

Introduction

South Africa is lauded internationally for its recognition of water as a human right, adoption of a free basic water policy, and impressive water services delivery statistics. However, domestic news reports focus on poor and rapidly diminishing water quality, citizen frustration with poor service delivery that erupts in regular protests, and struggling municipalities. Stakeholders are locked in debate around issues related to cost recovery, service delivery levels and indigent policies, which have escalated to litigation reaching the Constitutional Court. It is time for straight talk – *and* intervention and action.

Through The Water Dialogues-South Africa, stakeholders 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. Their starting point was the importance of ensuring strong delivery of water and sanitation by the public sector. The research – eight in-depth case studies that served as the basis for the dialogue – provided evidence that confirmed the experiences of stakeholders. However it also provided a route toward a shared articulation and agreement on two larger findings.

Firstly, there is an urgent need to change the paradigm within which the water and sanitation sector is located. Increasingly it is serving to constrain achievement of the fundamental changes necessary to address the present crisis. Stakeholders want to ensure that Government's stated commitment to a developmental agenda becomes a reality. A citizen-centred, participatory and accountable approach is critical to addressing the challenges faced by the sector.

Secondly, the findings of the research indicated a high level of municipal dysfunction to be a systemic problem. The WD-SA Working Group concludes that the values and principles it discovered through its dialogue are needed to address this dysfunction, and recommends the formation of a dialogue process around local government issues that affect service delivery.

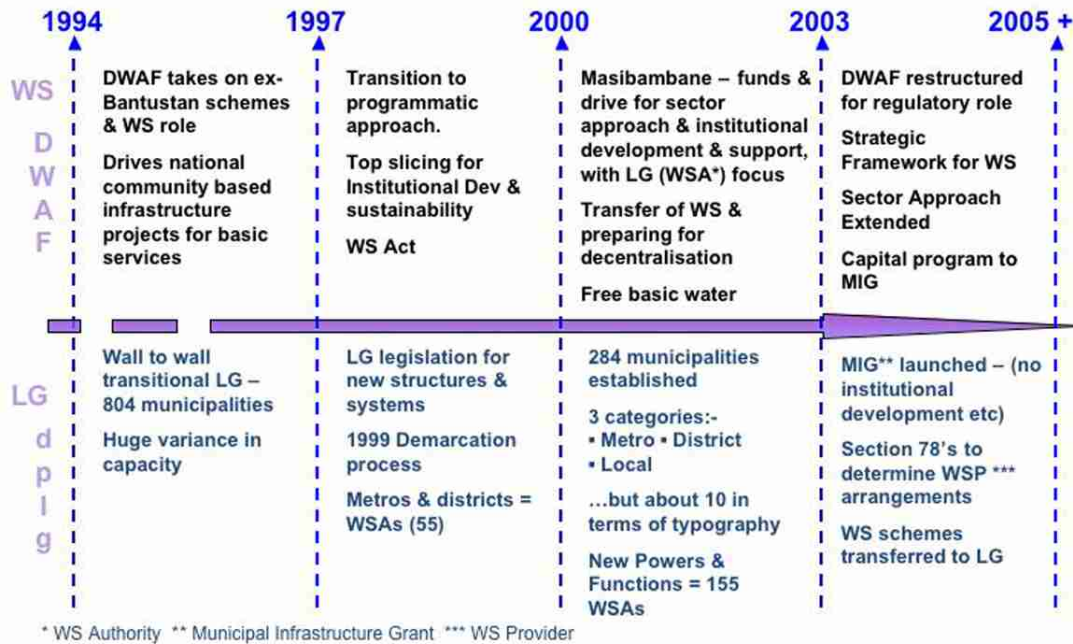
Ambitious plans of infrastructure delivery resulted in raised expectations. However, these expectations have not been matched by the capacity and competencies required to sustain the provision of water services. Now, more than ever, the expertise and resources available to the water sector need to be mobilised to assist in developing workable solutions to address many of the endemic problems of service delivery. While addressing degrees of municipal dysfunction, effective and regular communication and full public participation are essential. Users must be aware of challenges and constraints, both in terms of institutional and human capacity, as well as the scarcity of water and importance and cost of maintaining the infrastructure. Expectations must be tempered by realities. If not included as equal partners in finding solutions through a social compact, users will feel forced to act from the outside.

Context

Since its transition to democracy in 1994, South Africa has embraced the challenge of remedying the injustices of apartheid by ensuring access to basic services for all. The need to scale up delivery in the post-1994 period and ensure local-level accountability resulted in local government structures being established across the length and breadth of South Africa. Under apartheid, water services were provided on a racial basis by white run urban municipalities and irrigation boards or by homelands and independent states, which were taken over by DWAF in 1994. The Constitution specifies the right of all citizens to “access to water” and assigned this function to local government; boundaries, systems and structures have been undergoing transformation since 1995, and transfer could only occur once municipalities were fully established in 2000. Legislation specifies the process for the selection of water and other providers of services, referred to as the Section 78 process.³

³Section 78 prescribes the process for deciding on mechanisms to deliver services. It specifies a procedure for municipalities to follow to consider whether they are best suited to provide services themselves or whether it would be more advantageous for the municipality to draw on an external provider. External providers include another municipality, a stand-alone utility, a water board, a CBO or a private company. See Appendix 2.

WS & Local Government Context



In the face of the huge challenges the water sector has made remarkable gains, not least the establishment of water institutions, access to basic water services for millions who were previously unserved, continuing "first world" services where they existed, and comparably excellent water quality. However, fledgling and under-capacitated municipalities have struggled to meet the demand whilst operating and maintaining the schemes. Even capacitated metros and towns have struggled to provide for the increasing demand of growing populations, influx of job seekers and refugees, expanding informal settlements, in addition to providing for the growing economy.

Amid the achievements, gaps remain, and there has been slippage in service quality and systems in many areas. This is primarily due to financial constraints, inadequate human resources, and weak management and accountability systems in municipalities.

Too much emphasis has been placed on providing infrastructure, at the expense of strengthening service delivery systems and maintenance.

In addition, accountability and participation have often been compromised in the drive to meet service-delivery targets. This situation stands in stark contrast to the need to ensure service provision and affordability in light of people's constitutional right to water.

The burning need now is to assist municipalities in the WSP function as well as to address nuts and bolts issues. This has to be part of addressing the systemic dysfunction of many municipalities, which has been given top priority by the newly-elected government. A turnaround strategy is being developed by the Department of Cooperative Government and Traditional Affairs (CGTA), in which the water sector has a critical role to play in reviewing the powers and functions of provincial and local government, determining what is workable and ensuring accountability. A far-reaching review is needed, to assess whether some consolidation of water service-provider functions is warranted in some municipalities, in order to make optimal use of scarce skills and resources.

Meanwhile, the Department of Water Affairs (DWA) has refocused on its legislative regulatory mandate to respond to gaps in performance. However, the basis of the existing Water Services regulation policy – the split between water services authorities and providers – remains largely conceptual.

The Water Dialogues-South Africa

South Africa has experienced persistent conflicts around service delivery witnessed in almost daily protests, irregular cholera outbreaks and numerous localised crises of delivery relating to failed infrastructure, management and oversight/regulation. Clearly, despite significant progress around a range of delivery goals in the past fifteen years, considerable challenges remain, including those related to people who are still unserved.

The Water Dialogues has been a shared attempt by stakeholders to move past ideological polarisation, and to examine the successes and challenges in the delivery of water and sanitation services by a range of providers. It focused on the impact of institutional models currently used in South Africa on the quality of service delivery.

WD-SA embarked on a unique multi-stakeholder dialogue process, undertaking research in eight case study areas, with the intention of feeding back into the dialogue process. The dialogue was guided by the principle of “confrontative dialogue,” a dialogue methodology designed to transform the perspectives of stakeholders in a way that would ultimately have a positive affect on the water and sanitation sector as a whole.

As the WD-SA process developed, it included a number of important elements that cumulatively were central to its success. Members emphasised different factors as a basis for success; some of these included:

- The organisational involvement and personal commitment of a range of stakeholders;
- Trust built between stakeholders, captured in a Code of Conduct formulated by and agreed on by all members;⁴ and
- A common purpose identified in a mutually agreed problem statement and framing questions.

This report is the product of a dynamic process, with its own shortcomings and hurdles related to available data, access to key informants, mobilising participation from stakeholders in the research process, and arriving at findings deemed by stakeholders to be valid in the sector as a whole. It was not possible to generate a large-scale consensus on overall perspectives. However, across a range of categories of findings, stakeholders – from labour to private sector to civil society and government – developed and endorsed a partially-shared view. This process has the potential to serve as an important basis from which to address the challenges of the sector.

The unique dialogue process expanded the usefulness of the research and identified a range of potentially transformative values. The research was not highly abstracted and was not simply researcher-opinion-centred, in that it allowed for deeper engagement with a multi-stakeholder group. A range of meetings, fora and assemblies have repeatedly opened up issues for wide public engagement. The results have been discussed well beyond the boundaries of conventional research at the local, national and international levels. The production of findings involved repeated iterations between these processes.

The outcome is a rich amalgam of findings that have already taken on a life of their own. They are already part of the public domain by virtue of engagement by this range of stakeholders. Whether imputed to WD-SA or not, they have already begun to inform and stimulate local area deliberations, national thinking, and new international conclusions well beyond the purview of the WD-SA process.

After providing the introduction and research methodology for the WD-SA project, the body of the report examines overall case study findings. Specific conclusions are discussed and actions are proposed through the following four categories: public participation and politics; accountability and regulation; service levels, financing, and affordability; and institutional approaches.⁵

⁴ Although the Code of Conduct was largely symbolic, it established a common purpose and was a basis for trust-building between members. This was important to some members who found it reassuring. The full Code of Conduct is inside the front cover of this report.

⁵ More detailed analysis of cases is provided in a case study matrix and individual case study summaries. Full case study reports are available on www.waterdialogues.org

Conclusions are based on findings that leapt out clearly from all case studies, regardless of institutional approach. The last category, institutional approach, is relevant to WD-SA's original question of public or private provision. Abstracting to greater conclusions becomes more difficult within a multi-stakeholder grouping, but there are important points arising from the research and dialogue that inform proposed actions included in each section. In particular, we found that values identified through the WD-SA process are foundational for any institutional approach and to future informed decision making. Finally, the report concludes by calling for actions that attend to municipal dysfunction so that the 10 successes and two larger findings identified by WD-SA can become widespread.



Research methodology and process

The WD-SA Working Group set out on an ambitious research programme that sought to cover a range of institutional arrangements under different conditions, from rural to urban, and across municipalities with differing capacities. Eight case studies were conducted in six provinces, where municipal data was gathered and researchers conducted participatory community research. This process is now making a transition from localised advocacy to considerably more widespread advocacy.

The research methodology provided an experimental, applied and innovative mechanism aimed at facilitating a deeper understanding of the provision of water services in the selected areas. The following research question was formulated:

Given the varying capacities of Water Service Authorities, how do different institutional approaches affect outcomes?

A central concern in the WD-SA processes was that of examining the various institutional arrangements behind the delivery of water and sanitation services in South Africa. A great deal of variation exists in institutional arrangements that are selected by municipal spheres of government (with the approval of the Department of Provincial and Local Government and DWAF).

The Working Group drew on a range of existing typologies to formulate the following table. It shows how the research was structured around institutional approaches and the type of contract or structured relationship between the Water Service Authority (WSA) and Water Service Provider (WSP) (left-hand columns). It also incorporates the capacity of the WSA as a key factor likely to influence water and sanitation delivery.⁶

⁶ Since there is no straightforward measure of capacity, "operating income" was used as a proxy for capacity.

Table 1: WD-SA typology of institutional approaches
(showing cases researched)

Institutional approach	Contract type	Water Services Authority		
		High	Medium	Low
Public-private partnerships	Private sector with concession		iLembe	
	Private sector with lease			
Community-based & small-scale provision	CBO or SMME with service contract	Cape Town (informal sanitation)	Chris Hani	
Public-public	Public-public-private	Johannesburg	Maluti-a-Phofung (2)	
	National entity (water board) with management contract		Maluti-a-Phofung (1)	
	Multi-jurisdictional with lease		uThukela	
	Another municipality (nature of contract unclear)			Bushbuckridge (1)
Public internal	Internal	Ugu		Bushbuckridge (2)

The eight case studies did not cover all of these options, but did offer insights into the following distinct (although at times overlapping) institutional types:

Public-private partnerships

- Private concession alongside a municipal water service provider within the same municipal district (iLembe);

Community and small-scale provision

- Municipal service outsourcing contracts to small, medium and micro enterprises (private) (Cape Town Metropolitan Council);
- Small-scale community-level service contracts managed and supported in water service provision activities at the municipal level by intermediary private and NGO contractors, and overseen on behalf of the District by a contracted public water board (selected municipalities within Chris Hani DM).

Public-public (sometimes public-public-private)

- Municipal public company as WSP with a five-year management contract to a private consortium under the authority of a Metropolitan municipality (Johannesburg Water (JW) and Johannesburg Water Management (JOWAM) and the Johannesburg Metropolitan Council);
- Municipal public company as WSP with a six-year management contract to a private consortium under the authority of a local municipality (Maluti-a-Phofung Water Pty Ltd and the Uzinzo consortium and the Maluti-a-Phofung Municipality);
- Municipal public company as WSP under the multi-jurisdictional authority of two municipal districts and a local municipality (Uthukela Water Pty Ltd in the Amajuba and Umzinyathi Districts and the Newcastle LM);

Public internal

- Public water board and LM operating within a municipal area (Bushbuckridge LM); and
- Municipal water service provider across an entire municipal district (Ugu DM).

Through collaborative research and discussions, WD-SA sought to understand the process of choosing institutional approaches, as well as the impact different approaches have had on the quality and level of services received by residents.

Stakeholders of the WD-SA process were looking for the research to cast some light on a number of issues. In the first instance, attempts were made to obtain data on a common set of indicators for all the cases, in order to try and generate some level of inter-case comparison. However, under circumstances where accurate and comparable data were scarce, a considerable amount of the research effort was put into obtaining the perspectives of case-level stakeholders on the institutional experiences – including input from selected communities in poorer areas on the various WSPs and how their experience of services changed as institutional arrangements were adjusted over time.



Methodological limitations

While the researchers used the same method for each case study, the data available from municipalities was uneven within and amongst areas. Municipal officials did not tend to withhold data, but typically did not have much data to offer. This was particularly the case with municipal financial data, with the notable exception of the City of Johannesburg (CoJ).

Case studies were selected to profile the variety of different institutional arrangements in South Africa, and in-depth research allowed for a deep analysis of the issues at stake in each case. However, having only one or two cases of each institutional arrangement, meant that it was not possible to compare different instances of each arrangement or to make generalisations on the basis of arrangements. It did however allow for the identification of key issues requiring further exploration through a future research and dialogue agenda. These questions in themselves are findings – findings regarding what issues are at stake in each case.

Throughout the WD-SA process, the South African Municipal Workers' Union (SAMWU) and some members of civil society found the discussion of institutional models to be severely constrained by the fact that it takes place within the present socio-economic paradigm. They argue that neo-liberal thinking has infused the country and the sector. This refers to the state abrogating its responsibility to the market and to individual users through the commercialisation and commodification of services, which is characterised by full cost recovery, payment for services that are a human right, outsourcing, and an approach that views citizens as customers. Most importantly, this paradigm has affected political will, which is key to any real change.