

## Overview and highlights

**I**t's time for some straight talk if we want to strengthen delivery in the water services sector. We need to ensure that policies and strategies are implemented in a manner that takes account of complex local realities. Four years of research by The Water Dialogues has provided evidence of the need to confront challenges faced by municipalities and to promote an overall paradigm shift if we are to **ensure effective, equitable and sustainable delivery of water supply and sanitation provided affordably to all.**

### **What was The Water Dialogues and why was it unique?**

Under the strategic direction of a wide range of stakeholders around the table, The Water Dialogues-South Africa undertook an extensive research programme on how various institutional approaches in South Africa affect the quality of service delivery. This created the basis for stakeholders to engage in an iterative dialogue around a range of critical issues. Although linked to a global initiative focusing on the role of the private sector, the unique starting point of The Water Dialogues-South Africa was the importance of strong public sector delivery of water and sanitation. (The genesis and aims of WD-SA, and the composition of its Working Group, are described in the front and back cover of this report.)

WD-SA's research and dialogue engaged with the complex challenges facing the water services sector in South Africa. The sector has been praised for the success of its ambitious programme that extended basic water supply and sanitation to millions. Yet due to increasing populations, particularly in towns and cities, even the most capacitated municipalities have struggled to reach everyone-- while also continuing to provide good quality services through close attention to sound operation and maintenance. In recent times, South Africa has experienced periodic outbreaks of cholera and other waterborne diseases, growing protests and numerous localised crises of delivery relating to failed infrastructure, weak management and inadequate oversight and regulation.

Stakeholders examined how such an ambitious programme of rapid service expansion has severely strained ageing infrastructure and limited water services provision capacity. Targets for delivering new infrastructure have been prioritised over systems to operate and sustain vastly increased service coverage. Inadequate attention has been paid to asset management and operations and maintenance, resulting in growing service delivery failures and declining water quality in many areas. Coupled with a growing scarcity of management, engineering and technical skills, the sustainability of continued service provision is at risk.

Problems in delivering effective water and sanitation services have been exacerbated by ongoing change in the powers and functions of municipalities and demarcation and re-demarcation of their boundaries. Financial viability is deteriorating in many municipalities due to poor revenue collection and management coupled with the inability of those



**The fight against poverty remains the cornerstone of our government's focus. We shall not rest, and we dare not falter, in our drive to eradicate poverty.**

State of the Nation Speech  
3 June 2009

living in poverty to pay for services and the challenges of providing free basic services sustainably in this context. Such municipalities are not currently providing services effectively or at a level that meets the needs of their constituents and are battling to cope. The research findings from the WD-SA case studies bear testimony to this analysis.

### **Why did The Water Dialogues undertake yet more research?**

Evidence from case studies served as the basis for the dialogue. This evidence was trusted by stakeholders since, in contrast to existing research that tends to sit within ideological camps, they were involved in and agreed on the selection of researchers, research design and method, and selection of cases. Teams of municipal and community researchers, with financial experts, conducted in-depth, primary, municipal and participatory community research in eight case study areas, namely iLembe (Siza Water concession), Bushbuckridge, Ugu, Maluti-a-Phofung, Chris Hani, uThukela, Johannesburg, and Cape Town (informal sanitation). Cases were selected across a range of institutional approaches, from private sector concessions and management contracts to community based or small scale providers to public provision by a municipality or a multi-jurisdictional provider. Any rigorous comparative analysis of cases is constrained by the lack of baseline or operational data in many municipalities. So WD-SA chose to highlight strengths and weaknesses of each institutional approach for further exploration.

Stakeholders from across the ideological spectrum came together in a "confrontative dialogue" to explore the impact of different providers on water and sanitation delivery in South Africa.

### **What can be learned from The Water Dialogues' process of dialogue?**

Instead of forcing a consensus or using a participatory process to mask a dominant position, WD-SA stakeholders created trust and respect that made it possible to explore and listen to other perspectives.

The dialogue showed the value of acknowledging and confronting differences in perspective and conviction. It entailed working with integrity to identify the root causes of those differences, and finding ways to move forward together, beyond polarisation, towards constructive resolution of the problems, based on a shared understanding and analysis – in ways that do not disrespect or negate different perspectives.

Our own process of dialogue shows that there is deep commitment, across a diverse range of stakeholders, to achieve better services, particularly for those living in poverty. Through acknowledging this commitment, there can be more honest assessment of what is working, which can be strengthened, and what is not, which must be changed. This dialogue builds a strong platform for taking and implementing decisions that are inclusive and respected by all. For example, Neil Macleod of eThekweni Metro attributes his decision to increase the free water allocation to his engagement with civil society as part of The Water Dialogues process.



**It is more important now than ever that we work in partnership on a common programme...**

**As citizens we should ask ourselves what it is that we can do...**

**To be a citizen is not only about rights, it is also about responsibility, to make a contribution to make ours a better country.**

**Fellow South Africans, working together we can do more to realise our common vision of a better and more prosperous nation!**

**This is the partnership we are calling for.**

State of the Nation Speech,  
3 June 2009

It is the conviction of WD-SA participants that this approach can be used effectively at the local level and in national debate to find ways to strengthen services provision, and build municipal delivery mechanisms that serve the needs of users.

## **What can we learn from The Water Dialogues research?**

The eight case studies unearthed the complex and wide ranging challenges facing municipalities. The research showed that finding workable solutions and taking appropriate decisions can only be achieved through a thorough understanding of the local context and realities. Findings from each case study are summarised at the end of this report, and the full case study reports are available at [www.waterdialogues.org](http://www.waterdialogues.org). A DVD entitled "enhancing delivery through dialogue" can also be viewed.

The findings and conclusions have been captured under four cross cutting issues:

- public participation and politics;
- accountability and regulation;
- service levels, financing and affordability; and
- institutional approaches.

While many of these conclusions are not new, it is highly significant that they emerged from robust research and were acknowledged and agreed by stakeholders across the spectrum of positions and perspectives. This body of evidence and analysis can be fed into assessments and evolving turn-around strategies that seek to strengthen municipal governance and service provision. Where appropriate, proposed actions have been identified under each.

By raising critical issues, this report may sound negative. However stakeholders highlighted the following ten successes—our over-arching findings—that all municipalities can build on:

**1.** Each case study shows that effective water services require the appropriate skills, strong leadership, on-going communication and local accountability. Where the importance of any one of these is underestimated and neglected, the impacts are evident in the poor quality and unreliability of services. This was evident in all case studies.

**2.** There is no one-size-fits-all best-approach, and institutional models work best when they are developed on the basis of robust, comprehensive local assessment of what the key challenges are and how best to meet them. For example,

- In Maluti-a-Phofung, there was a need for a single integrated service entity, with common policies, to implement a more equitable approach to providing services over previously separate jurisdictions.
- In Chris Hani DM, the municipality recognised it did not have the capacity to operate and maintain all services across dispersed rural settlements from a central point, and chose to partner with local community based organisations (CBOs) and micro-service providers as a way of ensuring locally-based provision of reliable services.

The context overrides any model. There is no single blueprint.

**3.** It is essential to allow time to test, adapt, refine and consolidate the selected institutional arrangement, rather than throwing it out prematurely in favour of a different approach. Institutional continuity is vital for effective service provision, as it can take many years to develop the systems and competencies needed to deliver services; in contrast, institutional restructuring disrupts services provision by diverting energy away from daily management and operations, and should not be undertaken unless all alternatives have been considered carefully. For example,

- Ugu DM has steadily developed and refined its approaches and systems, and built up a strong team that is well equipped to handle the diverse service challenges across the urban-rural continuum.
- Conversely, persistently poor service provision in Bushbuckridge highlights some of the risks associated with transferring functions from one poorly performing authority to another.

Internationally and nationally there is a need to shift away from an excessive preoccupation with institutional approaches, which tend to rely on layers of capacity and governance that are generally quite rare or undeveloped, toward the nuts and bolts of good operational practice.

**4.** Despite the failures of the uThukela Partnership approach, implementation of a multi-jurisdictional water utility model, across more than one municipality, has merit. This approach has the potential to make the best use of available skills and resources and achieve economies of scale. It failed in uThukela primarily because of local politics, poor inter-municipal co-ordination and an assumption that its benefits would deliver themselves, rather than requiring careful planning and management. If practical and pragmatic strategies are developed to address each of these issues, the uThukela model could be adapted for implementation elsewhere.

**5.** Underlying any institutional decision is the capacity of the municipality. There is a shortage of critical skills and competencies in most municipalities, particularly rural ones, and available funds fall short of what is needed. However capacity can be strengthened by managing and utilising existing competencies more effectively. Long term strategies and short term interventions are needed to address systemic problems, drawing on people with experience to provide hands-on support.

Successes evidenced in WD-SA case studies depended on the commitment and capability of the staff-- on *how* things were done rather than *what* was done. It is not a matter of following bureaucratic processes and ticking off checklists, but of productivity and good performance. In this respect recruitment, selection and retention of competent staff is critical – alongside continuous performance management.

**6.** Within a single municipality, consolidation of skills and resources into a single integrated entity that focuses on water services provision is more effective than a range of small service departments with poorly aligned objectives, service levels, operating systems and human resources approaches. For example, Johannesburg Water (JW) benefited from the amalgamation of 11 different municipal water departments. Chris Hani struggled to provide effective oversight by virtue of decentralizing different functions to various players without a strong authority function being played by the DM.

**7.** Service delivery is enhanced greatly when the municipality is clear about what it wants to achieve and how to get there, and where it holds its service provider to account against clearly defined performance objectives and service provision standards. Close monitoring of performance against defined and agreed objectives is essential, regardless of whether the service provider is internal or external to the municipality. For example, the Contract Management Unit set up by the City of Johannesburg tried to steer the utility to meet its broader social objectives, through sound municipal regulation,

In most municipalities, with the exception of urban areas, WD-SA case studies showed that the distinction between WSA and WSP functions specified in Section 20 of the Water Services Act is largely academic in practice. In other words, there is an assumption that the distinction is in place and is working, while in reality the distinction is generally not made or is not working.<sup>2</sup> It cannot be assumed that municipalities have the capacity to allocate separate resources to the authority and provider functions.

The lack of an operational distinction has serious implications for regulation, since any regulatory strategy based on this distinction is flawed and most likely unworkable. The Water Services Regulations Strategy and the Strategic Framework for Water Services assume that WSAs will fulfil their regulatory role at the local level, which is generally not the case. So there is presently ineffective or little local regulation taking place, which means the poor accountability of many providers around service delivery is likely to continue – together with service-delivery protests— until this is addressed.

<sup>2</sup> Some members of the WD-SA Working Group have in principle objections to the distinction, which should be taken into account when this matter is addressed.

**8.** A fixed-term management contract, with a comprehensive contract and effective enforcement capacity, can provide valuable expertise and support, and transfer skills to utility staff during a critical phase of transition or consolidation in the life of a water services provider. For example, Johannesburg Water benefited from the inputs of a high-calibre team that was contracted to provide support for a finite five year period. Capacity for strategic planning was enhanced; innovations, new systems and efficiencies were introduced; and skills were transferred rapidly to the utility's own staff. This approach is now being applied in the very different operating context of Maluti-a-Phofung Municipality.

Outsourcing of the provider function is generally undertaken because of a lack of capacity within the municipality. Paradoxically, this tends to mean the lack of ability to draw up appropriate contracts and to exercise the necessary oversight and performance monitoring against the contract. Ongoing expertise and support is required to assist municipalities to draw up, monitor and manage such contracts.

**9.** Political representatives and service providers have distinct and separate roles. Councillors set the strategic direction, and service providers are tasked with delivering services in line with that strategic mandate; involvement by politicians in the day to day management of service provision should be kept to a minimum. Even where there is a clear separation of roles between the political authority and the service provider, it is not necessarily sufficient to limit inappropriate political interventions in service delivery.

**10.** Rather than responding to the deterioration of services in many areas by trying to assign blame, there is enormous potential to formulate responses to problems through a thorough examination of their root causes. No resolution of local service delivery challenges is likely unless the perspectives and needs of all stakeholders are understood and respected through ongoing engagement. For example, this engagement was inadequate in Soweto, leading to litigation around prepayment meters in the Phiri court case. In contrast, the local dialogue in Ilembe involving community members, the municipality and the private sector helped resolve questions about where responsibility lies for emptying full VIPs in the Siza Water concession area. Multi-stakeholder dialogue has the potential to unblock bottlenecks toward finding solutions both at local level and nationally.

### **Do WD-SA findings imply policy changes?**

South Africa is rightly proud of its policy framework, which is hailed internationally for the way roles are assigned and co-ordination mechanisms are structured, and for providing a coherent policy and institutional framework from source to tap to toilet and back to source. The WD-SA concluded that problems were not due to policies per se, but rather due to the *disjuncture between what they aim to achieve and what is workable on the ground*. It was evidenced that policy obligations, such as defining WSA functions, or undertaking S78 assessments become mechanistic steps in a bureaucratic process that yields little value, often *existing in paper only if the underlying local*



**The quality of our leadership and the role that citizens play in the further reconstruction of our country will determine whether we solve our problems before they become 'time bombs'.**

The Dinokeng Scenarios –  
Three Futures for South Africa  
(summary Booklet)

*service needs and challenges are not acknowledged adequately.* What is needed is greater flexibility to allow for appropriate action at local level. Feedback mechanisms from the coalface of implementation into policy review and development must be strengthened. Policy alignment between national and local and between local government and water services is important.

The findings from the case studies can inform any review of legislation and policy from a perspective of what is needed and what can work. The particular needs and challenges of the local context, and socio-political and institutional realities, must shape the way policies are applied. Municipalities need to be enabled to make practical and appropriate decisions in a participatory manner, rather than getting boxed into detailed and laborious processes that can often undermine the very intention of the legislation. This requires good communication, strong support and consistent monitoring.

## **A paradigm shift?**

A radical rethink of **how** we work is needed to ensure effective, equitable and sustainable delivery of water supply and sanitation provided affordably to all. This means giving expression to the stated developmental agenda of government. The President has committed government to improved service delivery through a single public service and an era of interactive government in which people come first and poverty alleviation is a top priority.

Local and national government need to acknowledge the range of voices which must be heard if lasting improvements are to be achieved in service delivery. Discussion of the way forward to better servicing must be broadened to harness the ideas, skills, competencies and resources that exist in our communities.

To pursue a developmental agenda means formulating local solutions for local realities, premised on a sound knowledge of the costs of service provision, affordable and progressive tariffs, adequate resourcing of water services and performance accountability. It also means collaborating not only within the sector, but also across sectors so that we work holistically.

The findings of WD-SA research suggest that better water services cannot be achieved in isolation from wider improvements across the range of services for which municipalities have responsibility. Achieving these improvements requires earnest dialogue and debate—straight talk—about the functioning of municipalities, and the way they seek to deliver on their mandate. A dialogue process that embodies the key values discovered by WD-SA has the potential to create a basis for agreement on workable solutions to strengthen service delivery, and for working together in their implementation.

