from communal standpipes is free, any household with a basic connection has an 'availability' or basic charge.
 - Tariff policies accessed via the DM's webpage do not clearly reflect how policies apply (especially how the indigent policy applies).

Typically the charges per kilolitre should only commence after the FBW allocation of 6 kilolitres has been used. Ugu DM implements a free basic water policy and has an official indigent register for metered users, but none of the communities had much knowledge about either.

- In KwaQwabe and Umkhunya no one was paying for water as the highest level of service available was standpipes, thus participants did not know and were understandably not very concerned about the policy. In Umthimude and Amahlongwa where some households were receiving bills, participants still indicated they had very little knowledge about free basic water. There was, however, some indication from the communities that the FBW policy was being applied. In one area, elderly people received reduced connection fee charges from the municipality. One of the participants who has a disability said he does not pay for water and that he took this upon himself to let the municipality know about his disability. He said he had been telling other people in the community to do the same.
- So the question remains as to whether the indigent register is well-publicised, if it shows clearly on statements or if the application process is user-friendly - but the policy is in place to protect the poor. If a user can show the household has an income of less than R2000 per month, the household is qualified for reductions in some fees.
 - The basic charge for water is waived for usage of up to 6 kilolitres per month. Water use above 6 kilolitres is charged at the standard tariff applicable to other consumers. If a household fails to pay for over-usage a restrictive device is installed to limit water consumption to the 6 kilolitres per month until the outstanding amounts are paid.
 - The municipality is piloting a programme for indigent households that waives the monthly sanitation charge (for those on the indigent register who have water-borne sewage), and provides households using conservancy tanks with one free draw per month.

7. Similar to most South African municipalities, Ugu is facing critical shortages of staff.

Ugu DM has a large staff dedicated to water and sanitation services, and has a relatively good retention rate. It faces severe shortages in key skilled areas and many positions, particularly in middle and upper management, are left unfilled for significant periods, thus detracting from the DM's ability to accomplish its plans. The past few years have seen a real decline in overall numbers of staff, especially technically-qualified, skilled staff. According to municipal officials, Ugu has been successful largely due to individuals who have stayed with the municipality over long periods of time and are extraordinarily committed to their jobs, but the DM has a hard time recruiting new, experienced and committed management staff as most recent graduates would prefer to be in bigger cities.

8. There is a weak division between the WSA and WSP functions of the municipality, with potential implications for regulation.

Weak national regulation means the municipality as WSA is more or less regulating itself as WSP, which would make weak division between the two functions more of a concern. Staff movement between the two sections seems to happen frequently in both directions, which might suggest the two are not as separate as would be ideal. The new plan of having the Water Services Authority (WSA) and Water Services Provider (WSP) managers both reporting to the General Manager of water services may compromise the WSA's autonomy and affect the regulation of WSP. It may increase the potential for undesired incentives to develop in terms of oversight and reporting. Of course, the municipality will have to continue to account for the functions separately when reporting to the Province and grant donors so these concerns may be addressed when the organisational plans are finalised. Furthermore, in this case, the relatively good performance of the DM may raise broader questions about the need for such a division.

9. The Ugu DM has a long history of being proactive in providing services, and is ahead of many municipalities in terms of creating plans for the extension of services.

In 2006 Ugu DM created a 'Master Plan' for bulk water services. The plan outlines a medium-term vision of where and in what order extensions of bulk supply will take place for the whole of the DM. It is also meant to address key concerns, such as ways to prepare for the dry months in communities that suffer from periodic drought.

According to municipal officials, the motivation to do the bulk plan first was that there was a drive to increase reticulation between 2001 and 2004. This allowed the DM to eliminate backlogs at a comparatively rapid pace, but not enough attention was paid to the expansion of the bulk supply to match increased demand in the longer term¹¹. Since the DM will need to extend the bulk networks for reticulation, infrastructure can be put in, this may mean a temporary reduction in the pace of addressing backlogs while the bulk systems are attended to.

The problem the municipality is now facing is that bulk networks are necessary but not sufficient to increase access for users on the ground: reticulation infrastructure is also needed. As the DM moves from planning to implementation of the bulk master plan, management is moving on to the creation of a reticulation master plan. A reticulation plan is important in terms of assessing the equitability of extension plans as one can immediately see where new infrastructure will be built and in what order.

10. Operations and maintenance issues are not allocated sufficient funding to provide for proper upkeep of current infrastructure.

Asset management and operations and maintenance do not seem to be adequately addressed, and this is one area where municipal official and community members' concerns were directly aligned (for different reasons). Workshop participants across all of the communities also mentioned that the poor condition/quality of the pipes was causing frequent breakages or bursts, leaving them without access to water for extended periods of time. Water supply was at times cut off without any advance notification that might allow for households to prepare, meaning they were forced to use river water if water supply was cut at the standpipes. Municipal officials are aware of the issues, yet find it difficult to give them the necessary attention due to inadequate funds and insufficient staff to properly perform all necessary operations and maintenance procedures.

- The lack of focus on operations and maintenance of the system has serious implications for the long-term sustainability of water systems. While there is an official register of assets, the asset management strategy is almost fully reactive. An asset management plan is reportedly in progress to try and correct this problem.
- Additional funds will be needed for Ugu to be able to maintain new infrastructure at acceptable levels of services, particularly because the municipal infrastructure grant (MIG) expressly stipulates that it cannot be used for operations and maintenance.

¹¹ Phone interview with municipal official

11. Customer service and communication seem to be areas through which the municipality could improve its efficiency and the maintenance of its infrastructure.

Ugu DM has recently made shifts to the organisational structure to promote better communication using a few different methods including:

- **An official DM website** (<http://www.ugu.org.za>) with extensive information about policies, rates, tariffs, IDPs and contact details;
- **Project Steering Committees** meet monthly in each community. The committees are made up of local residents and primarily used for the identification of labour and pipe routes, and to inform residents of the indigent policy;
- **Permanent ISD officers** who are responsible for two local municipalities each. These officers are in charge of raising awareness regarding water conservation and demand management. The ISD officers also keep in touch with municipal councillors and traditional leaders about local water issues and try to circulate water trucks when there are crises in local areas due a lack of availability of water from local sources;
- **Road Shows** - The DM interacts with communities through mayoral road shows which are conducted at the end of the year. These publicise the budget and plans of the municipality and are not specifically for water and sanitation;
- **Local Media** is used for communication of specific information or policies, such as the indigent policy. The DM will take out newspaper advertisements, have radio interviews on Radio Sunny South, distribute posters or flyers with the information and/or send staff to do ad-hoc community visits to speak directly with users;
- There is a user **Call Centre** through which users can make inquiries or report complaints.

Despite these efforts, users had very little knowledge of free basic services or municipal policies regarding water usage and extension of infrastructure, i.e. when they would get water or their problems addressed. In particular there appears to be some ambiguity about the tariff system and affordability of water in Ugu, and about the municipality's application of the free basic water policy.

- In only one community did participants mention that some residents phone Ugu directly and few users had knowledge of the customer care call centre. Problems such as burst pipes or water cut offs, were generally reported to the local councillor or ward committee, which was not always effective.
- Two of the communities have a small local Ugu office where they can report problems and, in one area, they are supposed to pick up bills from this office if they have a metered connection (although a staff member reported most people do not collect their bills).
- A few participants from different communities mentioned being nervous about going into Ugu offices because they were afraid they would be treated poorly. Whether this is due to poor treatment previously experienced by members of the community or is an unfounded fear is unclear.

12. Ugu DM found using Community-Based Organisations to be problematic and decided not to use them for delivery in the long term.

From 1994 until 2000 DWAF was responsible for water and sanitation services provision. DWAF adopted a community-based delivery approach to implementing water services in rural areas, working in collaboration with local and national Non-Governmental Organisations (NGOs). In Ugu alone around 17 different community-based water projects were formed that had mandates to operate and manage water supply in the district.

Ugu District Municipality was formed in 2000 and, for the first time, it included both urban coastal and rural hinterland areas. The period between 2000 and 2003 was marked by uncertainty about which level of local government would ultimately be responsible for providing water and sanitation services. According to interviewees, though it was not certain the DM would be charged with the WSA or WSP functions, management decided to act as though it would be. Consequently, while DWAF was collaborating with and creating CBOs in the rural areas, Ugu local government was building capacity and knowledge by focusing its attention on extending and improving water and sanitation across the urban coastal areas for which it had official responsibility.

When the division of powers and functions was gazetted in July 2003, Ugu DM was indeed delegated the WSA function, meaning it would also need to determine how the WSP function would be fulfilled. The changing legislative environment, including the introduction of the free basic water policy (FBW) in 2000, required Ugu DM to reconsider the use of the CBO model for delivery of water and sanitation services when they took over the WSA function in 2002-2003. In the end, the municipality chose to disband the CBOs, absorb most of the employees, and develop an internal model to deliver water and sanitation services. Municipal officials reported the CBOs were disbanded because: management, general and financial, tended to be poor; they were costly to the municipality in terms of technical support and major maintenance (i.e.: fixing breakages, installing taps, etc.); they were, with a few important exceptions, running at a loss each year and had often racked up a considerable debt; and, finally, with the announcement of the Free Basic Water (FBW) policy in 2000, the structure of the CBOs would have to be dramatically changed for even the well-managed ones to remain financially viable

This decision attracted a significant amount of criticism from advocates of community-based services, they argued that CBOs provided a local source of employment and community development (a few were successful enough to be able to raise sufficient capital to make micro-loans to community members). Additionally, the municipal system did not necessarily minimise opportunities to use positions for personal gain through politics or corruption, because the majority of the CBOs' staff was absorbed into the new system. Most of the workshop participants could not identify when the transfer took place since the person running the day-to-day WSP operations in their communities did not change.

The initial WD-SA research plan proposed to compare the water and sanitation services delivery by CBOs and by Ugu DM. However, the data researchers were able to gather did not allow for a comparative analysis as there was very little information about services delivery under CBOs as the line between the when the CBOs were WSPs and when Ugu DM took over was blurred for most workshop participants. Thus, no conclusive findings could be drawn from a comparison of the two. It is hoped that other municipalities using CBOs and WSPs, such as the Chris Hani DM, might provide more insight into the benefits and challenges of the model. While it is not possible to draw generalisable conclusions in a comparative sense, it is not clear whether the

municipality has filled all of the gaps that CBOs left in the ‘interior’ communities. So it may be worthwhile for the municipality to revisit the model to see if it is worth re-integrating parts of the design, or if it can provide any lessons for how best to extend services to these rural areas that are presenting such a challenge.

13. The sustainability and equitability of the current water and sanitation system are intricately related. While it might be financially viable and people are surviving, from the point of view of the community, the status quo is not sustainable.

The challenges facing Ugu DM are considerable, though not necessarily unique within the South African context. Ugu DM has made impressive progress in less than a decade of managing water and sanitation services for the region. The successes and strengths Ugu DM has shown thus far, particularly in planning and eradication of backlogs, that the ways in which it handles challenges, both under its control and out, could be used to inform national policy reform and other municipalities’ plans and institutional arrangements.

Despite this, few of the participants seemed completely satisfied with the level of service they are receiving, they either desired a higher level (standpipe users want yard pipes, etc.) or they expressed frustration about the water pressure or continuity of supply. More importantly, not everyone has access to even basic services, leaving them greatly disadvantaged in terms of ability to pursue opportunities for advancement.

Thus, while Ugu DM has made impressive progress in less than a decade of managing water and sanitation services for the region, equitability in Ugu, as in the rest of South Africa, is a long-term problem requiring long-term plans and goals: it has its roots in decades of enforced denial of services to the majority of the population and will not be eradicated overnight. Ugu DM’s experiences suggest there are vital changes that should be considered in current national legislation and funding policies if the national government is to be fully supportive of local governments’ struggle to address the continuing challenges in the provision of water and sanitation services for all.