

GENERAL MANAGEMENT ASSISTANCE CONTRACT (gmac)  
Contract No: 674-C-01-10051-00

## **Bushbuckridge Retail Water Distribution Project Mid-Term Review**

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## Abstract

The main objectives of the assessment were, as stated in the terms of reference:

### **1. Determine the impact that the municipal demarcation process and elections had on project activities.**

The situation in local government throughout the country has been difficult, following the changes in the demarcation of the boundaries.

Bohlabela District Municipality faced three major difficulties: it is entirely new, and had no staff or offices from which to work; it is a cross-border municipality, and it took time for the two Provinces involved to agree on the reporting and responsibility structures concerned; and like other municipalities it has been affected by conflicts regarding the role and function of the district as compared to the local municipalities.

Many hold that one of the important roles of a District Municipality is to provide technical assistance and support for the local municipalities (this does not refer specifically to the water function): in the present case this has not been possible. Furthermore, Districts initially did not receive any equitable share grants, and it has taken time to develop the RSC levy base, thus placing the new districts in a weak position financially.

Bushbuckridge and Maruleng Local Municipalities have faced most of the same problems. However, they have had the advantage of existing staff and offices, but had to integrate the different administrations and systems.

Our finding has therefore been that these difficulties have had a major impact on project activities, and have been a contributory factor to the delays in project implementation.

### **2 Determine whether major stakeholders such as DWAF regional and local offices, and the municipalities, are sufficiently encouraged to respond to requirement related to the following:**

#### **2.1 Establishment of the WSA**

There has been excellent co-operation between the major partners, namely Bohlabela District Municipality, the two Local Municipalities, and DWAF in terms of preparing the ground for the establishment of Bohlabela as the WSA. The project has put considerable time and energy into this aspect. This work would appear to have borne fruit in that all stakeholders are very well educated on the subject, and have a clear grasp of the issues. Draft by-laws and tariff structures have been prepared and work shopped.

However, earlier this year the MEC appeared to have decided that the local municipalities would be the WSAs, and thereby created confusion<sup>1</sup>. The review team was told by senior figures in the Bohlabela Municipality that the situation now appears to have been clarified, but no further information has been received.

#### **2.2 Transfer of infrastructure and personnel from the national government to the WSA**

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<sup>1</sup> The process to be followed if the MEC chooses to change powers and functions is stated in the Municipal Structures Act: it requires consultation with affected municipalities and "organised local government" (i.e. SALGA) before placing a notice in the Provincial Gazette.

Progress has also been made, but not as much as everyone would have hoped, in the transfer of assets from DWAF. A task team has been identified, and a programme has been agreed. However, until the finalization of the National Transfer Policy, DWAF appears to be reluctant to proceed.

This is not unique to the area: the difficult decisions with regard to the state of the infrastructure and conditions of service of staff, financial conditions etc all have to be addressed. As far as the project is concerned, it is considered that they have made what progress could have been made in the circumstances.

### **2.3 Establishment of WSPs**

Not much has been achieved in this respect. At a workshop of all stakeholders held on 5<sup>th</sup> November 2001, a decision was taken that there will be a single WSP for the whole area, which will be a joint initiative between the District and the Local Municipalities, with support from DWAF, the structure of which remains to be determined.

The project team has been waiting for the WSA function to be clarified before progress can be made on the WSP. It is hoped that a decision in this regard will be made shortly.

However, the review team is concerned about the lack of progress on this matter, and feels that, whether or not the WSA function has been formally given to the District Municipality; more focus could be put onto the operational activities of services provision.

It also considers that the proposal to have a single, jointly controlled WSP could be reviewed, and the alternative of creating many WSPs considered. This would make the responsibility for water provision closer to the users, and would be likely to improve accountability.

Meanwhile the team heard from many sources that there is confusion with regard to which agency is responsible for activities such as maintenance, cost recovery and payment for bulk water supplies. In the process many people are not receiving water (even though they have taps), and there is evidence of negligent and extravagant water consumption by some consumers.

Tariffs remain out of date, and far too low for meaningful cost recovery. For example, whereas the tariff in the urban areas of Bushbuckridge is 33c a kilolitre, the Water Board charges R2,60 – a clearly unsustainable situation. (Revised tariffs have been proposed by the RWDP, and have been accepted in principle by the Bohlabela Municipality).

## **3 If appropriate recommend changes in the project strategy over the final period of the contract.**

### **3.1 Operation of water services**

The project has made substantial contributions at many different levels. It has started more recently to select pilot areas, to determine what can be done to improve operational aspects of water supply.

Bushbuckridge Municipality is providing water services in the R293 towns. It is also collecting money to a limited extent<sup>2</sup>. The team considers that the systems

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<sup>2</sup> However, the tariffs charged are unrealistic – at 33c/kl, whereas the municipality pays R2.60c/kl from the Water Board.

in use by the Municipality should be strengthened, and the staff trained to deliver a higher standard of service.

The question of tariffs and by-laws is fundamental. Opinion is divided on whether Bushbuckridge may or should introduce higher tariffs than those it currently charges. If nothing can be done in that respect, the question of adoption of tariff structures and by-laws by the WSA remains the highest priority, so that Bushbuckridge Municipality or the proposed WSP begins to collect charges at a sustainable level.

Even if, under the worst-case scenario, no action is taken on the question of by-laws, it is considered that the current work of the project in water services should be expanded, and made the main focus of the next two years. Specifically, it is recommended that increased technical assistance and support be given to the following components in the water delivery system<sup>3</sup>:

1. Consumer education on water use, costs of water, the problems of illegal connections, etc.
2. The establishment of efficient systems of maintenance, including:
  - Establishing teams on call
  - Setting up suitable stores system for effective supply of parts needed in emergencies.
  - Effective supervision and reporting
3. Repair/replacement of faulty water meters, and installing meters where none exist – this includes consideration of the use of pre-paid water meters.
4. Establishment of proper systems for billing and collection, including pay points.
5. Establishment of indigent policy and free basic water tariffs.
6. Establishment and training of customer care system.
7. Implementation of effective system for penalizing non-payers.

There are a considerable number of consumers served by boreholes. These schemes should also be the target for increased support from the Project, as community based management schemes have great potential, but require quite intensive capacity building and training if they are to be sustainable. Maintenance and cost recovery are crucial, but so too is the question of elections for and constitutions of water committees.

### **3.2 Transfer**

The complexities of the transfer process are not unique to the area. Almost all municipalities, especially the rural ones, will be facing the same issues. It is therefore recommended that the one of the immediate priorities should be to work with DWAF to support and facilitate the transfer process, by way of a national pilot project.

### **3.3 Sanitation**

Sanitation has only recently been included in the project, and for that reason was not a focal point of the review. However, during the next year, the project should address the question of sanitation with the WSA, to assist it to establish a policy in that regard. It should also work with the consultants on the WSDP to build a sanitation program into that document.

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<sup>3</sup> Most of these issues have already been addressed in a preliminary way by the project. The team's suggestion is that their level of prioritisation be increased.

### **3.4 Management information**

Work on collection of base-line data has been started, but has received very little attention to date. It is clear that the type of information proposed in the contract is very difficult to obtain, and although certain changes have been approved since then, which make the indicators more appropriate, there is nevertheless a massive gap in this respect.

The review team has noted that some of the impact indicators on the log frame are long-term, and are dependant on factors outside the control of the project.

However, it is considered that while the detailed data collection specified in the contract is of great interest, the activity of establishing base-line indicators should be used to generate appropriate management tools. These would be used to monitor the management of the system, to highlight problems and inform Councils with regard to the overall performance of the water system. This would be a slight deviation from the present project design, but is in line with strengthening the functions of the WSA and WSPs.

Meanwhile it is noted that broader indicators such as improved health status may be used for post project evaluation, but should not form part of the monitoring plan.

### **3.5 Capacity building and training**

The work undertaken in this field has been widely acclaimed. Now is the time to move this component into the operational areas of water services provision, so as to enable the activities listed above to be implemented effectively and sustainably.

The contract stipulates that one objective is the development of a new generation of managers and empowering key actors to carry forward without external assistance at the end of the project.

This is a very important component of the project which has faced many difficulties due to the lack of staff to train. However, training and empowerment at the political level has been very effective, and it is expected that it will continue.

Meanwhile, a start can be made with the training of existing maintenance and front-line staff in the local municipalities, and when permanent staff have been recruited, the programme can be extended to them.

The team noted that the project staff has been used by the District Municipality as support staff. This is quite understandable in the circumstances, where the Municipality has no staff of its own. However, there is a danger of creating dependency which must be very carefully guarded against, and it is proposed that both the Project Staff and the Municipality are made very aware of the difficulties that such a relationship can cause. The phrase used in the contract "without external assistance at the end of the project" is very relevant here.

It is recommended that the Project assist both Bushbuckridge and Bohlabela to approach the EU project "Strengthening Local Government in Mpumalanga and the Northern Province" with a request for funds in capacity building. If such a request is supported by a well developed and targeted package of proposals in relation to infrastructure development it could be well received.

There is also the potential for more support from the Masimbambane program in DWAF, which the project is already accessing.

### **3.6 Documentation**

It is considered that one of the advantages of a pilot project such as this one is that the experience can be documented comprehensively in such a way as to guide others who may have similar problems to face. It is therefore suggested that the project prepare material, and disseminate it, on its work.

Of particular interest will be the question of the transfer of staff and assets from DWAF to the WSA. This is a highly complex activity, and the special resources of the project can be used to document, as a case study, their experiences in this process.

### **3.7 Management**

The concept of having a Steering Committee in which the only voting members are elected Councillors, and which meets monthly has not worked well. It is proposed that the existing Steering Committee be supplemented by a team of working level people, to be known as the Task Team, which would look at the day-to-day operational issues of the project, and would be used as a forum for co-ordination. This team would meet on a two weekly basis. The Steering Committee would then meet quarterly, which is more normal for such bodies, and it is hoped that the less frequent schedule would encourage members to ensure that they attend every meeting.

## **4. Program Objectives**

It is noted in the contract that the program objectives listed below are beyond the control of the project. However, they are useful indicators of progress on a broad front.

1. The transfer of retail water infrastructure and personnel to local authorities
2. Establishment of WSPs, based on models that the various stakeholders chose, which are efficiently managed and provide for regular and high quality water services.
3. Water Service Authorities are functioning and provide the regulatory and monitoring oversight established under the current legislative and regulatory framework.

The report describes the extent to which progress has been achieved in meeting those objectives. The findings It may be noted in this context that the situation is not yet conducive to these objectives being realized. However, it is felt that they are useful in terms of being targets against which all program activities should be judged.

In relation to the first objective, our view is that the District Municipality with the assistance of the project team and SALGA should make a submission to the Transfers Policy Drafting team, outlining the Municipalities' concerns, and making a proposal on the financial package that would make the Municipality become financially sustainable. Moreover, Bushbuckridge is potentially a pilot site for a water services development model. Motivation for financial assistance can be based on the need to carry through the pilot to its finality.

## **5. Resolutions of the Workshop and Plans for further action**

A workshop to review the initial findings and recommendations of the team was conducted on 17<sup>th</sup> August at Hazyview. It was conducted in four phases.

1. Briefing, in which the Chief of Party, Robert Mbwana described the achievements of the project to date.
2. Presentations by the authors of the findings and recommendations as stated above.
3. Consideration of the above in three small groups. Each dealt with a single topic. The three topics were,
  - Policy, transfer, the WSA and the WSP
  - Capacity Building
  - Service provision and implementation
4. Plenary to agree on a way forward

The findings of the three groups referred to in section 3 above were as follows:

### **5.1 Policy/Transfer – the WSA and WSP**

#### **Constraints**

- No alignment of draft transfer policy between DWAF and DM
- Lack of clarity on the transfer process
  - i. What to be transferred
  - ii. What are the implications
  - iii. Financial implications/ different frameworks
  - iv. Usability of the draft policy

#### **Proposals**

- Development of a budget for provision of water services
- Interdepartmental process of developing a single process of transfer which takes into consideration the financial requirements
- Draft proposal to get feed back within two months
- No policy promulgated by District municipality to guide the WSA to fulfil its role and responsibilities.
- Documentation has been prepared but not adopted by the Council
- No clear direction from the MEC
- Check if other DMs have submitted

### **5.2 Capacity building**

#### **Objective**

Provision of personnel to enable the water services institutions to operate and manage sustainable service delivery.

#### **Constraints**

- Funds (for new services and maintenance)
- Under design
- Extensions of boundaries
- Lack of infrastructure- boreholes etc
- Billing system
- Skills lacking:
  - i. Technical
  - ii. Administrative
  - iii. Managerial
- Ineffective awareness programs
- Illegal connections

### **Proposals**

- Undertake audit of existing and new systems
- Improve under-designed systems
- Audit training needs
- Establish mentors and institutional support
- Strengthen integrated development planning and get commitment from stakeholders

## **5.3 Service provision and Implementation**

### **Constraints**

- Financial problems at municipalities
- Backlog in terms of infrastructure
- Lack of policy in how to deal with non-payers/defaulters
- RDP standard (shared taps) results in illegal connections
- Lack of co-ordination of activities by the different role players, i.e. DWAF, Local Municipalities, Amokhosi, etc
- Unplanned settlements
- Local municipalities under staffed
- DWAF over-staffed
- Unplanned power interruptions – lack of communication between Eskom, DWAF and LM
- Delays in repairs
- Confusion regarding responsibilities on maintenance issues
- Vandalism (e.g. taps and meters being stolen)

### **Proposals**

#### **Policy**

- promulgation of by-laws and tariffs as soon as possible

#### **Coordination**

- resuscitation of the PSC for coordination purposes
- Review TOR for the PSC and make distinction between operational and policy issues

#### **Power interruption**

- Request Eskom to give 7 days notice before planned interruption of supply

#### **Lack of resources**

- Proper tariffs to be in place
- Water services to be reliable
- Proper (accurate and up to date) billing systems to be used

#### **RDP standard**

- Policy to be reviewed to allow mixed level of service

#### **Vandalism**

- Water policing through Ward Committees
- Replace copper meters with plastic ones
- Do away with brass taps, if possible.

## **12.11 Recommendations of the plenary**

1. Identify issues that can be achieved independent of the promulgation of the WSA/WSP policy.
2. Address financial issues
3. Identify personnel to undertake the tasks
4. Address the lack of delivery in terms of water services

5. Address the lack of designation of the roles and responsibilities
6. Bohlabela District Municipality should continue to act as the WSA, until instructed otherwise
7. SALGA, with the support of the MEC, should facilitate communication between the LM, DM, SALGA, DWAF, and DLGH (Provincial)

Specific measure to expedite the establishment of the WSP/WSPs were agreed as follows:

<b>Task</b>	<b>Date</b>
The Project should distribute the proposal for a WSP to all stakeholders	20 August
Comments to be received from stakeholders	End of first week in September
Meeting called to thrash out consensus on the WSP plan	About 14 <sup>th</sup> September
Partnership agreement(s) prepared	
Approval by WSA	

It was also noted that it has been difficult for the national office of DWAF to manage the project effectively. It was therefore agreed that it would be preferable for the project to be managed by the Regional office in Polokwane.

### **12.12 Outstanding institutional issues**

There are several institutional and governance issues that require attention if the project is to achieve its potential within the remaining two years. They have been referred to in general terms above, but we feel it is important to highlight them in closing.

#### **12.12.1 The Water Board**

The Water Board has been put into an impossible position by the fact that it has not been paid for water provided. We are told that water to the value of over R50 million has been supplied to Bushbuckridge and not paid for.

The failure to resolve the issue of overdue payments represents a collapse of governance. This is a matter for urgent attention, which requires the intervention of DWAF, in conjunction with the Provincial Department of Local Government and Housing, and the national Department of Provincial and Local Government. It is also appropriate to involve national Treasury in respect of the use to which the equitable share funds are being put.

#### **12.12.2 Water Services Authority**

Nothing in the Section 12 notices issued in 1999, or subsequent documentation, has suggested that Bohlabela should not be the WSA. The Municipality could choose to get confirmation from the MEC, but our view is that it has the duty to act as the WSA without any further direction. If there is any doubt in the matter, DWAF and LGH should take up the matter with the municipality.

#### **12.12.3 Cooperative governance between Bohlabela, Bushbuckridge and Maruleng Municipalities**

Although overt conflicts have been few, there is a sense in which the level of mutual trust and cooperation between these arms of Local Government is less than it should be. This may derive from a lack of clarity in respect of the respective roles of the municipalities. This issue should be thrashed out at a thorough workshop attended

by Councilors and officials from all three municipalities and with attendance and active participation from the Provincial and National levels.

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## **Acronyms**

AWARD	Association for Water and Rural Development Cooperation
BBR	Bushbuckridge Local Municipality
BWB	Bushbuckridge Water Board
CBO	Community based organization
COP	Chief of Party
DLGH	(Provincial) Department of Local Government and Housing
DM	District Municipality
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EHP	Environmental Health Project
GoSA	Government of South Africa
LM	Local Municipality
LGH	Local Government and Housing
MEC	Member of the Executive Committee
NGO	Non-governmental organization
PSC	Project Steering Committee
RDP	Reconstruction and Development Program
RFP	Request for Proposals
RWDP	Retail Water Distribution Project
SALGA	South African Local Government Association
TAT	Technical Assistance Team
TLC	Transitional Local Council
TOR	Terms of Reference
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSP	Water Services Provider
USAID	United States Agency for International Development

## Acknowledgements

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But most importantly we express our thanks for the guidance given by Sergio Guzman of USAID and Robert Mbwana, the Chief of Party. By happy chance we were able to meet John Austin who was very helpful in providing detailed background material on the project, which has been incorporated into our report.

We wish to record our specific gratitude to Thabo Molewa who undertook the difficult and frustrating task of making appointments for the team's meetings, We also wish to thank Mosabala Lipholo and Catherine Malungane, of the project, and Stewart Gibson and Peter Ramsden of consortium member firms.

Elected representatives and officials met included the following:

Rodwell Mnisi Municipal Manager, Bohlabela Municipal Council

Zulu Seerane Bushbuckridge Water

Gibson Nkuna Bushbuckridge Water

Cllr Francis Mohlala Maruleng Municipality

Cllr Patience Nyakane Speaker, Bohlabela District Municipality

Cllr Violet Siwela Councilor, Bushbuckridge and Bohlabela

Cllr Caswell Maluleka Executive Mayor, Bohlabela District Municipality

Anthony Themba DWAF, Local Office, Thulamahashe

Isaac Tebane DWAF, Local Office, Thulamahashe

F Silinda Dwarsloop civic association

Davis Masinga Dwarsloop civic association

Township managers from Acornhoek, Dwarsloop, Shatale, Maviljam and Bushbuckridge

Rogers Baloyi Bushbuckridge Municipality

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## **Chapter 1 Introduction**

### **1.1 Purpose**

The objective of this report, in accordance with the Terms of Reference, is to provide an independent assessment of the Bushbuckridge Retail Water Distribution Project (RWDP) to determine whether the program objectives are being met, and make recommendations for implementation of the remainder of the contract. The specific aim is to determine whether the implementation of the various components of the Bushbuckridge Retail Water Distribution Project, are progressing according to schedule and content as per contract.

The goal of the RWDP is stated as to improve the health and well-being of area residents by establishing sustainable water supply service, capacity and organisations in Bushbuckridge, Nsikazi North and Hazyview. The intermediate objectives are:

- i) improved local capacity to manage service delivery and
- ii) improved access to water services by local populations.

The contract to implement the project was signed with Chemonics International in September 2000 and ends in May 2004. The current assignment took place in August 2002, which is almost two years after the start of the project. It must be stated upfront that the mid-term review is meant to record project successes, identify problems and constraints, and propose immediate action. The assignment is also meant to determine the likelihood of meeting all project objectives during the life of the project, and to facilitate input into a strategy for the third year of the project. The assignment is not meant to measure the impact of the intervention in terms of issues such as improved health status of the population. Such issues by their very nature are difficult to measure and take a long time to respond to any form of intervention. During the implementation phase of a project, evaluation or assessment can only look at whether planned activities are implemented as per contract, and whether there are plans and strategies to achieve the stated objectives of the project.

### **1.2 Anticipated results**

1. An assessment of the impact that the demarcation process and elections had on project activities.
2. An evaluation of the involvement of major stakeholders such as DWAF regional and local offices in
  - i) the establishment of the WSA
  - ii) transfer of infrastructure and personnel from the national government to the WSA, and
  - iii) the establishment of WSPs.
3. Recommendation on the project strategy over the final period of the contract.
4. Workshop proceedings fed into the annual workplan.
5. An evaluation of the overall content within which the project is being implemented.

### **1.3 Targeted audience**

Results of the current evaluation are targeted at USAID and DWAF who are key stakeholders in the RWDP. USAID and DWAF are interested in the socio-economic development of the targeted populations. DWAF as the project custodian has to ensure that agreements with USAID are kept. USAID has to ensure that the funds

allocated are used efficiently and make an impact in the well being of the area. Furthermore, this report can be used by the contracting consultants to improve on their process, and can also be used by planners and decision-makers who may be involved in projects of a similar nature. The report should therefore document as much as possible the learning experience gained so far and the perceptions of stakeholders who are meant to benefit from the project.

#### **1.4 Limitations of the evaluation**

Some of the stakeholders were not available for interviews or the stakeholders' workshop. Their inputs and opinions are missing from the evaluation. While the evaluation was meant to assess the progress of the process, many stakeholders were interested in physical outcomes such as capital investment and expansion of the water network to un-serviced areas. While physical access to water and the improvement of health status are some of the stated outcomes of the project, they are dependent on the establishment and functioning of institutions. A further complication is that consumers do not understand the role of RWDP in relation to the Water Board as a bulk provider, and to Local Municipality as a Retail Service Provider. They see RWDP as both bulk water supplier and provider. Stated expectations were based on this understanding.

#### **1.5 Structure of the report**

The Chemonics contract includes a detailed description of the scope of work required. This report is structured around the headings of that scope of work, as we feel that it is a useful conceptual framework for a task such as this. For completeness our Terms of Reference are also included in this report as Annex 1.

The report is therefore structured as follows:

Chapter 2: background  
Chapter 3: legislation  
Chapters 4 – 6: program objectives  
Chapters 7 – 9: contract objectives  
Chapters 10 and 11: indicators  
Chapter 12: Conclusions and recommendations

#### **1.6 Methodology**

The methodology followed consisted of the following components:

- Project brief and familiarization
- Documentation review
- Meeting with USAID Manager and Chief of Party
- Field trip involving visit to project area, interviews with stakeholders, and a stakeholder workshop
- Compilation of preliminary/draft report

#### **1.7 Project brief and familiarization**

The consultants familiarized themselves with the Terms of Reference through discussion with the USAID Project Manager and DWAF managers.

#### **1.8 Documentation review**

Project documents were made available by USAID and by the COP. The documents are listed in Annex 4.

#### **1.9 Briefing meeting**

A meeting of USAID, the COP and DWAF was convened to clarify the needs of USAID and DWAF, and further identified issues of concern to both parties. The COP presented information on the status of the project and on logistics for the assessment team.

#### **1.10 Field trip**

A field trip was undertaken to establish progress made. A project log-frame was used for accessing progress/constraints on specific aspects of the project (attached as Annex 3).

The primary elements of the field trip were:

- Meeting with Chief of Party
- Meeting with Municipal Councilors and Officials
- Meeting with the Water Board
- Interviews with community representatives.

#### **1.11 Stakeholder workshop**

A stakeholder workshop was held in order to present preliminary findings and solicit inputs for the third year's annual work plan.

#### **1.12 Compilation of draft report**

The report assesses progress made, incorporates outputs of the workshop and makes recommendations for the future direction of the project.

## Chapter 2

### Background

#### 2.1 Preliminary Activities

The Government of South Africa (GoSA) through the Department of Water Affairs and Forestry (DWAFF) has been working towards a transfer of water supply services to local authorities since the change in government in 1994. This policy was placed into law as part of the Water Services Act of 1997. As a result of this, the Bushbuckridge Water Board was established and oversees the operation and management of the water plants and transmission facilities to provide bulk water supply to the Bushbuckridge Municipality.

The long-range plan is for a Water Service Authority (WSA) to be established to regulate how water supply ("Water Services Act of 1997") and sanitation services (as discussed in the "White Paper on Basis Household Sanitation – September 2001") will be provided and who provides them in the District Municipality of Bohlabela. Water is to be purchased from the Water Board through a service agreement with the WSA. Water Service Providers (WSPs) will carry out the provision of water to individual customers. The WSPs will operate the water systems, interact with customers, and make sure payments are made. Tariff structures will be set by the WSA to retail water to local customers at a price that reflects the true cost of providing service<sup>4</sup>. These are the activities to be carried out under the Water Service Act of 1997.

#### 2.2 USAID's Bilateral Agreement

In 1996, USAID established a bilateral agreement with the GoSA to support the development of institutional capacity for water supply in the Bushbuckridge/Nsikazi North area of South Africa. The bilateral agreement had three components:

- a. support for the establishment of a water board (for bulk supply),
- b. support for operations and maintenance (for both bulk and retail), and
- c. support for capacity building for water distribution (retail) managed by the local authority.

Under a. and c. above, USAID provided initial support to establish and improve the capacity of the Bushbuckridge Water Board. USAID also supported a pilot activity in 1999 and 2000 to increase the capacity of local councils. Both of these activities were channeled through Rand Water.

The Environmental Health Project (EHP), a USAID/Washington based initiative, has provided assistance to the Bushbuckridge area since 1996 within the framework of the bi-lateral agreement with DWAFF to support institutional development for water supply in the area. Bushbuckridge was selected as the location of a "Presidential Lead Project". EHP conducted a broad-based study to assemble information related to water supply for the project area and developed an options paper for retail water supply. EHP also developed a project paper that described an institutional-building approach and strategy to establish water service providers. In addition EHP designed an assistance package for the Bushbuckridge Water Board, designing a communications strategy for the pilot phase program, implementing a lessons

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<sup>4</sup> How this is defined is a matter of debate. The above wording is reflective of the wording in the Water Services Act and the Municipal Systems Act. However, some municipalities use their government support grant (the "equitable share") to subsidise the provision of services, and thereby reduce the tariffs. Under such an approach, the "cost" is reduced by the subsidy.

learned workshop for the pilot phase, a workshop which served as a link between the pilot phase and the long-term phase, and a workshop to provide input into the second year of the long-term phase.

### **2.3 Coordinating and Decision Making Bodies**

In August 1998, the Nsikazi Bush Water Forum was established to serve as a planning and coordinating body for water supply in the project area. It is composed of local government representatives, Water Board members, DWAF and Department of Provincial and Local Government (DPLG) representatives. USAID also participates in this forum. The forum coordinates project activities.

A separate Project Steering Committee (PSC) provides guidance to the project team.

### **2.4 AWARD Contract and Hand-over Workshop for Chemonics**

During 1999 and the first 10 months of 2000, USAID supported the Retail Water Distribution Project (RWDP) in the Bushbuckridge area through agreements with DWAF. Rand Water served as DWAF's fiscal agent and was provided project funds and consultants to support the Bushbuckridge Water Board (BWB) and the RWDP. A start-up phase project team was held in January 1999 using a combination of contracted individuals and a part time leader provided through an arrangement with Association for Water and Rural Development Cooperation (AWARD). EHP developed these start-up activities and the terms of reference for these in 1998. The program was to initiate the project, develop a basis of information, and prepare local authorities (in their roles as future Water Service Authorities—WSAs) to assume responsibilities for transfer of management and operation responsibility for retail water services and their designated Water Service Providers (WSPs) in accordance with the Water Services Act 108 of 1997.

In March 2000 EHP conducted a progress analysis. This included a lessons learned workshop which allowed all stakeholders to draw conclusions and lessons learned from the experience of the prior three years of activity to establish the BWB, retail water supply and the process of sector transformation in the Bushbuckridge Water Board service area. Guidance and expectations for the future were prepared for the next phase of the USAID-funded initiative to support water distribution capacity building for the Bushbuckridge Water Board service area. The workshop report, "South Africa: Lessons Learned Stakeholders Workshop - March 2000", documents this activity.

In April 2000, USAID/Pretoria issued an RFP for the selection of a contractor to carry on the work initiated by the interim team for retail water distribution and meet a broad range of project objectives. The purpose of this contract was to provide technical assistance to local entities in the BWB service area as they prepare to assume responsibilities for retail water service in their communities. The project aimed to build local institutional capacity to manage reliable and sustainable water service for approximately one million people. This contract was awarded to Chemonics International Inc. in association with Argil Ltd., Institute for Public-Private Partnerships, Manyaka-Greiling-Meiring Ltd. and ValuAdd, (this group hereafter known as the "New Agent") in September 2000.

EHP was asked to design and conduct a start-up workshop to hand over project activities to the New Agent and initiate the next phase of the project. This hand-over workshop was held in mid October 2000. The purpose of the EHP technical assistance effort was to:

- assist the New Agent in its initial project orientation and role definition, and to

- conduct a project start-up workshop to introduce all project actors, define expectations for performance and orient the project team and partners to key implementation issues.

The following were the specific objectives of the EHP scope of work:

- a. Review the status of accomplishments within the time period from the Lessons Learned Workshop in March 2000 to the current time.
- b. Review the final reports on activities of the project start-up technical assistance team.
- c. Attend an initial series of meetings and working sessions in Pretoria to review the status of the Project.
- d. Visit the project area, meet with the TA team leader and staff, and conduct interviews to determine the current level of project understanding and proposed strategy.
- e. Visit the project area to provide technical assistance, and obtain information from field staff on factors considered successful and factors hindering project success. Conduct interviews with project participants.
- f. Design and conduct a three-day project start-up workshop.
- g. Complete a draft report that summarizes the activity, makes recommendations for the future, and suggests next steps.

This Hand-Over Workshop provided the opportunity for the Implementing Agent's technical assistance team to work with the interim project assistance team, local government officials, and other local stakeholders in a collaborative environment conducive to team building and sharing of information and knowledge. Following the Hand-Over Workshop, the Technical Assistance Team (TAT) developed a work plan and initiated activities.

## **2.5 Project Review and Monitoring Workshop**

After Chemonics had completed 10 months of their contract, USAID asked EHP to provide further assistance to the RWDP by conducting a Project monitoring/review workshop designed to assist the USAID Mission, the Project Steering Committee, and key project participants in reviewing the results of project activity to date through a workshop process. The primary outcome was to determine, through input from project participants, project successes and continuing issues, and to advise on modifications or enhancement to project strategy, and specifically work plan development for the second year of the project.

## **2.6 The demarcation process, and new legislation**

On December 5, 2000, local government elections were held. The elections were the trigger for the bringing into force of three pieces of legislation: the Municipal Demarcation Act, which created completely new boundaries for all local government units, reducing their number from over 800 to 246, some of which straddled provincial boundaries in the interest of creating viable units; the Municipal Structures Act, which provided the rules for the elections and introduced alternative models for the conduct of council business, including the concept of executive mayors, a speaker for council meetings, code of conduct for councilors etc; and the Municipal Systems Act which provided for good governance in terms of planning, budgeting, service provision, public participation etc.

This legislation ended the constitutionally transitional phase under which local government had been operating since 1993. However, the process had its own transition. The first stage was to operate within the budgets of the previous Transitional Councils, until the end of the financial year (30 June). The second was

to prepare new budgets for the new units, but without the supporting planning and consultation which is required under the legislation. The third, to be completed by 30 June 2003 was to complete and adopt the Integrated Development Plan, on which budgeting would be based. Other targets had to be met in terms of preparing staffing organograms and job descriptions, preparing asset registers, etc.

While this process was difficult in areas where independent units were merged, and different policies and systems had to be reconciled, it was even harder in areas where completely new municipalities were established.

Bushbuckridge was in the former category – it was an amalgamation of three previous TLCs. The Eastern District Municipality, now re-named Bohlabela District Municipality, was in the latter category. It had to be started from scratch, with no staff, systems or policies. Moreover, it was a cross border municipality, and it took time for the two provinces concerned, Limpopo and Mpumalanga to agree which province should take responsibility for it. Most of the area had previously been administered by the Northern District Council – based in Polokwane – which had now been divided into many smaller units, and renamed Capricorn. It was unable to provide substantive assistance to the new Districts into which it had been divided.

The weakness of the Municipality was recognized by the President who declared it one of the areas for special support under the Integrated Sustainable Rural Development Strategy. However, this has, to date, failed to result in any substantial increase in resources.

Meanwhile, the District Municipality's resource base – which is primarily the Regional Services Council levy – took time to develop, and we were led to understand is still far from being fully operational.

This is not the place in which to describe the difficulties faced in detail, but one indicator of the situation is that it was only in February 2002 that the Municipal Manager was appointed. Today he remains the only full time senior member of staff, although additional staff members were being appointed at the time of writing.

Bushbuckridge was in a better position. They had the staff of the three former TLCs, and also received government's subsidy – the equitable share. They were providing water and other services within the gazetted urban areas under their jurisdiction – the so-called R293 towns.

## **2.7 Impact on the project**

There have been two impacts on the project.

The first has been the delays caused by the factors outlined above, such as weak financial position, lack of staff etc.

Throughout the remainder of this report we refer to the impact of the delays caused by the these factors on project implementation. It may be slight consolation to know that similar problems are affecting much of the local government system, especially in the rural areas: but having said that, it must be recognized that the situation in Bohlabela is worse than most.

The project has been powerless to intervene in such matters, and support that they have given provided no more than symptomatic relief – the structural and systems difficulties remain. As such it must be clearly understood that the failure of the

project to reach the targets set in terms of retail water provision are the direct result of the exogenous factors listed above.

The review team is very sympathetic to the position of the project in such circumstances, and has looked at ways of helping it to emerge from the impasse that appears to have been created.

The second impact has been in terms of the consequential delays in terms of meetings missed, decisions not taken etc by Councilors and officials of the municipalities. To ascribe these delays solely to lack of capacity is misleading: there is also acute mismanagement of time and a lack of respect for good management practice in terms of keeping to commitments etc. These are matters beyond the scope of this project, but their impact cannot be ignored.

## **2. 8 The Water Board**

Mention must be made of the position of the Water Board. It has responsibility for supplying the majority of water in the area, both to DWAF and the Bushbuckridge Municipality.

However, the legislative confusion referred to above and poor levels of cost recovery are posing major difficulties to the Board.

It is owed over R50 million by its customers, mainly Bushbuckridge Local Municipality. Bushbuckridge has, to date, paid nothing to the Board, in spite of receiving its annual subsidy in the form of the equitable share grant, and in spite of receiving payment (albeit inadequate) for its services.

At a certain point the Water Board – Bushbuckridge Water – having no success in getting Bushbuckridge to pay<sup>5</sup>, sent its account to Bohlabela, with an equal lack of success.

These problems reflect the breakdown in governance within the District, which must be addressed.

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<sup>5</sup> One of the sticking points in the negotiations was that Bushbuckridge Water asked Bushbuckridge to sign a service agreement, which Bushbuckridge considered to be a WSA function and refused to do.

## **Chapter 3 Legislation**

Legislation has played a major role in the project.

On the one hand, the introduction of new local government legislation has changed the boundaries, powers and governance structures of all local government units in South Africa. It introduced new concepts, new regulatory frameworks, and new methods of working. It was not, unfortunately, supported by capacity building and training.

On the other hand, water legislation was completely revised under the 1997 Water Services Act, which introduced the requirement for the establishment of Water Services Authorities, and Water Services Providers.

This chapter aims to document the relevant parts of the legislation, and examines options as to how it should be applied. Based on these options, recommendations are made in Chapter 12.

### **3.1 Constitution**

156. (1) A municipality has executive authority in respect of, and has the right to administer –
- (a) the local government matters listed in Part B of Schedule 4, and Part B of Schedule 5; and
  - (b) any other matter assigned to it by national or provincial legislation.
- (2) A municipality may make and administer by-laws for the effective administration of the matters which it has the right to administer. . .
- (5) A municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions.
229. (1) Subject to subsections (2), (3) and (4) a municipality may impose -
- (a) rates on property and surcharges on fees for services provided by or on behalf of the municipality.

### **3.2 The Water Services Act, 1997**

The Act provides for the establishment of new legal entities in the provision of water, namely: Water Services Authorities, Water Services Providers, Water Boards, and Water Services Committees.

Definitions are as follows:

#### **Water Services Authority**

Any municipality, including a district or rural council as defined in the Local Government Transition Act, 1993 (Act no. 209 of 1993), responsible for ensuring access to water services.

#### **Water Services Provider**

Any person who provides water services to consumers or to another water services institution, but does not include a water services intermediary.

#### **Water Board**

An organ of state established or regarded as having been established in terms of this act to perform, as its primary activity, a public function.

The definition is expanded in section 29, as follows:

The primary activity of a Water Board is to provide water services to other water services institutions within its service area.

#### **Water services committee**

No definition is given, but the function is stated in section 52, as follows:

1. The function of a water services committee is to provide water services to consumers within its service area.
2. A water services committee may not unreasonably exclude any person within its service area from those water services.

#### **Water services authorities**

11. (1) Every water services authority has a duty to all consumers or potential consumers in its area or jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services.

(2) This duty is subject to

- (a) the availability of resources
- (b) the need for an equitable allocation of resources to all consumers and potential consumers within the authority's area of jurisdiction;
- (c) the need to regulate access to water services in an equitable way;
- (d) the duty of consumers to pay reasonable charges, which must be in accordance with any prescribed norms and standards for tariffs for water services.

#### **By-laws**

21 (1) Every water services authority must make bylaws which contain conditions for the provision of water services, and which must provide for at least –

- (a) the standard of service
- (b) the technical conditions of supply . . .
- (c) the installation, alteration, operation, protection and inspection of water services works and consumer installations
- (d) the determination and structure of tariffs in accordance with section 10
- (e) the payment and collection of money due for the water services . .

#### **Norms and standards for tariffs**

10 (1) The Minister may, with the concurrence of the Minister of Finance, from time to time prescribe norms and standards in respect of tariffs for water services.

(2) These norms and standards may-

- (a) differentiate on an equitable basis between
  - (i) different users of water services
  - (ii) different types of water services, and
  - (iii) different geographic areas
- (b) place limitations on surplus or profit
- (c) place limitations on the use of income generated by the recovery of charges, and
- (d) provide for tariffs to be used to promote or achieve water conservation

### **3.3 Municipal Structures Act 1998**

Section 83 states

- (1) A municipality has the powers and functions assigned to it in terms of sections 156 and 229 of the Constitution
- (2) The functions and powers referred to in subsection (1) must be divided in the case of a district municipality and the local municipalities within the area of the district municipality, as set out in this Chapter.

- (3) A district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by-
  - a. Ensuring integrated development planning for the district as a whole
  - b. Promoting bulk infrastructural development and services for the district as a whole
  - c. Building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking; and
  - d. Promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

### 3.4 Municipal Structures Act Amendment Act 2000

The act states:

(s.6)

Section 84 of the principal Act is hereby amended –

- (a) by the substitution for subsection (1) of the following subsection:

(1) A district municipality has the following functions and powers:

.....

(b) Potable water supply systems

....

(d) Domestic waste-water and sewage disposal systems

The Act amends section 85 of the original Act to read as follows:

85. (1) The MEC for local government in a province may, subject to the other provisions of this section, adjust the division of functions and powers between a district and a local municipality as set out in section 84(1) or (2), by allocating, within a prescribed policy framework, any of those functions or powers vested-

(a) in the local municipality, to the district municipality

(b) in the district municipality (excluding a function or power referred to in section 84(1) (a), (b), (c), (i), (o) or (p) to the local municipality.

(2) An MEC may allocate a function or power in terms of subsection (1) only if-

(a) the municipality in which the function or power is vested lacks the capacity to perform that function or exercise that power; and

(b) the MEC has consulted the Demarcation Board and considered its assessment of the capacity of the municipality concerned.

### 3.5 Municipal Systems Act, 2000

The most important aspect of this Act within the present context is section 74: tariff policy.

74 (1) A municipal council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation. . .

(d) tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges.

75 (1) A municipal council must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

Provision of services through service delivery agreements with external mechanisms

...

81 (3) The municipal council has the right to set, review, or adjust the tariffs within its tariff policy. The service delivery agreement may provide for the adjustment of tariffs by the service provider within the limitations set by the municipal council.

### 3.6 Conclusions

Points to note from the above are:

1. The legislation is consistent and clear: the District Council is the WSA.
2. In our view, although s 84 (as amended) of the Municipal Structures Act states that Districts should be responsible for Water Services, this does not mean that local municipalities should not provide water. The function referred to is a legislative one, not a service one. In other words the District has the duty and regulatory powers to provide water. These powers may be exercised by undertaking the work itself, or appointing agents (i.e. the WSP) to do so.
3. The local municipality of Bushbuckridge is the de facto WSP within the R293 towns, and the review team considers that it should act as such. Similarly recognition should be given to the WSP functions being exercised by DWAF and Village Water Committees<sup>6</sup>.
4. Municipalities have a duty to charge tariffs which cover their costs (s. 74 (1) of the Systems Act). By failing to do so, Bushbuckridge would appear to be in breach of the Municipal Systems Act. Urgent attention must be given to this matter.
5. The greatest priority must be given to the adoption of the by-laws and tariff policies by the WSA.
6. The process by which the MEC may change the allocations of powers is clearly stated in s 85 of the Municipal Structures Act. This process may be used at any time. Unless and until that process is duly completed the municipalities have a duty to perform the functions as presently being performed, as stated in the notices issued in September 2000 under section 12 of the Municipal Structures Act.

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<sup>6</sup> The Water Services Act gives the Minister the power to appoint Water Services Committees. These formal appointments have, as we understand it, not been made in this District, but attention could be given to regularizing this matter.

## **Chapter 4**

### **Program Objective 1:**

#### **The transfer of retail water infrastructure and personnel to Local Authorities**

##### **4.1 Introduction**

One of the intermediate objectives of the RWDP is to facilitate the transfer of infrastructure and personnel from national government to local government. Currently DWAF still owns assets that include treatment, storage, transmission facilities, pump stations, vehicles and spare parts. The human resources include about 800 personnel. Transfer structures have been established, in the form of a transfers task team and a transfer program has also been developed.

##### **4.2 Current situation**

The transfer of retail infrastructure has not started though there are plans in place. There is currently no agreement between DWAF (as the transferring institution) and the municipality (as a receiving Institution). The major area of disagreement is the lack of clarity on who is going to finance the operations and maintenance of existing infrastructure, and the capital investment required to address the current deficiencies in the system. DWAF expects municipalities take over the water provision function and operate sustainably. In the mean time assessments of the viability of water provision in the area show that the municipality would require a huge cash injection in order to remain financially viable while providing an acceptable level of service. An argument put forward by municipalities is that DWAF has been operating water services schemes over a long time, and a large percentage of these schemes have never attained financial viability or sustainability. DWAF has been pumping millions of Rand into operations and maintenance, which essentially means the water services business has always been highly subsidized. It is this area of financial subsidy that the municipality would like to have considered in the transfer policy.

Successful transfer assumes the existence of functional institutions that would be recipients of infrastructure and personnel. The expectation of financial viability assumes reasonable levels of revenue collection based on a robust cost recovery strategy. As reported elsewhere in the document there is no cost recovery strategy and levels of revenue collection are low.

##### **4.3 Constraints**

The problem of the transfer policy was discussed at the stakeholder workshop that was held as part of the current assessment. It is clear that the financial implications of the transfer process remain a major stumbling block to the signing of the transfer agreement. The project team has assisted in the drafting of a Memorandum of Understanding and transfer action plan by DWAF and WSA.

##### **4.4 Way forward**

The review team recognizes that there are other components of the transfer plan that do not necessarily have to await the signing of the agreement. In the absence of counterpart staff in the District municipality, the project team should build on the work that it has already undertaken in this respect, and strengthen its capacity building efforts in the Local Municipalities (in their capacity as WSPs). The mentoring program described in the RFP document does not need to await the establishment of the new WSP, but may be implemented in the Local Municipalities. Technical training for operational staff should also be initiated in the LM since the LM is carrying out the work at present, and will be a partner in the proposed WSP model.

## Chapter 5

### **Program Objective 2: Establishment of WSPs, based on models that the various stakeholders choose, which are efficiently managed and provide for regular and high quality services**

#### **5.1 Background**

This aspect of the project has been seriously delayed, mainly due to difficulties being experienced by Bohlabela District Municipality in taking a decision on the matter. The reasons for this have been, in part, a lack of staff to develop and implement strategies (although the project has assisted in that matter), but more importantly confusing signals from the MEC regarding their powers and functions.

#### **5.2 Choice of Service providers**

It should be noted in this context that there are currently several service providers in the District. These include the Bushbuckridge Local Municipality, Department of Water Affairs and Forestry, and Water Services Committees in the rural areas.

None of the service providers have a very good reputation.

**Bushbuckridge** provides services in the gazetted R293 towns within its jurisdiction. Rudimentary systems are in place, including maintenance staff, meter readers, billing clerks and accountants. However, there are many unsatisfactory features in the system

1. The water supply is unreliable – this in part is due to over-use by some consumers (due to illegal connections, watering gardens etc), and partly due to poor maintenance.
2. Tariffs are far below the cost of the water
3. Meter reading and billing are spasmodic in most cases, and non-existent in others
4. There is a laissez-faire attitude to illegal connections

**DWAF** provides the services in the mainly rural areas. These schemes were developed when the area fell under the old homelands system. Under that people were responsible for paying only an annual flat fee of about R20. Some indeed do pay, but most do not. The system has weaknesses such as

1. Unreliable water supply, and poor maintenance
2. Cost recovery almost non-existent

**Water Committees**<sup>7</sup> are responsible for the operation of DWAF funded rural schemes, which are usually fed from boreholes. As such their duty is to collect sufficient funds to provide for the operation of borehole pumps and a limited amount of money for emergencies – e.g. when a pump needs repair. The anecdotal evidence is that many of these schemes have collapsed. Those that continue face problems due to:

1. Ambiguity regarding who is responsible for maintenance
2. Weakness in cost recovery mechanisms
3. Unreliable service

In general DWAF plays a supportive role in this matter, but has been criticized for not being consistent.

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<sup>7</sup> It appears that the line of responsibility for several water schemes is not clear: in some cases DWAF accepts responsibility, while in others it does not. This is a matter for urgent clarification with both the communities as well as the WSA and WSP.

### 5.3 Proposals for the WSP

In Chapter 4 we noted that no decision has been made with regard to appointment of WSPs by the WSA. This has made it impossible for the project to give support for the WSPs. However, the project has facilitated the process of developing an organizational form for the WSP.

The first step taken by the project was to conduct a workshop to debate the appropriate form for the WSP<sup>8</sup>. This was conducted on 5<sup>th</sup> November 2001 with all the stakeholders, i.e. the three municipalities (one district, two local), DWAF and the Water Board. The findings of this workshop were incorporated into a report produced by the project on 30 January 2002.

The option agreed for the Bushbuckridge area was that the Water Services Provider should consist of a partnership between Bohlabela District Municipality and Bushbuckridge Local Municipality. The reasons given for this choice were:

- It brings the District and Local Municipalities into partnership with each other and creates a joint commitment to serve the people of the area in respect of water and sanitation matters
- It will make use of available skills, capabilities and resources of the two levels of municipal management
- Starting from the basis of the existing DWAF service delivery team it will allow the creation and growth of capacity within the municipalities to serve its own area and people.
- It is an internal delivery mechanism in terms of the Municipal Systems Act
- It will be directly responsive to the overall direction given to it by district and local councilors yet it will be flexible enough to adapt to changes of priority when needed.
- It will be an organization focused on providing an improved delivery of water and sanitation services which working towards the creation of a sustainable service.

The WSP would, according to the document, be subject to a co-coordinating committee, which would include DWAF, and any other interest groups.

DWAF, the Bushbuckridge Water Board and NGO/CBO groups would “play a critical role in the process”.

The option of appointing the local municipality to be the WSP was that it “did not offer the same level of benefit of the partnership option”<sup>9</sup>.

### 5.4 Draft Business Plan

In May 2002, the Project prepared a draft business plan for the proposed WSP, which was submitted to the District Municipality for comment before getting a wider distribution<sup>10</sup>.

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<sup>8</sup> The workshop report refers to the WSP in the singular. Although we are told that the possibility of more than one was raised, it appears that consensus was soon reached that only one was necessary. The question of multiple WSPs is discussed below.

<sup>9</sup> Bohlabela District Municipality Water Services Provider Options Study, Chemonics, 30 January 2002

<sup>10</sup> Bohlabela District Municipality Water Services Provider Partnership, Business Plan: Chemonics, 21 May 2002

We understand that no comments have been received: however, it was decided at the workshop held to discuss the team's recommendations that the plan should receive wider circulation without delay.

The plan proposes three phases: in the first, initial phase, DWAF will ring fence their operations in preparation for their transfer to the WSA. The municipalities will second staff to the DWAF team in order to start the integration process. A policy board would be set up, consisting of 3 persons from the District and three from Bushbuckridge, and three from DWAF. The project would be the secretariat. The board would work closely with the transferring committee.

In the second phase the transfer would take place. At this stage DWAF's representation on the board would be reduced to one. The board would advise on tariffs, legal frameworks and responsible for ensuring that the partnership is operated in a responsible manner.

In the final phase the assets are transferred, and the long-term staffing structure is established.

Mention is made of the involvement of community organizations, but not much attention is paid to the operation of water services in the rural areas.

### **5.5 The proposed WSP arrangement**

In one sense it is beyond the scope of the review team to comment on decisions that have been taken by all parties in respect of the WSP. However, we have been asked to do so, as we consider that the proposal, as it is presently formulated, will face many difficulties.

We would suggest that any proposals for a WSP should be scrutinized under the following criteria:

- Is this the most local unit that can be used (the principle of subsidiarity, by which services are provided at the level of government with the capacity to do so, closest to the people)?
- Does it have a businesslike structure?
- Is the proposed arrangement strengthening or weakening the existing structures?

Our view is that there is merit in taking an alternative view, namely that:

- In light of the vastness of the area concerned, the proposal for a single WSP is regressive: indeed there are already many WSPs whose role should be strengthened
- That in light of the fact that Bushbuckridge is already performing this function in the R293 towns they should continue to do so. Maruleng should also be the WSP in their area
- That in the rural areas Water Committees should be the WSPs<sup>11</sup>.

The proposed business plan for the WSP is very much a process document, though without time-scales. An important part of this focus is how to integrate the DWAF

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<sup>11</sup> The Draft Water Services Provider Business Plan states "CBOs and NGOs are . . . currently providing much needed services in far remote villages. Due to current uncertainties regarding the legal status of the CBOs it is suggested one of the key responsibilities (of the WSP) should be to support the efforts of the CBOs." We strongly agree, but suggest that this is a WSA duty, but submit that the Water Services Act provides the legal framework necessary to establish the Water Committees as legal persons.

system into the municipal one after transfer. This issue is, in fact, the focus of the transfer process, and we feel should not be confused with the role of the WSP.

The thinking in terms of job descriptions and management system will be a useful input for Bushbuckridge.

Whatever form the WSP takes, the project has much to offer in terms of training and support for the development of effective systems. This is discussed in Chapter 8.

There is broad consensus regarding the need for the project to become increasingly involved in retail water services, by which we mean the physical system by which water is delivered to the consumer, and the management of that system. Not only was this supposed to be the focus of the project, but it is also an area needing substantial support and development. The team heard that many households go for days without water. At the same time there are consumers who, not having to pay for water, are responsible for conspicuous consumption e.g. by watering gardens continuously. Maintenance of the system is poor, both by DWAF and Bushbuckridge municipality, and cost recovery very weak.

Although the project began to look at these matters quite early on in the project, since the middle of 2002 it has started to engage actively with these issues. They have been demonstrating, in a pilot project in Dwarsloop, that by shutting the valves so that the reservoir can fill up, water becomes available to households that rarely used to get any. They have also recently allocated a project officer to both municipalities. Another useful development has been a pilot project to fit pre-paid meters to the commercial areas in Acornhoek, and trying to ensure that the large government institutions, many of which use a lot of water, are metered and pay for their water.

The proposed WSP business plan would give the project an additional role as the secretariat for the proposed WSP.

## **5.6 Interim measures**

The team feels that these are useful steps in the right direction, but the time has come for more concerted action. Water services are only as good as the system that provides them, and there is colossal need in that respect.

Good systems have the following characteristics:

Water supply

- Continuous supply
- Consistent pressure
- Quick response in the case of shortages/breaks
- Well trained staff

Water management

- Illegal connections identified and discontinued
- Leaks in the system reduced

Tariffs

- Free for the first 6kl
- Stepped tariff to penalize large users

Charging

- Meters on all individual connections

- Meters read monthly
- Meters checked for accuracy
- Bills sent regularly
- Bills reflect actual meter reading

#### Penalties

- By-laws in place to permit sanctions within the law
- Prompt action against late payers
- Strong action against illegal connections

#### Customer care

- Pay points available at convenient locations, and open at convenient times
- Staff polite and disciplined
- Systems in place to deal with problems of financial hardship etc
- Different levels of service available to suit different income groups
- Community liaison staff available at all times

#### Management

- Council sets policy, but does not interfere
- Self financing/ring-fenced system
- Employment contracts that reflect performance objectives

(Note: prepaid meters inherently solve the problems of meter reading and billing, but most other aspects are required in both systems).

These are high standards, but set a useful benchmark with regard to the standards to be achieved. In Chapter 12 we make more detailed recommendations with regard to how these targets can be met. As a first stage, the urban systems (i.e. in the R293 towns) should be the focus of attention.

### **5.7 Conclusions**

The review team's view – which is expanded considerably in the chapters that follow – is that the emphasis on proper management and regular and high quality water services is very important.

However, another element of the objective has made it impossible for the project to fulfill this – that the WSPs should be based on models that the various stakeholders choose.

The decision on the nature of the WSPs has been continuously delayed. Indeed there seems to be confusion with regard to whether the District should be the WSA<sup>12</sup>, and there has been little sense of urgency in connection with the decision with regard to the WSP. This has made it impossible for the above objective to be met.

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<sup>12</sup> The review team considers that this confusion – which came up time and time again in our interviews – is based on a misinterpretation of a number of factors, and should not be allowed to continue. As stated in Chapter 3, there is, legally speaking, no confusion. A similar statement was made at the review workshop by Mr Matukane from the DWAF Regional office in Polokwane

## **Chapter 6**

### **Program objective 3: Water service authorities are functioning and provide the regulatory and monitoring oversight established under the current legislative and regulatory framework**

#### **6.1 Establishment of a functional WSA (current situation)**

As early as December 2000 the project team recognized that the responsibilities of the WSA as embodied in the Water Services Act shifted from the TLC to the newly created District Municipality and immediately focused their WSA support on the new District Municipality. In March 2001, the project organized a briefing with Councilors of the new DM. This was indicative of the first step in establishing the WSA and explaining the roles and responsibilities. At this stage RWDP facilitated the process of appointing a Technical/Water Manager for the DM an effort to create water management capacity that is required by a WSA. In the absence of a Water Manager in the DM the project team went ahead with the development of key documents that are critical to the functions of a WSA. It appears that the absence of a water manager in DM hampered the development of and ratification of key documents as per contract.

The project team appears to have lost time in the early months of 2001 while awaiting the DM to request assistance with the setting up of the organizational structure and scope of work for Water Manager.

#### **6.2 Constraints**

The appointment of a water expert is still outstanding and appears to be beyond the control of the project team. However, there are personnel seconded by DLGH who are helping in the technical issues<sup>13</sup>. It was hoped that there would be a water unit within the DM so that there could be counterpart staff for capacity transfer. In a discussion with the Municipal Manager, it became apparent that the absence of counterpart staff in the municipality was hampering their capacity building effort. In the absence of appropriate municipal staff, the project team is carrying out all the work that is supposed to be carried out by counterpart staff in the municipality. This creates a dependency (with no capacity building) which both USAID and DWAF have warned against.

#### **6.3 Way forward**

At the time of the assessment, we were informed that the DM was in the process of recruiting a technical specialist. The DM has to fast track the appointment of a water manager and the establishment of a water unit within the municipality.

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<sup>13</sup> DWAF also seconded one person, but he has since gone on early retirement

## **Chapter 7**

### **Project Objective 1:**

#### **Assist local government in developing policies and procedures for addressing their new role as water services authorities**

##### **7.1 Preparation of a water services development plan**

A draft Water Services Development Plan has been developed by consultants who have been engaged with financial support from DWAF. This is discussed in more detail in Chapter 9. The DM has responsibility for preparation of the WSDP, who also have to give direction to other role-players in the implementation of the plan. This form of leadership is not present in the DM.

##### **7.2 Establishment of tariff structure**

The project team recognizes that the setting sustainable tariffs is a major component of the broader cost recovery effort. The current tariff used by the local municipality is not cost reflective. The bulk water tariff is about R2.60/kl, in the mean time the Bushbuckridge municipality is charging 30-36c/kl where there is metering. Where there is no metering, consumers are charged a flat rate, or are not charged at all. The project team recognizes that this is not sustainable and has advised the municipality to put in place a cost reflective tariff. A tariff structure document has been drafted by the project and is awaiting approval by the WSA.

##### **7.3 Development and drafting of water and sanitation by-laws**

In terms of the Water Services Act, every water services authority must make by-laws which contain conditions for the provision of water services, The project team has assisted the DM in drafting water and sanitation by-laws. This was a consultative process in which stakeholders made inputs and raised their concerns.

##### **7.4 Generation of management information**

In its regulatory function the WSA sets norms and standards that must be adhered to by service providers. The WSA has the right to take appropriate management action in the case of non-compliance. Such action requires management information. By preparing the baseline assessment report, the monitoring plan and indicators, the project team has actually provided the DM with a system generating information on compliance. This management information also assists in areas such as prioritizing intervention programs, budgeting, training and capacity building and allocation of resources.

## **Chapter 8**

### **Project Objective 3:**

**Assist local government in implementing decisions made regarding water service provision**

### **Project Objective 4:**

**Support the work of existing water service providers and/or assist in establishing new water service providers through technical assistance and training**

#### **8.1 Background**

We have included the above two objectives in the same chapter (even though they are listed separately in the contract) as there has not been sufficient movement in regard to the appointment of a WSP to generate much role for the project in these matters.

As noted above, no decisions have been made regarding water service provision, so it has been difficult for the project to fulfill this mandate – if it is taken literally.

Indeed, it is considered that there are aspects of service provision and training in which the project can assist before the formal procedures have been completed.

Our basis for making this statement is as follows:

1. Bushbuckridge Local Municipality (BBR) is the de facto WSP in the R293 towns
2. It is providing water and the supporting services in those settlements
3. The system is very weak, and requires support urgently.
4. BBR has the legislative capacity and duty to perform these functions

#### **8.2 Priorities**

BBR has already started on improving cost recovery in the urban areas by, for example, starting a pilot project of installing pre-paid meters in a commercial area, and trying to get the large government properties to pay.

In comparison with the best practice norm, stated above, there is a long way to go before the system can be said to be as good as it can get.

By way of examples, here are some suggestions for topics which the project can assist with:

##### **8.2.1 Database on consumers**

A starting point for cost recovery is to have a reliable list of all consumers who have individual connections. Once this is established, and when by-laws are in place, each consumer should sign a service agreement in which he or she commits him or herself to payment, and acknowledges the penalties for late or non-payment.

##### **8.2.2 Water leaks**

Bushbuckridge may be losing considerable sums of money due to leaky pipes, taps etc. The first stage in rectifying the situation will be to undertake spot checks of parts of the system, and/or, if meters are in place, to compare meter readings with bulk meters. In some circumstances this is the most cost-effective first step in cost recovery, while other matters, such as community education programs are being undertaken.

A second stage in such a program, which should be undertaken before any new, stricter cost recovery regime is undertaken, is to undertake a house-to-house survey of individual appliances. While the municipality counsels the individual householder on the need for payment for their water, plumbers repair all appliances, for example by replacing faulty washers, and even installing more efficient WC cisterns. In order to do this effectively, community members should be trained to sensitize the householders and act as community liaison officers. Plumbers would also be trained: initially they would be employed on a contract basis by the municipality, but afterwards would be able to get work on their own behalf as plumbers<sup>14</sup>.

It must be recognized that these steps will require some capital expenditure, which may not be included in the current budget. If so, consultations with regard to ensuring that this work is properly budgeted for may need to be undertaken soon.

### **8.2.3 Illegal connections**

Illegal connections fall into two categories. In the first category, the connections are made in a water scheme where sufficient capacity exists to serve the household concerned, and there is no technical reason not to allow it. As soon as the necessary by-laws are in place, people in this category should be given the opportunity to legalize themselves by signing a service agreement, paying a connection fee and deposit, and having a meter installed. With proper handling this usually can be done without difficulty.

Where the connection has been made into a system with very limited capacity – i.e. one where no individual connections have been allowed for in the design, a much tougher line must be taken, - the illegal connection must be disconnected. This often leads to strong reactions from the individual. He is likely to reconnect after his connection has been disconnected, and the matter becomes one of cat and mouse. Such matters must be dealt with through community education and very firm action by the municipality consisting of imposing fines on those who make illegal connections.

### **8.2.4 Consumer awareness/tariffs**

Some work has already been done on this matter. Timing is most important: as soon as the necessary by-laws and tariffs are in place, consumer awareness campaigns should be linked to improved water provision so that they are seen in a positive light. The message of the campaign should be that (a) people must pay for the water they use which is more than 6kl per month; (b) people must be aware of the cost of, e.g. watering their garden, leaky taps, etc; (c) the link between payment for services and standard of service must be made; (d) matters such as the system by which bills are issued, the procedure for late and non-payment must be clearly explained.

### **8.2.5 Accounting systems**

It is understood that decisions with regard to installing an accounting package have already been made. Bushbuckridge Municipality may require technical assistance to install it, and get it running properly, and the staff may require training. This is one of the cornerstones of good practice in running the water system.

### **8.2.6 Management information**

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<sup>14</sup> These recommendations (which are similar to those in the WSPP report) are based on experience of a very large project in Soweto undertaken by the firm of one of the authors, and of Mogale City – both of which were strikingly successful in creating a positive image for the municipality.

Elsewhere we discuss the need for appropriate management information for councilors. In the context of water, they should have data supplied on a monthly basis indicating, for example, the aged debtors list, and for those accounts in arrears, what action has been taken. The information should also look at the monthly income and expenditure of the operation.

### **8.3 Proposed project approach**

It is clear that these activities require substantial resources in terms of training and technical assistance, greater than the project can provide. Nevertheless it is considered that additional resources may be available from, for example, the EU Program “Strengthening Local Government in Mpumalanga and Limpopo Province”, as well as DWAF, which may have over R2 million to allocate for training for the two municipalities included in the program – Bohlabela and Bushbuckridge.

But the issue is not solely one of resources. A comprehensive capacity building and training plan needs to be prepared which would indicate what objectives are to be reached and how (in terms of technical assistance, training, equipment and systems, etc.) This can be done by the project, without delay.

Once such a plan has been approved, those involved in providing technical assistance and training must be clear that their role is to train, and not to do the work involved. The project has resources which can be used for training. We feel that they should therefore prioritize support for service provision, and allocate whatever resources they have available to that purpose.

Village Water Committees and other CBOs that will be identified by the WSA as playing a role in service provision should also receive capacity building and training. In their case there will typically be three roles: strengthening the institution of the Water Committee (e.g. by holding new elections, educating the members on their roles etc); strengthening the cost recovery element (involving consumer awareness, appointment of persons to collect and account for the funds, pay bills, etc), and strengthening the maintenance element, including training where appropriate. This work should aim to make them sustainable and strong institutions.

## **Chapter 9**

### **Project Objective 4: Assist the WSA in developing Water Service Development Plan (WSDP) required by the Water Services Act of 1997**

The Water Services Act mandates the DM as WSA to prepare a water services development plan. The WSDP must be in line with the broader development objectives of the municipality as outlined in the Integrated Development Plan (IDP).

#### **9.1 Current situation**

During the reporting period of 1 July to 30 September 2001, it was noted that the team had developed the first draft of the WSDP. The drafting process was delayed due to DWAF's requirements to align the WSDP process with the IDP process. In the mean time the municipality's IDP process took longer than it was anticipated. A consultant (Tumber Fourie) was appointed with additional funds from DWAF's Masibambane Program, to take over the drafting of the WSDP. At this point in time, a draft WSDP has been completed (July 2002 Draft). In the absence of a water manager in the DM the consultant is being managed by the project team who are also expected to review the draft on behalf of DM.

It is a very substantial document, but has very many gaps. It is not clear to what extent it has met the Terms of Reference prepared by DWAF, but much data is missing and labeled "To be provided with the next WSDP". There are also inconsistencies, which will no doubt be dealt with in the final report.

In some senses the standard format for WSDPs may be said to be over-ambitious for an area such as Bohlabela, particularly as it is so reliant on data. However, in the long run such data will need to be collected, and some data collection is too important to be deferred.

#### **9.2 Constraints**

The draft WSDP takes note of the outcomes of the baseline assessment report and the draft IDP documents. The stated backlogs in service delivery and the need for infrastructural and institutional development drive the WSDP. Implementation of the draft WSDP requires the sort of water management leadership that is currently lacking in the DM. Furthermore, the complexity and magnitude of effort required to deliver on the requirements of the WSDM call for cooperative governance – cooperation that is currently lacking between DWAF, the DM and the local municipalities.

The review team considers that special efforts should be made to complete the report, and if supplementary funding is required, the project should consider supplying it.

Of particular interest are:

- The use of groundwater, and the performance of the boreholes
- The report states that "extensive agricultural use is made of municipal water supply . . . (p24)" (under the heading "raw water use"). If this is true, then clearly the question of cost recovery must be addressed.
- Public institutions: the section of the report on public institutions and industry are blank. This data should be easy to collect, and requires attention.
- The number of consumers, number of households, and number of individual connections need to be clarified.

## Chapter 10

### Indicators 1: Establish baseline data and measure progress of indicators that measure the condition at project initiation and provide periodic updates

#### 10.1 Introduction

According to the RFP document, the project team is supposed to establish a baseline and measure progress on a number of indicators that measure the conditions at project initiation and provide periodic updates. Measurement of such indicators is meant to establish the extent to which an intervention has achieved an objective. These indicators are therefore used as a basis for monitoring and reporting on project progress.

#### 10.2 Progress

One of the intermediate objectives of the project is improved capacity to apply sustainable participatory environmental management principles to local government development. The following indicators were identified as relevant in the original RFP:

- Number of low income communities in which sustainable environmental practices are being applied
- Percent of revenues collected
- **Cost per unit of water delivered**
- Percent of unaccounted water in network distribution
- Time required to respond to consumer complaints and requests for service
- Staffing ratios (consumers accounts to staff members)
- **Volume of water delivered**
- **Staff satisfaction and performance**
- Proportion of population with access to safe drinking water
- Amount of time taken to retrieve water for the household.

The indicators in bold type have been excluded from the final list of indicators prepared for the monitoring program. This is because the indicators are either difficult to measure in the absence of proper systems such as metering in the case of volume of water delivered, or that systems developed will not yield any indication of project progress.

It has been noted in Chapter 5 that the envisaged WSP has not been put into place yet. In the meantime an assumption made in developing these indicators is that the WSP would be in place and these indicators would be related directly to the performance of the WSP. There has not been any measurement of progress in this regard.

Apart from indicators developed for the management of water supply delivery, the project team has developed other indicators related to the capacity of the WSA to fulfill its regulatory functions. These indicators are presented in Annex 3. Progress to date is covered in the quarterly progress reports compiled by the project team. It is noted from the Logical Framework analysis attached to the monitoring plan that indicators developed are presented with units of measurement that indicate changes in each parameter. The reporting however, has not followed the same rigor as in the proposed measurement. Many of the indicators especially those related to the establishment and functioning of a WSA are qualitative, and their reporting does not warrant any numeric and percentage terms.

## **Chapter 11**

### **Indicators, 2: Develop a new generation of managers and empower key actors with the capacity to conduct key WSA and WSP business activities without outside assistance**

#### **11.1 Background**

The majority of work that should be done to meet this requirement has been delayed due to the uncertainties with regard to the status of the WSA and the appointment of a WSP or WSPs.

#### **11.2 Progress to date**

In the meantime, however, the project has made some significant contributions in the field of awareness among the Municipalities in regard to water issues.

Three events have contributed to a significantly higher level of understanding regarding water legislation and water issues than is typical in municipalities such as these.

1. A Water Sector Workshop was held on 20-21 July 2001
2. Conducting the WSP options workshop on 5 November 2002.
3. Preparing by-laws, and undertaking a road show to solicit comments on them from 13 – 22 March 2002.

The major difficulty is that, as yet, there are basically no staff to train at the District level. The only permanent staff member is the Municipal Manager, although appointments are being made for several more staff, including technical ones. Meanwhile the project can do nothing.

The situation at the Local Municipality level is different. Bushbuckridge has a number of staff, who are performing functions connected with water services provision. The project has made plans for training in this respect, and this report has made suggestions with regard to the priorities that might be adopted, but meanwhile it must be acknowledged that it is too early in the project process to expect a meaningful fulfillment of this indicator.

## **Chapter 12**

### **Conclusions and Recommendations**

This Chapter presents the summary of the findings and recommendations based on the above. These were presented at the workshop held on Saturday 17<sup>th</sup> August 2002

The main objectives of the assessment were:

#### **12.1 Determine the impact that the municipal demarcation process and elections had on project activities.**

The situation in local government throughout the country has been difficult, following the changes in the demarcation of the boundaries.

Bohlabela District Municipality faced three major difficulties: it is entirely new, and had no staff or offices from which to work; it is a cross-border municipality, and it took time for the two Provinces involved to agree on the reporting and responsibility structures concerned; and like other municipalities it has been affected by conflicts regarding the role and function of the district as compared to the local municipalities.

Many hold that one of the important roles of a District Municipality is to provide technical assistance and support for the local municipalities (this does not refer specifically to the water function): in the present case this has not been possible. Furthermore, Districts initially did not receive any equitable share grants, and it has taken time to develop the RSC levy base, thus placing the new districts in a weak position financially.

Bushbuckridge and Maruleng Local Municipalities have faced most of the same problems. However, they have had the advantage of existing staff and offices, but had to integrate the different administrations and systems.

Our finding has therefore been that these difficulties have had a major impact on project activities, and have been a contributory factor to the delays in project implementation.

#### **12.2 Determine whether major stakeholders such as DWAF regional and local offices, and the municipalities, are sufficiently encouraged to respond to requirement related to the following:**

##### **12.2.1 Establishment of the WSA**

There has been excellent co-operation between the major partners, namely Bohlabela District Municipality, the two Local Municipalities, and DWAF in terms of preparing the ground for the establishment of Bohlabela as the WSA. The project has put considerable time and energy into this aspect. This work would appear to have borne fruit in that all stakeholders are very well educated on the subject, and have a clear grasp of the issues. Draft by-laws and tariff structures have been prepared and workshopped.

However, earlier this year the MEC appeared to have decided that the local municipalities would be the WSAs, and thereby created confusion<sup>15</sup>. The review

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<sup>15</sup> The process to be followed if the MEC chooses to change powers and functions is stated in the Municipal Structures Act: it requires consultation with affected municipalities and "organised local government" (i.e. SALGA) before placing a notice in the Provincial Gazette.

team was told by senior figures in the Bohlabela Municipality that the situation now appears to have been clarified, but no further information has been received.

### **12.2.2 Transfer of infrastructure and personnel from the national government to the WSA**

Progress has also been made, but not as much as everyone would have hoped, in the transfer of assets from DWAF. A task team has been identified, and a programme has been agreed. However, until the finalization of the National Transfer Policy, DWAF appears to be reluctant to proceed.

This is not unique to the area: the difficult decisions with regard to the state of the infrastructure and conditions of service of staff, financial conditions etc all have to be addressed. As far as the project is concerned, it is considered that they have made what progress could have been made in the circumstances.

### **12.2.3 Establishment of WSPs**

Not much has been achieved in this respect. At a workshop of all stakeholders held on 5<sup>th</sup> November 2001, a decision was taken that there will be a single WSP for the whole area, which will be a joint initiative between the District and the Local Municipalities, with support from DWAF, the structure of which remains to be determined.

The project team has been waiting for the WSA function to be clarified before progress can be made on the WSP. It is hoped that a decision in this regard will be made shortly.

However, the review team is concerned about the lack of progress on this matter, and feels that, whether or not the WSA function has been formally given to the District Municipality, more focus could be put onto the operational activities of services provision.

It also considers that the proposal to have a single, jointly controlled WSP could be reviewed, and the alternative of creating many WSPs considered. This would make the responsibility for water provision closer to the users, and would be likely to improve accountability.

Meanwhile the team heard from many sources that there is confusion with regard to which agency is responsible for activities such as maintenance, cost recovery and payment for bulk water supplies. In the process many people are not receiving water (even though they have taps), and there is evidence of negligent and extravagant water consumption by some consumers.

Tariffs remain out of date, and far too low for meaningful cost recovery. For example, whereas the tariff in the urban areas of Bushbuckridge is 33c a kilolitre, the Water Board charges R2,60 – a clearly unsustainable situation. (Revised tariffs by the RWDP, and have been accepted in principle by the Bohlabela Municipality).

## **12. 3 If appropriate recommend changes in the project strategy over the final period of the contract.**

### **12.3.1 Operation of water services**

The project has made substantial contributions at many different levels. It has started more recently to select pilot areas, to determine what can be done to improve operational aspects of water supply.

Bushbuckridge Municipality is providing water services in the R293 towns. It is also collecting money to a limited extent<sup>16</sup>. The team considers that the systems in use by the Municipality should be strengthened, and the staff trained to deliver a higher standard of service.

The question of tariffs and by-laws is fundamental. Opinion is divided on whether Bushbuckridge may or should introduce higher tariffs than those it currently charges. If nothing can be done in that respect, the question of adoption of tariff structures and by-laws by the WSA remains the highest priority, so that Bushbuckridge Municipality or the proposed WSP begins to collect charges at a sustainable level.

Even if, under the worst-case scenario, no action is taken on the question of by-laws, it is considered that the current work of the project in water services should be expanded, and made the main focus of the next two years. Specifically, it is recommended that increased technical assistance and support be given to the following components in the water delivery system<sup>17</sup>:

1. Consumer education on water use, costs of water, the problems of illegal connections, etc.
2. The establishment of efficient systems of maintenance, including:
  - Establishing teams on call
  - Setting up suitable stores system for effective supply of parts needed in emergencies.
  - Effective supervision and reporting
3. Repair/replacement of faulty water meters, and installing meters where none exist – this includes consideration of the use of pre-paid water meters.
4. Establishment of proper systems for billing and collection, including pay points.
5. Establishment of indigent policy and free basic water tariffs.
6. Establishment and training of customer care system.
7. Implementation of effective system for penalizing non-payers.

There are a considerable number of consumers served by boreholes. These schemes should also be the target for increased support from the Project, as community based management schemes have great potential, but require quite intensive capacity building and training if they are to be sustainable. Maintenance and cost recovery are crucial, but so too is the question of elections for and constitutions of water committees.

### **12.3.2 Transfer**

The complexities of the transfer process are not unique to the area. Almost all municipalities, especially the rural ones, will be facing the same issues. It is therefore recommended that the one of the immediate priorities should be to work with DWAF to support and facilitate the transfer process, by way of a national pilot project.

### **12.3.3 Sanitation**

Sanitation has only recently been included in the project, and for that reason was not a focal point of the review. However, during the next year, the project should

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<sup>16</sup> However, the tariffs charged are unrealistic – at 33c/kl, whereas the municipality pays R2.60c/kl from the Water Board.

<sup>17</sup> Most of these issues have already been addressed in a preliminary way by the project. The team's suggestion is that their level of prioritisation be increased.

address the question of sanitation with the WSA, to assist it to establish a policy in that regard. It should also work with the consultants on the WSDP to build a sanitation program into that document.

#### **12.3.4 Management information**

Work on collection of base-line data has been started, but has received very little attention to date. It is clear that the type of information proposed in the contract is very difficult to obtain, and although certain changes have been approved since then, which make the indicators more appropriate, there is nevertheless a massive gap in this respect.

The review team has noted that some of the impact indicators on the log frame are long-term, and are dependant on factors outside the control of the project.

However, it is considered that while the detailed data collection specified in the contract is of great interest, the activity of establishing base-line indicators should be used to generate appropriate management tools. These would be used to monitor the management of the system, to highlight problems and inform Councils with regard to the overall performance of the water system. This would be a slight deviation from the present project design, but is in line with strengthening the functions of the WSA and WSPs.

Meanwhile it is noted that broader indicators such as improved health status may be used for post project evaluation, but should not form part of the monitoring plan.

#### **12.3.5 Capacity building and training**

The work undertaken in this field has been widely acclaimed. Now is the time to move this component into the operational areas of water services provision, so as to enable the activities listed above to be implemented effectively and sustainably.

The contract stipulates that one objective is the development of a new generation of managers and empowering key actors to carry forward without external assistance at the end of the project.

This is a very important component of the project which has faced many difficulties due to the lack of staff to train. However, training and empowerment at the political level has been very effective, and it is expected that it will continue.

Meanwhile, a start can be made with the training of existing maintenance and front-line staff in the local municipalities, and when permanent staff have been recruited, the programme can be extended to them.

The team noted that the project staff have been used by the District Municipality as support staff. This is quite understandable in the circumstances, where the Municipality has no staff of its own. However, there is a danger of creating dependency which must be very carefully guarded against, and it is proposed that both the Project Staff and the Municipality are made very aware of the difficulties that such a relationship can cause. The phrase used in the contract "without external assistance at the end of the project" is very relevant here.

It is recommended that the Project assist both Bushbuckridge and Bohlabela to approach the EU project "Strengthening Local Government in Mpumalanga and the Northern Province" with a request for funds in capacity building. If such as

request is supported by a well developed and targeted package of proposals in relation to infrastructure development it could be well received.

There is also the potential for more support from the Masimbambane program in DWAF, which the project is already accessing.

#### **12.3.6 Documentation**

It is considered that one of the advantages of a pilot project such as this one is that the experience can be documented comprehensively in such a way as to guide others who may have similar problems to face. It is therefore suggested that the project prepare material, and disseminate it, on its work.

Of particular interest will be the question of the transfer of staff and assets from DWAF to the WSA. This is a highly complex activity, and the special resources of the project can be used to document, as a case study, their experiences in this process.

#### **12.3.7 Management**

The concept of having a Steering Committee in which the only voting members are elected Councillors, and which meets monthly has not worked well. It is proposed that the existing Steering Committee be supplemented by a team of working level people, to be known as the Task Team, which would look at the day-to-day operational issues of the project, and would be used as a forum for co-ordination. This team would meet on a two weekly basis. The Steering Committee would then meet quarterly, which is more normal for such bodies, and it is hoped that the less frequent schedule would encourage members to ensure that they attend every meeting.

#### **12.4 Program Objectives**

It is noted in the contract that the program objectives listed below are beyond the control of the project. However, they are useful indicators of progress on a broad front.

1. The transfer of retail water infrastructure and personnel to local authorities
2. Establishment of WSPs, based on models that the various stakeholders chose, which are efficiently managed and provide for regular and high quality water services.
3. Water Service Authorities are functioning and provide the regulatory and monitoring oversight established under the current legislative and regulatory framework.

The report describes the extent to which progress has been achieved in meeting those objectives. The findings It may be noted in this context that the situation is not yet conducive to these objectives being realized. However, it is felt that they are useful in terms of being targets against which all program activities should be judged.

In relation to the first objective, our view is that the District Municipality with the assistance of the project team and SALGA should make a submission to the Transfers Policy Drafting team, outlining the Municipalities' concerns, and making a proposal on the financial package that would make the Municipality become financially sustainable. Moreover, Bushbuckridge is potentially a pilot site for a

water services development model. Motivation for financial assistance can be based on the need to carry through the pilot to its finality.

### **12.5 Resolutions of the Workshop and Plans for further action**

A workshop was held for all stakeholders on 17<sup>th</sup> August in Hazyview to consider the findings and recommendations of the review team. The workshop was conducted in four phases.

1. Briefing, in which the Chief of Party, Robert Mbwana described the achievements of the project to date.
2. Presentations by the authors of the findings and recommendations as stated above.
3. Consideration of the above in three small groups. Each dealt with a single topic. The three topics were,
  - Policy, transfer, the WSA and the WSP
  - Capacity Building
  - Service provision and implementation
4. Plenary to agree on a way forward

The findings of the three groups referred to in section 3 above were as follows:

#### **12.5.1 Policy/Transfer – the WSA and WSP**

##### **Constraints**

- No alignment of draft transfer policy between DWAF and DM
- Lack of clarity on the transfer process
  - i. What to be transferred
  - ii. What are the implications
  - iii. Financial implications/ different frameworks
  - iv. Usability of the draft policy

##### **Proposals**

- Development of a budget for provision of water services
- Interdepartmental process of developing a single process of transfer which takes into consideration the financial requirements
- Draft proposal to get feed back within two months
- No policy promulgated by District municipality to guide the WSA to fulfil its role and responsibilities.
- Documentation has been prepared but not adopted by the Council
- No clear direction from the MEC
- Check if other DMs have submitted

#### **12.5.2 Capacity building**

##### **Objective**

Provision of personnel to enable the water services institutions to operate and manage sustainable service delivery.

##### **Constraints**

- Funds (for new services and maintenance)
- Under design
- Extensions of boundaries
- Lack of infrastructure- boreholes etc
- Billing system
- Skills lacking:
  - i. Technical
  - ii. Administrative

- iii. Managerial
  - Ineffective awareness programs
  - Illegal connections

#### **Proposals**

- Undertake audit of existing and new systems
- Improve under-designed systems
- Audit training needs
- Establish mentors and institutional support
- Strengthen integrated development planning and get commitment from stakeholders

### **12.5.3 Service provision and Implementation**

#### **Constraints**

- Financial problems at municipalities
- Backlog in terms of infrastructure
- Lack of policy in how to deal with non-payers/defaulters
- RDP standard (shared taps) results in illegal connections
- Lack of co-ordination of activities by the different role players, i.e. DWAF, Local Municipalities, Amokhosi, etc
- Unplanned settlements
- Local municipalities under staffed
- DWAF over-staffed
- Unplanned power interruptions – lack of communication between Eskom, DWAF and LM
- Delays in repairs
- Confusion regarding responsibilities on maintenance issues
- Vandalism (e.g. taps and meters being stolen)

#### **Proposals**

##### **Policy**

- promulgation of by-laws and tariffs as soon as possible

##### **Coordination**

- resuscitation of the PSC for coordination purposes
- Review TOR for the PSC and make distinction between operational and policy issues

##### **Power interruption**

- Request Eskom to give 7 days notice before planned interruption of supply

##### **Lack of resources**

- Proper tariffs to be in place
- Water services to be reliable
- Proper (accurate and up to date) billing systems to be used

##### **RDP standard**

- Policy to be reviewed to allow mixed level of service

##### **Vandalism**

- Water policing through Ward Committees
- Replace copper meters with plastic ones
- Do away with brass taps, if possible.

### **12.6 Recommendations of the plenary**

1. Identify issues that can be achieved independent of the promulgation of the WSA/WSP policy.

2. Address financial issues
2. Identify personnel to undertake the tasks
3. Address the lack of delivery in terms of water services
4. Address the lack of designation of the roles and responsibilities
5. Bohlabela District Municipality should continue to act as the WSA, until instructed otherwise
6. SALGA, with the support of the MEC, should facilitate communication between the LM, DM, SALGA, DWAF, and DLGH (Provincial)

Specific measure to expedite the establishment of the WSP/WSPs were agreed as follows:

<b>Task</b>	<b>Date</b>
The Project should distribute the proposal for a WSP to all stakeholders	20 August
Comments to be received from stakeholders	End of first week in September
Meeting called to thrash out consensus on the WSP plan	About 14 <sup>th</sup> September
Partnership agreement(s) prepared	
Approval by WSA	

It was also noted that it has been difficult for the national office of DWAF to manage the project effectively. It was therefore agreed that it would be preferable for the project to be managed by the Regional office in Polokwane.

### **12.7 Outstanding institutional issues**

There are several institutional and governance issues that require attention if the project is to achieve its potential within the remaining two years. They have been referred to in general terms above, but we feel it is important to highlight them in closing.

#### **12.7.1 The Water Board**

The Water Board, Bushbuckridge Water, has been put into an impossible position by the fact that it has not been paid for water provided. We are told that water to the value of over R50 million has been supplied to Bushbuckridge and not paid for.

The failure to resolve the issue of overdue payments represents a collapse of governance. This is a matter for urgent attention, which requires the intervention of DWAF, in conjunction with the Provincial Department of Local Government and Housing, and the national Department of Provincial and Local Government. It is also appropriate to involve national Treasury in respect of the use to which the equitable share funds are being put.

#### **12.7.2 Water Services Authority**

Nothing in the Section 12 notices issued in 1999, or subsequent documentation, has suggested that Bohlabela should not be the WSA. The Municipality could choose to get confirmation from the MEC, but our view is that it has the duty to act as the WSA without any further direction. If there is any doubt in the matter, DWAF and LGH should take up the matter with the municipality.

### **12.7.3 Cooperative governance between Bohlabela, Bushbuckridge and Maruleng Municipalities**

Although overt conflicts have been few, there is a sense in which the level of mutual trust and cooperation between these arms of Local Government is less than it should be. This may derive from a lack of clarity in respect of the respective roles of the municipalities. This issue should be thrashed out at a thorough workshop attended by Councilors and officials from all three municipalities and with attendance and active participation from the Provincial and National levels.

## **Annexes**

- 1. Terms of Reference of the Study**
- 2. Objectives of the contract**
- 3. Log-frame used for the mid-term assessment of the Project**
- 4. Documents supplied by the Project**

## **Annex 1**

Terms of Reference:

Bushbuckridge Retail Water Distribution Project

Mid-term Review

### **1.1 Purpose**

The purpose of this contract is to obtain technical services in two areas: firstly an independent assessment of the Bushbuckridge Retail Water Distribution Project (RWDP) to ensure that their program objectives are being met; secondly to conduct a one-day workshop to develop specific recommendations regarding the third year of the Project and to produce a report on these activities.

## **SECTION 2 STATEMENT OF WORK**

### **2.1 Contract Context**

The Government of South Africa through the Department of Water Affairs and Forestry (DWAF) has been working towards a transfer of water supply services to local authorities since 1994. This policy has now been placed into law as part of the Water Services Act of 1997. As a result of this, the Bushbuckridge Water Board was established and is preparing to operate and manage the water treatment plants and transmission facilities to provide bulk water supply to the Bushbuckridge, Hazyview and North Nsikazi areas.

The long-term plan is for the Water Service Authorities (WSAs) to improve their capacity as they regulate how and by whom water supply and sanitation services are provided in their areas. Water is purchased from the Water Board through service agreements to WSAs. Water Service Providers (WSPs) do the actual work of providing water to individual customers. They operate the water supply system, interact with customers, and see that payments are made, amongst other things. Tariffs are set up by WSAs to retail water to local customers at a price that reflects the true cost of providing service.

USAID's bi-lateral agreement supports development of institutional capacity for water supply in the Bushbuckridge and Nsikazi North area of South Africa. The bi-lateral agreement has three components, each representing activity areas: a) to support the establishment of a water board (for bulk supply); b) to support operations and maintenance (for both bulk and retail); and c) to support capacity building for water distribution (retail) managed by the local government authority.

Under the first and third components USAID provided initial support to establish and improve the capacity of the Bushbuckridge Water Board. USAID also supported a pilot activity in 1999 and 2000 to increase the capacity of local councils. Both of these activities were channeled through Rand Water.

Also, under the third component, USAID signed a contract with Chemonics International to implement the Retail Water Distribution Capacity Building (RWD) project in the Bushbuckridge Water Board Service Area. The objective of this activity is to assist local government efforts to act as responsible WSA and to support their initiative to respond to the Water Services Act by supporting the establishment of a maximum of 5 (five) WSPs with linkages to existing community based organizations engaged in water service provision.

The activities of the project revolve currently around three major thrusts. The first is the establishment of the WSA and capacity building activities to improve their knowledge of roles and responsibilities. Technical assistance and training around this

first thrust has focused on the drafting of by-laws, tariff structures and debt collection policy. The second thrust is the setting up of WSPs for the area and activities to build their capacity. This involves selection of the water provision model and the basic steps to establish a WSP. The third major thrust is to facilitate the transfer of retail water infrastructure and personnel from the national government to the WSA.

The Environmental Health Project (EHP), a USAID/Washington based initiative, has been providing technical assistance to the Bushbuckridge area since April 1996 within the framework of a bi-lateral agreement with DWAF to support institutional development for water supply in the area (Establishment of a Water Board for the Bushbuckridge Service Area is a Presidential Lead Project). An EHP team conducted a broad-based study to pull together known information related to water supply for the project area and to develop an options paper for retail water supply. EHP also developed a project paper that described an institution-building approach and strategy to establish water service providers. Finally, EHP was involved in designing an assistance package for the Bushbuckridge Water Board, designing a communication strategy for the pilot phase program, implementing a lessons learned workshop for the pilot phase, a workshop which served as a link between the pilot phase and the long-term phase, and a workshop to provide input into the second year of the long-term phase.

The contract to provide assistance to the WSA was signed with Chemonics International in September 2000 and ends May 31, 2004. USAID and DWAF Project Officers supervise the bi-lateral agreement that funds this activity. The bilateral agreement currently is scheduled to end in June of 2004.

The start up period of the contract had two primary objectives. The first was to establish the office. This meant the hiring of professional and administrative staff for the office. They also had to purchase some office equipment and a vehicle. Meeting this objective was helped immensely by the equipment left behind from the pilot phase of the activity. The second objective was to encourage the district municipality to focus on their responsibilities under the Water Services Act. This was initially difficult due to the municipal elections held in December 2000. After the election the Bohlabela Municipality (the WSA for most of the Bushbuckridge Water Board Service area) did not get organized until approximately March 2001. Only after this, did contact between the WSA and the project team occur regularly. This resulted in the formation of a Project Steering Committee (PSC) in May 2001 that provides technical guidance to the project.

There are various forums through which activities are coordinated and decisions are made regarding water supply. One is the Nsikazi Bush Water Forum (NBWF) that was established in August 1998 as a planning and coordinating body for water supply in the project area. It is composed of local government representatives, Water Board members, DWAF and DPLG (Department of Provincial and Local Government) and USAID. Project activities are coordinated thorough this forum while the PSC provides guidance to the project team for activities related to the WSA.

Note that the contract area has been expanded to include the entire Bohlabela District Municipality. Also note that to date, relatively little project activity has been carried out in the Nsikazi North area of the water board. This is due to its current inclusion in the Ehlanzeni (formerly Lowveld) District Municipality and the Mbombela (formally Nelspruit) Local Municipality. These municipalities are currently undergoing a process whereby they are developing a strategy to respond to water service needs in the areas, such as Nsikazi North, which were newly incorporated into the district and local municipalities.

### **2.3 Scope of Work**

This statement of work combines two areas of required technical assistance over the time period from July 2002 to August 2002. The first is an independent assessment to assure that the program objectives of the RWD project are being accomplished. The second is the conducting of a workshop based on this assessment. This one-day workshop would occur during the final week of the assessment and will be organized to develop specific recommendations regarding the third year of the contract (see detailed discussion below on this point).

### **2.4 Purpose and Objectives**

The purpose is to assist the USAID Mission, DWAF, and the Bushbuckridge Project Steering Committee and key project participants in reviewing the results of the RWD project over the previous 2 years of project activity from September 2000 through July 2002. The primary outcome is to determine project successes to date, the likelihood of meeting all project objectives during the life of the contract, and facilitate input into a strategy for the third year of the project. The assessment will be undertaken in an open manner interviewing and involving all of the stakeholders, including consumers. It will include a workshop during the third week that will either: a) recommend activities for the third annual workplan; or b) recommend a close out strategy for the final 6 months of the contract. The workshop content will depend on the preliminary findings and conclusions during the first 2 weeks of the assessment.

Objectives of the assessment and the workshop should include the following:

1. Determine the impact that the municipal demarcation process and elections had on project activities.
2. Determine whether major stakeholders such as DWAF regional and local offices, and the municipalities, are sufficiently encouraged to respond to requirements related to the following:
  - establishment of the WSA
  - transfer of infrastructure and personnel from the national government to the WSA
  - establishment of WSPs
3. If appropriate, recommend changes in the project strategy over the final period of the contract.
4. Encourage stakeholder input, through a workshop, into the third annual workplan, or the 6-month closeout period, whichever is appropriate. The content of the workshop will be a morning session presented by the RWD project team and the assessment team, which will update all stakeholders on the project achievement to date. It will also consider policies required for the future development of water services. Subsequent session (s) will then be used as a review in support of the mid-term assessment and will be presented by the assessment team.
5. Assess the overall context within which the contract is being implemented, including the capabilities of staff being seconded to the WSA.

### **2.5 Specific Tasks**

The Contractor shall perform the following tasks and prepare the following deliverables:

1. Review the general status of accomplishments within the contract between USAID and Chemonics International based on the six task areas.
2. Review the reports on activities of the RWD project technical assistance team. This includes review of the annual work plans and whether targets are being met.
3. Visit the project area to provide technical assistance, and obtain information from field staff on factors considered successful and those hindering project success. Conduct interviews with all stakeholders.
4. Design and conduct a one-day workshop that sets the stage for the third year of the project.
5. Travel to Pretoria and complete a draft report and debrief with USAID and DWAF.
6. Submit final report after USAID and DWAF input.

## **2.6 Final Products**

The consultant team will provide USAID and DWAF with a summary report that describes the team's findings and the workshop results. The report will include a section that summarizes findings, conclusions, workshop recommendations and team recommendations. Please include a discussion if the latter two do not coincide.

## **Annex 2**

### **Contract objectives**

The purpose of **Water Distribution Capacity Building Project for the Bushbuckridge Water Board Service Area** is to establish and develop the capacity of water service provision organizations and community-based water management services in the Bushbuckridge, Greater Hazyview and Nsikazi North project area. The project will enable water service providers in the Project area to improve access to water services for the local populations while improving local capacity for sustainable and participatory management, and ultimately improving health status, contributing to environment management, and promoting conditions for economic growth.

The objectives of the Project are to assist local government efforts to act as responsible Water Service Authorities and to support their initiatives. This will require that the Project

- Assist local government in developing procedures for addressing their new role as water service authorities,
- Assist local government in a planning process that leads to decision-making regarding water service provision, and
- Support the work of existing water service providers or assist in establishing new water service providers through technical assistance and training.

The approach provides a Project Steering Committee with full time advisory and secretariat support for the term of the project, places water services advisors to support activities in each participating local government unit, and offers management and technical training through short courses, workshops, and on-the-job training. The Project concept to develop a new generation of managers and empower key actors to carry forward without external assistance at the end of the Project. The development assistance methodology will enable, empower, help and support individuals who will conduct the daily business of water distribution and serve on boards. Indicators for successful development assistance will be capacity to conduct key business activities as the Water Service Authority and Water Service Provider without outside assistance. Key business activities are:

- Plan and developing annual work plans and long range strategic plans for system rehabilitation and growth;
- Budget and financial management including collection of debts and payment of accounts;
- Maintain satisfactory consumer relations including timely attention requests for service, complaints, and educating consumers about responsible water use;
- Efficient and cost effective operation and maintenance of water systems including borehole supplies, water storage facilities, and distribution networks;
- Develop staff and attending to high performance and results management by staff; and
- Communication with key external agencies and sector institutions to address and resolve issues.

Skills and knowledge acquisition will be demonstrated by successful performance at the individual and the organizational level. Key indicators for improved organizational

performance are linked to successful staff performance in conducting business activities. A representative list of success indicators include:

- Percent of revenues collected,
- Cost per unit of water delivered,
- Percent of unaccounted water in network distribution,
- Time required to respond to consumer complaints and requests for service,
- Staffing ratio (consumers accounts per staff member),
- Efficiency on operation of equipment and maintenance management,
- Staff satisfaction and performance, and
- Ability to achieve support from political entities.

As Water Service Authorities improve performance with available resources, water distribution services to the people should improve. However, it is not the responsibility of the Core Development Assistance Team (C-DAT) to achieve these results. It is the responsibility of the staff working for the Water Service Provider. The Project's Core Development Assistance Team's job is to perform within a helping relationship, not a "doing for" relationship. Taking over responsibility for business results (water service provision) by the C-DAT will only serve to disempower their clients. Ultimately, the relationship should be one of trust. To build this trust the C-DAT must live and work in residence within the project area and provide a consistent, reliable source of mentorship to the clients, who will be counterparts in a real sense. Therefore, the skills represented of C-DAT should be both technical in key activity areas, and communicative and mentoring as supportive trainers.

**Annex 3: Log-frame used for the mid-term assessment of the RWDP**

<b>GOAL</b>	<b>OUTPUTS</b>	<b>INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
<p><b>To improve the health and well-being of area residents by establishing sustainable water supply service, capacity and organizations in Bushbuckridge</b></p> <p><b>OBJECTIVES</b> 1. Improved local capacity to manage water supply delivery</p>	<p><b>1.1 Local government capacitated to fulfill regulatory functions (functional WSA)</b></p>	<p>Existence of water unit in local government</p> <p>Appointment of water expert</p> <p>Baseline / management information provided</p> <p>WSDP is developed</p> <p>By-laws established</p> <p>Tariff structure established</p> <p>WSP model developed and agreed upon</p>	<p>Organogram of DM</p> <p>Staff records</p> <p>WSDP document</p> <p>By-laws document</p> <p>Tariff structure document</p> <p>Proposal and council resolution</p> <p>Minutes of meetings of transfer task team</p>	<p>There is political will in local government to take over water management functions</p> <p>DM is WSA</p> <p>By-laws have broad based support</p> <p>All key stakeholders participated in the options study</p> <p>Minutes are</p>

		<p>Development of transfer task team and transfer programme</p> <p><b>Transfer of retail infrastructure and personnel to local authorities</b></p> <p>Actual number of people transferred</p> <p>Information on national policy and legislation</p> <p>Training of Councillors and municipal officials and water services management</p> <p>Personnel duties completed</p> <p>Management development programmes in place</p> <p>Performance targets set and monitored</p>	<p>Assessment of municipal staff records</p> <p>Workshop proceedings on policy and legislation</p> <p>PSC minutes</p> <p>Stakeholder workshop proceedings</p> <p>Information from community</p> <p>Records of training initiatives</p> <p>Number of trained councillors and municipal officials</p> <p>Current HR records</p> <p>Development programme in place</p>	<p>available</p> <p>Task Team minutes are available</p> <p>Training courses are relevant and Local authorities attend courses</p> <p>Municipal employees readily available for training</p> <p>Employees are deployed efficiently and are satisfied with employment conditions</p>
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				<p>Record of loan fund and operating regulations exist</p> <p>Employees will use the loan fund</p> <p>Communities are agreeable to proposed service models</p>
<b>ACTIVITIES</b>				
	<p><b>1.2 Local government capacitated to fulfil distribution functions (establishment of WSP)</b></p>	<p>WSP appointed</p> <p>WSP prepares business plans</p> <p>WSP business plans are submitted to WSA</p> <p>WSP management systems in place (billing)</p>	<p>Council resolution</p> <p>Business plans</p> <p>Documents</p>	<p>Council minutes available</p> <p>Profiles of income and affordability</p>

		<p>and collection)</p> <p>Metering capability established</p> <p>Customer service centres established</p> <p>Norms and standards for customer service established</p> <p>O &amp; M procedures in place</p> <p>Train operators and maintenance staff</p> <p>Private sector operators and maintenance support identified</p> <p>Budgeting procedures in place</p> <p>Arrangements for WSP to pay for bulk water</p> <p>Development of staffing and remuneration plan</p>	<p>Annual reports</p> <p>Documents</p> <p>Documents</p> <p>Agreements with WSP</p> <p>Agreements and letter of commitment from LM</p>	are present
<b>ACTIVITIES</b>				
	<b>1.3 Improved local capacity for sustainable and participatory management</b>	Stakeholder participation in water management	<b>Stakeholder workshop proceedings</b>	Stakeholders understand financial and other implications

		<p>Information dissemination on water services management requirements</p> <p>Water sector communication strategy developed</p> <p>Educational and media campaigns in place</p> <p>Water demand management and Water conservation campaigns in place</p> <p>Programmes to encourage water conservation</p>	<p>PSC minutes</p> <p>Strategy document</p>	<p>of the various service models</p> <p>There is a relationship between tariff and water usage</p> <p>People are aware of, and are using the customer care offices</p>
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<p><b>2. Improved access to water services by local populations</b></p>	<p>Access to a reliable water service</p> <p>Reliable water service</p> <p>Improved health status</p> <p><b>Contribution to environmental management</b></p>	<p>Actual periods of water availability</p> <p>Actual number of people with access to water services</p>	<p><b>Municipal records</b></p> <p>Community interviews</p>	<p>Customer connection information is credible, and records are available</p> <p>Community representatives provide reliable information</p>
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## **Annex 4**

### **Documents supplied by the Project and USAID**

1. Request for Proposals, contract and contract amendments
2. Baseline Assessment Report, 26 March 2001
3. First annual workplan, November 15 2000
4. Second Annual Workplan, 12 November 2001
5. Quarterly Reports 1 – 6
6. Monitoring Plan, August 21, 2001
7. Retail Water Distribution Project Review Workshop, by Dan Edwards and Jonathan Hodgkin, August 2001
8. Transfer of government water services works, Attachment J6, DWAF.
9. Minutes of the PSC and Transfer Team Meetings
10. Draft MOU and Draft Transfer Action Plan XXX
11. Water Services Provider Options Report
12. Water Services Provider Business Plan
13. Draft By-laws and tariffs presentation XXX