

Global PSP Review SA Working Group Meeting 4 August 2005

*Held at the Water Research Commission, Pretoria
Notes compiled by Jessica Wilson*

Meeting Objectives

- clarify and agree on various key points:
 - code of conduct
 - problem statement
 - principles and definitions
- discuss the reframing questions
- clarity on the methodology

Global Review update

Key intentions for the remainder of 2005:

- get national processes off the ground (South Africa, Uganda, Philippines, Brazil, Indonesia)
- secure co-funding for international co-ordination (commitment from GTZ dependent on co-funding)
- methodology workshop (2nd week of November, 3 days)

New international project co-ordinator: Hilary Coulby starting October 2005

Website (probably!) www.pspwaterreview.org (not yet up and running)

Stockholm Water Week presentation: 23rd August, 17h15 to 18h45

4th World Water Forum, 16-22 March 2006, Mexico

Overall timeframes: 18 month process from Oct 2005 to March 2006

Proposed Outcomes

- reduction in conflict
- increased learning, understanding and awareness
- accelerated action on service access
- improvement in strengthening of local governance
- global recognition and promotion of a range of options for WSS

Proposed Outputs

- an on-the-ground assessment of PSP experiences
- guidance and recommendations for governments and utility managers
- new or improved processes for review of policy and reform directions in WSS
- reports of national MSH reviews, and international synthesis report

Code of Conduct

*Items for inclusion in code of conduct bulleted below. **Penny** to draft and feedback to group for agreement*

- openness and transparency – share your views and positions, but be prepared to enter into discussions, avoid hidden agendas

- willingness to explore controversial / difficult questions with an open mind
- mutual respect, particularly where there are differences (willing to agree to disagree), agree to listen
- minority views should always be recorded
- *confidentiality (another word?)* – i.e. opinions expressed here are not used against people making them in other forums, or distorted; can it include off-the-record remarks?; taking comments out of context can be dangerous; do we e.g. agree after each meeting what we will report back and what we won't (breaking this code could also impact the dynamics of the group)
- responsibility to feedback to our sectors
- *intellectual property (another word/concept?)* – who owns the results and who can use them and interpret them, who can be the spokesperson; e.g. should we have a Chairperson with agreed terms of reference
- try to understand the real issue as it is – i.e. explore issues more deeply to try to understand what is happening and what people's positions are
- co-operative and innovative – open to new solutions and ideas
- distinguish between facts and perceptions (but we know facts can be manipulated). Recognize cost implications of this – need to get decent funding to get 'harder facts'
- methodology and process is critical (not just consultants)
- agree on working definitions
- see national interest before personal point of view (need to make workable solutions, not just protect personal ideology)
- recognise complexity of the subject – no-one has monopoly over solution
- recognise things are dynamic so we have to engage with current dynamics and dialogues (has forward looking element), have to look at what is happening in other countries
- do we need a bail-out clause; process of disengagement e.g. if conflict of interest arises – if this is imminent, group should be alerted as to the concerns (notice period)... or if we sign on there is a commitment to seeing it through

Problem Statement

The following problem statement was agreed by all participants:

Municipalities in South Africa face many challenges in meeting the constitutional requirements to ensure effective and sustainable delivery of water supply and sanitation to all. At the same time, service delivery has been hampered by:

- implementation of different delivery models, including commercial approaches and PSP, based on insufficient and unreliable information and poor understanding
- widely divergent interpretation of the same experiences with respect to different WSPs
- lack of capacity in local government, especially in terms of human and financial resources
- insufficient engagement of a wide group of stakeholders in decision making processes to choose approaches and models for service delivery

This Process provides the opportunity to create a constructive dialogue to identify, review and evaluate, and where possible resolve, the impediments to meeting the constitutional requirements.

Approach

Group 1: Jay, JP, Jeff, Hamed, Abri, Lufhuno

- **what is a basic set of evaluation criteria?** (what are they, or process to develop them)

Should be both Review and Evaluation process

Keep evaluation criteria generic for now:

- affordability for people
 - cost-effectiveness of service delivery
 - sustainability of service/delivery chain
 - community consultation/participation
 - participation of labour
 - capacity to deliver services
 - customer/consumer/user service – to ensure quality service to user
 - definition of basic water supply and sanitation (including quantity of water)
 - governance – relationships, regulation etc.
 - extent to which water is universally available
 - legislative aspects – is legislation supportive
 - institutional arrangements
- **list different types of water service providers**

Refer to the Act – might need to discuss during the review

Water Services Act, PFMA, MFMA, MSA

- **definitions of kinds of PSP**

private sector participation

wide range of sub-contracting and outsourcing

Arrangements with technical assistance

Management contract

Operation and maintenance contract

Lease for operation and maintenance

Infrastructure – BOT – build, operate, transfer; DBO - Design, Build, Operate etc.

Partnerships, e.g. Uthukela, ERWAT, Harrismith, Rustenberg

Concessions

Privatisation

2 questions:

- where do you draw the line of definition of what is PSP (e.g. financing of infrastructure gone on for years)
- how/where do we draw the line wrt commercially driven public institutions
- need clarity on which aspects (e.g. financing, long term operation and maintenance)

public-public sector arrangements (including commercially driven)

- **working definition for cost effectiveness**

2 elements:

- comparative cost-effectiveness for same service level
- broader element: measure of Cost-Benefit Analysis to society into local and national requirements

Group 2: Helgard, Tony, Laila, Martin

- **other processes that could help inform the PSP Review**

These comments were based on the full set of questions for the SA review, dated 29 July 2005.

Question	Comments and related processes
Q1: local govt	lots of work been done, some linked to section 78 process (don't need more work on problems of local govt)
Q2: regulation	give to Sugandree and see which are covered in existing strategy process
Q3: tariffs and cost-recovery	- very important in this review - but... some can be covered by national treasury and DPLG – don't duplicate (Helgard to give more details) - other work: WRC, Patrick Bond
Q4: participation and info disclosure	very important, but build on some lessons from section 78 processes (e.g. last week's workshop on lessons)
Q5: impact of WSS models on poor people	very important
Q6: environment	very important
Q7: corporatisation	work by MIU and WRC that can be built on
Q8: financing	take note of work done by DPLG, Treasury, PDG
Q9: social impact assessment	not just engagement with CS / public, but also social effectiveness (as opposed to just cost effectiveness) – details from Helgard
Q10: contracts and outsourcing	- closely related to regulation strategy – give to Sugandree to see what is covered - relationship between authority and in-house service provider is important - some questions can move to other sections
Q11: labour	- add a question relating to transfer of skills - look at best practices e.g. Harismith tender doc's - inputs from SAMWU
Q12: health	- need new questions! - Hameda/Martin to draft by end of today
Q14: trade	- leave to DTI? - WRC: currently commissioned study related to trade and water

Questions, Methodology and Role of Participants

Try to get agreement from our sectors on approach and principles. Final agreement on code of conduct, methodology and questions will take place within the working group.

Scope options

- reduce number of questions
- see what is happening in other processes and what (if anything) can be left to those processes

Methodological tools – some possibilities

- case studies

- desk top research
- public hearings

Working group role

- meeting quarterly for one day (10am to 3pm); can combine with field visit (i.e. up to two days quarterly)
- field visits? Don't replicate NWAC model – too much unpaid time; possibly bring people from case study areas to present, or... meet as WG in place where case study is; could break into smaller groups. Secretariat does background research which helps identify focus of site visits
- Commenting on research and reports

Coordinator and secretariat role

- 3 people: coordinator, research, administrator
- Preliminary desk-top studies
- Coordinating field visits
- Awareness raising
- *Etc (see generic methodology note for more details)*

Way Forward, including actions

Action	Responsibility
Budget, proposal and fundraising: target Danida, Irish, DFID, WRC	Fundraising team: Martin, Neil, Abri, Jessica
possibility of bridging and/or start-up funds from DWAF and/or WRC	Helgard/Abri and Jay to discuss
explore possibility of working with WIN and e.g. accessing Masibambane funds	Jay
DWAF could possibly make someone available to support short term co-ordination (or from one of the networks)	Helgard to check
Recruitment of coordinator (dependent on funding) <ul style="list-style-type: none"> - Agree on tor for the coordinator - Submit CV's for consideration 	Interim coordinating team
Interim co-ordination	Abri, Jessica, Martin
Bringing others on board: SAAWU, SALGA, WIN, APF	SAAWU – Helgard SALGA, William Moraka – Abri WIN, Bev Pretorius – Jay APF – Hamed
Send notes of this meeting	Jessica
Draft Code of Conduct for agreement by all	Penny
Methodology team to give input to international process to help design the workshop WRC would consider hosting international methodology workshop if a request is made	Jessica, JP, Jay, Jeff
circulate generic methodology note to whole group	Jessica
Rework reframing questions on health	Hamed and Martin

<p>draft methodology based on questions and problem statement and Helgard's notes on other processes</p> <p>[this is plan A! plan B... go back to 29 July questions]</p>	<p>Jay by 19 August; comments by 9 Sept (all); revised doc by 23 Sept (Jess/Abri)</p>
<p>Next meeting 5 October 2005, 10am to 3pm; hosted at the WRC</p> <p>come with a mandate to commit to the Review and agreement on the questions, agree on rep's for international methodology workshop; think about which case studies</p>	<p>Interim coordinating team</p>