EXTERNAL EVALUATION

OF

THE MVULA TRUST

VOLUME 1: MAIN REPORT

Evaluation Management Team

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Acronyms

ACER	Agricultural, Community, Environmental and Rural Development Consultants
CLO	Community Liaison Officer
CSIR	Council for Scientific and Industrial Research
DBSA	Development Bank of Southern Africa
DRA	Data Research Africa
DWAF	Department of Water Affairs and Forestry
EU	European Union
IA	Implementing Agent
IDT	Independent Development Trust
LAPC	Land and Agriculture Policy Centre
MT	The Mvula Trust
NGO	Non-Governmental Organization
O&M	Operation and Maintenance
R	Rand (R1 = approximately US$0.22)
PDG	Palmer Development Group
RDP	Reconstruction Development Programme
Sida	Swedish international development agency
TA	Training Agent
WRC	Water Research Council

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1. EXECUTIVE SUMMARY

The Mvula Trust was established in 1993, to fund projects which would help poor and disadvantaged South Africans gain access to safe water and sanitation. This was before South Africa's new government was elected, and in view of the uncertainties the founders of the Trust stipulated an initial life of only four years. By early 1997, the Trustees must decide on the future of the Trust, and make the necessary amendments to the Deed. With this in mind, they commissioned an external evaluation of the Trust during 1996, with the dual objectives of assessing the Trust's performance to date and proposing options for its future.

The Trustees delegated the task of supervising the evaluation to a Steering Committee, with a membership including Trustees and several other stakeholders in the rural water and sanitation sector. The Steering Committee recruited three international specialists to manage the evaluation (with financial support from Sida). This Evaluation Management Team visited South Africa in March 1996 to design the evaluation approach, and engaged three teams of local consultants to carry out the necessary field work and related studies in the period May to August. Most of the field work took the form of participatory reviews of water projects in twenty communities where the Trust had funded schemes, and (for purposes of comparison) five communities where schemes had been funded by other organizations. The Evaluation Management Team returned in August 1996 to synthesize the results and prepare a draft of the Evaluation Report, which was discussed at a workshop in mid-September. The Evaluation Report was then finalized.

The Evaluation Management Team saw as its task finding the answers to three large questions:

- How well has the Trust performed, in its project and policy work?
- How well has the Trust managed its affairs?
- And what options does the Trust have for the future?

The first two questions look back at the past, and the answers and recommendations set out in this report rely heavily on the case studies for the views of the Trust's clients in communities, on the other studies by local consultants, and on the Evaluation Management Team's experience around the world. The third question looks ahead, and the Evaluation Management Team can only offer its best advice about the options facing the Trust -- in the end, the way forward will have to be charted by those with much more knowledge of local conditions.

The first large question concerns the Trust's *effectiveness*, initially in the area of its main focus, funding water and sanitation schemes. Like any evaluation report, much of the present document focuses on what might be changed or improved. But first it needs to be stressed that the Evaluation Management Team considers the Mvula Trust a remarkably successful organization. Its policies and procedures for

project funding reflect world-wide experience over the past two decades in improving poor peoples' access to water and sanitation, as well as current theories about making development sustainable through demand-based and community driven approaches. Other organizations talk about these principles -- the Mvula Trust is one of very few which actually apply them on a fairly large scale. Especially unusual is the Trust's policy of handing over all project funds to be managed by the community, which then hires Implementing and Training Agents, procures equipment and supplies, and pays local labour.

It is too early to say whether or not the Trust's approach leads to sustainable systems: that will only be apparent in three or four years time at the earliest. But the case studies suggest that the Trust is heading in the right direction, and that if it fine tunes its approach -- some suggestions are given below -- it has good prospects of achieving success.

- **Initial support**: the Trust's Community Liaison Officers should spend more time discussing options with communities and their Water Committees at the early stages of project development, and providing support during the whole implementation period. This implies that the current guideline of 20 projects supervised by each Community Liaison Officer will have to be adjusted downward, with correspondingly higher administrative costs for the Trust.

- **Upgrading**: the Trust's procedures for water supply schemes lead in practice to the provision of basic service only (standpipes) for the whole community. Since everyone aspires to a higher level of service (yard connection and eventually a house tap), it would be far better to plan for upgrading right at the outset, by installing connections for the few who can afford them initially, thus instilling financial discipline from the beginning, and by sizing the system with upgrading in mind. This will help prevent the kind of informal and under-financed upgrading which typically leads rapidly to system collapse. The Trust should experiment with amended procedures and design standards, to find a way of averting this outcome. The per capita cost of schemes might rise somewhat, but will still remain well below the alternatives.

- **Contributions**: communities are now required to contribute toward the cost of water schemes -- 8% of capital costs in cash or kind, and all O&M costs (individuals wanting yard connections pay for them in addition). Communities recognize the need to pay for services, and feel a strong sense of ownership because of their payments. But they find the distinctions between capital and recurrent costs confusing, and it is clear that contributions in kind (i.e. working at a below-normal wage rate) are regarded as benefits rather than contributions by communities where wage-earning opportunities are very scarce. The picture is further complicated by the fact that the government (Department of Water Affairs and Forestry) does not require any community contribution for its rural water schemes, yet at present the Mvula Trust relies on DWAF for most of its funds. In these circumstances, the Trust should consider changes in its policy: requiring an initial contribution from the community is essential as an indication of its commitment, but it would be

worthwhile for the Trust to explore (and document) various options, such as earmarking the money for incorporation into the community's O&M fund, or other ways of establishing and collecting the community's contribution.

- **Back-up Support**: although the Trust's approach puts communities in the right relationship to consultants and suppliers who might later provide necessary repair and maintenance services, it is likely that many communities will require additional help to deal with major financial or technical problems. This is an issue which affects all rural water schemes, not just those funded by the Trust, and the Trust should work with DWAF and other interested parties to investigate alternative systems and procedures for back-up support.

There is another aspect of the Trust's effectiveness to be considered -- how well has it performed in its policy and related work? While there are few objective criteria to rely on, the evaluation team has been impressed by the reputation the Trust enjoys in South Africa's water and sanitation policy circles. It has earned a respected place at the policy table when almost any topic concerning the sector is under discussion. The Trust's comparative advantage is its combination of field experience with solid policy analysis, and it has played to this strength well. A good example is its nurturing of a sanitation initiative from early exploration of ideas, through funding a pilot project in twelve communities, to participation in the government's inter-agency task team responsible for developing the national sanitation policy.

The second large question concerns the Trust's *efficiency*, how well it has made use of the resources at its disposal. Again the Trust has done well. It started from nothing in August 1993, and in three years an effectively functioning organization has been built up, with five regional offices. The Evaluation Team has identified two main areas where more attention is called for:

- **Field Staff**: the Trust's field staff (mainly CLOs) are already under tremendous work pressure, and the recommendations noted above will only increase it. The Trust needs to strengthen its field offices, and consider ways in which some work (and staff) might be decentralized to the field.

- **Financial Management**: in its early years, the Trust was able to live on the grant funds initially provided by its founders. Now its situation has changed, and it must earn a large part of its keep by administering funds provided by others, such as DWAF and external donors. The Trust needs to accelerate work on developing a cost accounting system, so that it can better analyze its internal efficiency, properly attribute the costs of different activities, and control administrative expenses. It also needs to put in place speedily a proper financial planning capacity -- the evaluation team's rough calculations suggest that if it stays on its present course the Trust will soon run into a serious income deficit.

As the Trustees consider the options for the future, this issue of income and finding new sources of funds will be a major source of concern. But they can be confident that the Trust is on firm ground in several other areas:

- **Mandate**: the Trust's original mandate is not in need of change; it should continue to focus on funding projects for poor and disadvantaged communities, and related policy work. The Trust should, however, take on more consciously the role of a learning organization.

- **Scale of Operations**: the Trust has grown rapidly, and at this stage should consolidate and digest its experience (including the results of the evaluation); it should keep new commitments and other activities at current levels for the next couple of years.

- **Niche**: the Trust's approach is likely to work best in relatively small communities. In the four provinces where the Trust is active, about half the population lives in communities with populations below 5000 (and 40% in communities with populations below 3000), so the Trust should have no difficulty finding a niche for its activities. But since this will probably require agreement with DWAF and local government authorities, the Trust should start the process of discussions early, perhaps engaging with its partners in the development of a demand based strategy for the Trust in each province.

- **Relationships**: the Trust has built strong alliances with most stakeholders in the water and sanitation sector. Relationships with DWAF (now the chief source of funding for the Trust) seem excellent, and those with the newly established local government structures (an increasingly important stakeholder, and a possible future source of funding) will need especially careful attention in the future. The Trustees will need to consider periodic adjustments in the composition of the Board, to ensure that it continues to reflect the spectrum of constituencies interested in the Trust's work. The Trust's approach in the field and its institutional arrangements are generating much interest outside South Africa, and opportunities should be taken to disseminate the Trust's experience to this wider audience.

With this solid foundation to build on, the Trustees face a final set of options relating to the financial gap which appears to be looming. The first step is obviously to strengthen the Trust's cost accounting and financial planning capacities, but even without waiting for the results of such exercises the evaluation team has reviewed the following options:

- **Cutting Administrative Expenses**: clearly the Trust must tightly control its administrative costs, and provide the proper incentives for managers to keep within approved budgets; but it must be recognized that the recommendations in this report will tend to increase rather than reduce the Trust's costs.

- **Increasing the Fee Charged to Administer Funds**: the 12% on disbursements now charged to DWAF (with comparable charges to external donors) is almost certainly too low in relation to the real costs of administering funds, and the Trust should discuss ways of increasing the fee.

- **Raising Additional Funds from the Founders**: the Trust should undertake a survey of the "catching up costs" implied in bringing existing schemes to the levels recommended in the report for choice of service levels and software support, and then ask the founder contributors to provide the necessary supplementary funds, preferably in the form of an endowment.

- **Earning Fees from Providing Services**: the Trust should be wary of venturing into entrepreneurial activities, whether directly or through subsidiaries, and while it may recover the costs of some services it legitimately provides, this is unlikely to help net income significantly.

- **Raising Resources from Private and External Donors**: the Trust should actively explore opportunities for raising funds from the domestic private sector and from external donors, but these sources cannot be relied upon to solve the income problem in the near or medium term.

2. INTRODUCTION

2.1 SECTOR CONTEXT

Prior to the elections in April 1994, there were four independent and six self-governing homelands in South Africa, with a population of some 15 million. Water services, like most infrastructure in these former homeland areas, are inferior to those in the rest of the country. Facilities are characterized by low coverage, low and intermittent levels of service, and poor maintenance. Domestic water provision responsibility was left at local government level, with little central government involvement. A precedent for free services for rural populations was established by homeland governments which had no real incentive to make services financially viable. They provided coupons for free diesel fuel, paid for borehole equipment and supplies, paid the salaries of pump operators, and paid for the repair of equipment. This, together with other factors, has reduced peoples' willingness to pay for services in rural areas, while at the same time many factors lead to high expectations about levels of service.

National estimates of sector coverage are currently under revision, but it is commonly asserted that 12 million South Africans do not have convenient access to safe water, and 21 million are without adequate sanitation.

Following the first democratic elections of April 1994, the direction of government policy was given by the Reconstruction and Development Programme (RDP), which focused on rectifying injustices inherited from the past. The provision of services to meet basic needs was given a very high priority. The policy debate about water services concluded that, while the direct responsibility for service provision should rest with local government, the national Department of Water Affairs and Forestry (DWAF) would be given the role of custodian for such services. DWAF had its origins as an Irrigation Department, responsible for administering the Irrigation and Conservation of Waters Act, and has now evolved into the line agency responsible for all aspects of water, including water resources management, ensuring adequate supplies and services where possible, regulating water usage, and monitoring and controlling water quality. DWAF took the lead in the preparation of a water policy for the new South Africa, which resulted in a White Paper on Water and Sanitation Policy published in November 1994, and which has since guided RDP and DWAF funding for the sector. The White Paper establishes basic policies for poor and disadvantaged communities, including:

- the intention to empower communities to solve their own problems and control their own destinies:
- government subsidies for capital development up to a basic service level (defined as standpost service within 200m);
- consumers payment for operation and maintenance, and the incremental capital cost for service levels above the basic level; and
- consumer management of existing and new facilities.

The White Paper's vision on institutional arrangements at the local level is less well developed, since local governments were not in place at the time of its preparation. However, it has now been established that local governments should be responsible for ensuring access to water supply and sanitation services. Local governments have been elected, but as yet the financial and manpower resources available to them are very limited, especially in rural areas.

Recognizing this, the central government has embarked on a national water and sanitation programme, with DWAF taking the lead role. Allocations to the water supply and sanitation sector from the RDP Programme have been as follows:

RDP 1 (1994/95) - R282 million (12 Presidential Lead Projects)
RDP 2 (1995/96) - R605 million (306 projects)
RDP 3 (1996/97) - R950 million (370 projects)

2.2 THE MVULA TRUST

Establishment

The Mvula Trust was founded by the Development Bank of Southern Africa (DBSA), the Kagiso Trust (with the financial support of the European Union), and the Independent Development Trust (IDT). In the period before the 1994 elections, the founders saw the need for an interim mechanism to promote affordable water and sanitation services in poor and disadvantaged South African communities. Accordingly, the Trust Deed signed in 1993 prescribes a mandate for the first four years of the Trust's life, after which time the Trustees would review progress and decide on the future role of the Trust. IDT and Kagiso Trust each provided a grant of R48.5 million as starting capital for the Trust, and DBSA pledged R48.5 million in loan finance and R3 million in technical assistance to Trust operations. The Mvula Trust started operations in August 1993, with the employment of the Executive Director, and currently has a staff of 57. Of these, 35 are based at the Trust's headquarters in Johannesburg, and 22 in five field offices in Bisho, Kokstad, Durban, Nelspruit and Pietersburg. As indicated by the location of the field offices, the Trust's activities are concentrated in the Eastern Cape, KwaZulu-Natal, Mpumalanga and the Northern Province.

Policies

In interpreting its mandate, the Trust has undertaken several types of activity, including grant financing, facilitating loan finance, policy development, and capacity building. The grant funding policies of the Trust concerning water supply schemes have from the outset included the following elements:

- a range of water and sanitation supply options should be available to users;
- the Trust will provide grants of 92% of the capital cost while the community contributes 8% in cash or kind, within a specified unit cost level for basic water services;
- the cost of operation and maintenance and repair of the facilities will be borne by the community;
- an operations and maintenance performance incentive of 5% is included in the project capital cost, and will be deposited into the community maintenance funds after a satisfactory system inspection (2% after six months and 3% after 24 months of operation);
- funds for project development are deposited in bank accounts controlled by the Water Committees in tranches as the work progresses;
- Water Committees enter into contracts with Implementing and Training Agents, and procure necessary material and equipment;
- all projects include training components.

These policies are generally in close agreement with those adopted subsequently for the sector by the new South African government, and reflected in the White Paper. Those policies and procedures reflect experience accumulated around the world during the International Drinking Water Supply and Sanitation Decade and subsequently, which showed that community involvement in the development and running of facilities and a sense of ownership within the community are prerequisites for their sustainability. In some respects the policies of the Trust go even further than the White Paper, in attempting to empower people by having Water Committees manage project funds.

The practical application of the Trust's approach to funding community water supply systems can be summarized as follows. A community first establishes a Water Committee, which approaches the Trust with a funding application, including a feasibility study drawn up with assistance from an agent (normally a consultant or NGO). The agent prepares the proposal at its own risk, and claims reimbursement when and if the project is funded by the Mvula Trust -- unless special circumstances prevail, the agent does not receive any payment if the project is not funded. Following submission of the application, it is reviewed by Trust staff in the field and at headquarters, and financial support may be approved by the Trustees. Funds are then provided to the Water Committee, which they use to pay agents working for them, to purchase materials and equipment, and to pay local labour. The Trust's field staff act as facilitators and monitor progress during the preparation and implementation process, and recommend payments of funds to the Water Committees in tranches according to a prearranged payment schedule. Communities may contribute most of their 8% share of the capital cost of a scheme by providing labour at lower rates than prevail locally (e.g. at R15 instead of R25 per day). The difference (in this case R10 per day) is counted toward the capital contribution. The Trust does not

expect to provide any further financial support to a scheme after its completion, beyond payment of the performance incentive.

Sanitation and Hygiene Promotion

The Mvula Trust operates on a demand-driven basis and there is no shortage of applications for water projects, but the demand for sanitation projects has lagged far behind. Moreover, most of the few sanitation project applications, especially in the early years, were not fundable in terms of cost per capita or sustainability. To explore the options and gain a better understanding of South Africa's own experience with on-site sanitation, in 1994 the Trust instituted a national study of rural sanitation and funded a complementary national pilot sanitation programme, incorporating a number of projects spread across the rural areas of South Africa. Twelve project teams were given the task of developing institutional and financial arrangements for sustainable on-site sanitation, including the construction of demonstration facilities in appropriate locations. Workshops in November 1994 and January 1996 gave project teams the opportunity to learn from each other and from others with long experience of sanitation in Lesotho and Zimbabwe. A second phase is now starting in eight of the project sites, in collaboration with DWAF.

The pilot project made a significant contribution to the preparation of a national policy on sanitation. For example, the proposed subsidy per household for sanitation was reduced to the R600 - R800 range compared with earlier practices of R1,200 or more, based in part on the results from the pilot project. Many of the communities which have received support from the Mvula Trust for water development see improved sanitation as their next priority (a sanitation project has already been approved for Morapalala, one of the case studies in this evaluation). Partly because of its experience with the pilot sanitation project, the Trust was engaged by DWAF to act as the Secretariat for the development of the National Policy Paper on Sanitation, and to facilitate the process of regional consultations on the Draft White Paper. More recently, the Trust has contributed to the work of the inter-departmental Health and Hygiene Education Task Team.

The Trust has also embarked upon an institutional latrine programme. Some 90% of latrines in rural schools are inadequate, and there is considerable scope for improvement of latrines in health clinics. The Trust has received some 40 project requests for institutional latrines, but there is currently no funding available for these projects.

Funding

The Trust's initial grant funds were fully committed by April 1995, by which time the Trust had approved financial support for over 200 projects. In order to fund a continuing large pipeline of project applications, the Trust approached the government for funding assistance. In late 1995, DWAF and the Trust signed an agreement to collaborate on rural water supply and sanitation development, under which the Trust is

implementing water supply systems in accordance with its policies and procedures on behalf of DWAF, utilizing funds from the Reconstruction Development Programme. DWAF has assigned about 10% of its allocation of RDP 2 and RDP 3 funds to the Mvula Trust for implementation, though for various reasons the amounts actually made available were somewhat lower (about R45 million for RDP 2 and R60 to 70 million for RDP 3).

Both to attract additional resources to the sector and to maintain an independent finance base, the Trust has also sought funding from other sources. The Trust has obtained project support from Australian Aid (R11 million) and small amounts from corporate and other agencies, and has recently received agreement in principle for a two year programme of EU support (R29 million). The currently agreed funding from DWAF, EU and Australia will be fully committed by end 1997, with disbursements extending over the following two to three years.

The funding made available at the outset by DBSA was in the form of access to loan funds. During the volatility of the transition period and the early operations of the Trust there was no call upon these resources. More recently, progress has been made in identifying local authorities and smaller Water Boards which could make effective use of loan finance, and in devising suitable financial arrangements. Approximately R14 million has been or is about to be committed to two such projects. The nature of the DBSA's relationship with the Trust is such that the original R48.5 million provided in the form of access to loan finance is not a ceiling if suitable projects can be identified.

Review of Trust Deed

As noted earlier, the Trustees are required to review progress after four years. The Trustees have established a schedule for this purpose which requires the reworked Trust Deed, reflecting the medium to longer term focus and modus operandi of the Trust, to be lodged with the Master of the Supreme Court by the end of March 1997. In order to take advantage of whatever lessons could be learned from the Trust's policy work and field activities to date, the Trustees decided to undertake an external evaluation of the Trust during 1996, and appointed a Steering Committee to manage the evaluation process.

2.3 AIMS AND DESIGN OF THE EVALUATION

The overall objective of the evaluation is to review the progress made by the Mvula Trust in implementing its mandate, and to propose options for the Trust's future.

This is the first major evaluation within the water supply and sanitation sector, and one of the first reviews of a large NGO in South Africa. There is little experience in the country with methodologies for the evaluation of community water and sanitation projects on a large scale, and for this reason the Steering Committee decided to seek external technical and financial support for the evaluation. To ensure that the

evaluation takes into account the broad sector context, the Steering Committee includes representatives of other agencies involved in rural water and sanitation schemes, such as DWAF, Umgeni Water, NGOs in the sector, the Water Research Commission, Parliamentary representatives, external donors, the Department of Health, Implementing and Training Agents, and other stakeholders (Annex 1).

Evaluation Process

Once the Steering Committee had reviewed and approved the initial Terms of Reference for the evaluation (Annex 2) and also approved the selection of international consultants, the latter visited South Africa in March 1996 to set up the evaluation and make arrangements for the engagement of local consulting firms. An Inception Report was prepared to show the design of the evaluation, and to convey the international consultants' initial impressions of the Mvula Trust and the environment in which it is working. The Steering Committee approved these arrangements, reviewed the Inception and Progress Reports, and later the proposals for the Evaluation Workshop.

The international team designed the evaluation to be participatory as far as possible. Experience shows that this approach not only serves best the interests of all the stakeholders, it also produces the most soundly based substantive results and recommendations. Accordingly the exercise was divided into five tasks:

- review of policy environment and overall synthesis;
- review of community level impact in KwaZulu-Natal and Eastern Cape Provinces;
- review of community level impact in Northern and Mpumalanga Provinces;
- review of the Trust's internal functioning; and
- review of technologies applied in schemes funded by the Mvula Trust.

The first task was handled by the Evaluation Management Team, Gunnar Schultzberg and John Blaxall, who also managed the whole exercise and produced the inception and final reports.

The second and third tasks were undertaken by two teams recruited in South Africa, including staff speaking local languages. These teams carried out participatory reviews of the impact of the Trust's activities in 20 communities, and in 5 comparator communities where water projects had been sponsored by other agencies (see Box 1 and Annex 3). LAPC - DRA (Land and Agriculture Policy Centre - Data Research Africa) carried out case studies in KwaZulu-Natal and Eastern Cape Provinces; and ACER (Agricultural, Community, Environmental and Rural Development Consultants) did those in Northern and Mpumalanga Provinces.

The fourth task focused on the Trust's financial and administrative procedures and internal functioning, and was also undertaken by South African consultants, the Palmer Development Group.

Box 1: Case Studies Included in the Evaluation

	NORTHERN	MPUMALANGA	EASTERN CAPE	KWAZULU-NATAL
MVULA TRUST	BOSCHKOP GUNDANI LEBOENG LEOKANENG MATHABATHA MORAPALALA SOETFONTEIN TURKEY	BELFAST STEENBOK KHUMBULA	AMAHLEKE EMBIZENI ENSIKENE HLANKOMO NGQELE QOQODALA	FAIRVIEW MVOVENI MAPHOPHOMA
DWAF		SIBANGE	QINA	
UMGENI				MOPHELA
NGO TSOGANG	MAFEFE			
NGO THUTHUKA				OBANGENI

The fifth task was undertaken by an international and regional expert, Peter Morgan, with the support of staff from the Mvula Trust. They visited water and sanitation projects supported by the Trust in all the four provinces to assess their technical soundness and sustainability.

Methodology

A workshop was held in early May, prior to the start of the field work, with staff of the locally recruited teams together with the Trust's regional staff and staff from the agencies that had funded the five comparator schemes. The main purpose was to develop a coordinated plan for the field work, together with appropriate instruments of enquiry and indicators of success. The instruments included a variety of visual materials, mapping exercises, and the like, designed both to lead into open-ended discussion and to reveal hard information. The instruments and indicators that had been designed jointly by the participants were field-tested in four initial case studies, after which they were slightly modified before the remaining case studies were undertaken. The intention was that in each community the evaluation process would serve both to help the community assess its own experience and to elicit information about the Trust's (or another sponsor's) performance and the impact of its work. A short video was prepared as part of the evaluation to illustrate the participatory methodologies applied during the field work.

The field work required to consult with people in the 25 selected project sites was a major undertaking. Teams of four researchers each spent about 100 nights in the field in the homes of community members, with the period in the field usually including a weekend to maximize opportunities for consultation with community members. In total, some 600 people participated in the participatory research activities in the field, some 350 people participated in focus group discussions, 750 household questionnaires were filled out and about 80 less structured in-depth interviews were conducted. Close to 100 people concerned with the sector were interviewed by the Palmer Development Group and the Evaluation Management Team. The material prepared by the local consulting firms exceeded 1,500 pages (Annex 4).

The whole evaluation exercise cost about R700,000. This is a substantial amount, but since the case studies represent a cross section of the Trust's 270 ongoing projects, its conclusions will be applicable to all of them (as well as to future operations). From this perspective, the cost of the evaluation was less than half of one percent of the investment cost.

A draft report was prepared by the Evaluation Management Team, drawing on the local consultants' reports and their own views. This draft and other materials (Annex 5) were discussed at a workshop with participation of the Steering Committee and other interested parties on September 12-14, 1996 (Annex 6). About 70 people attended the workshop, which provided an opportunity for extensive discussion of the evaluation findings, and their implications for various actors in the sector. This final Evaluation Report reflects the discussions at the workshop.

2.4 ACKNOWLEDGMENTS

The external component of this evaluation was funded by Sida (Swedish international development agency), and the Mvula Trust funded the local costs with financial support from the Water Research Council.

The most important contributions to the evaluation came from the communities included in the sample of case studies. Trust staff are designing a programme of visits to the communities to inform them of the findings, and to follow up as necessary. The teams assembled by the local consulting firms did an excellent job, which greatly facilitated the task of the Evaluation Management Team. A final acknowledgment is due to the members of the Steering Committee, who gave generously of their time and wisdom.

3. THE MVULA APPROACH TO WATER AND SANITATION

3.1 MVULA TRUST ACTIVITIES

The Trust's primary task is to provide **financial and other support for water supply and sanitation** development in poor and disadvantaged South African communities with inadequate access to such services. This includes **building the capacity** of community and local level organizations, regional sector organizations assisting in water and sanitation provision for poor and disadvantaged communities, and regionally based small-scale contractors, NGOs or other implementing or training agents.

The Trust also provides support for **applied research and development work** on techniques and approaches which will significantly enhance water and sanitation development for poor and disadvantaged communities, or address neglected issues (e.g. a pilot project on upgrading family wells). A third area of work concerns initiatives which assist the process of **national and regional policy development** for providing sustainable water and sanitation (e.g. sanitation policy development).

The Trust started from zero in August, 1993. Today, only three years later, the Trust has an organization of nearly 60 staff representing many disciplines, cultural and ethnic backgrounds and with working experience from different parts of South Africa and other countries.

Some 300 water and sanitation projects have been approved for financing (Annex 7), entailing commitments of R125 million, about R50 million of which has already been disbursed. Nearly 50 projects have by now reached completion, and in several others water is flowing in the pipes. Over 100,000 people are already benefiting from new or improved water service, and some 10,000 from improved sanitation through the pilot sanitation project and initial follow up projects.

3.2 MAIN LESSONS FROM THE CASE STUDIES

The most significant difference between the Mvula approach and most other community based programmes in South Africa or other countries is the way the Mvula Trust provides funds to Water Committees for their management, under the supervision of the Trust's regional staff. This approach, compared with the conventional way of letting the funding agency keep control of the funds, has clearly had a strong empowering effect on the communities that the Trust has been working with. There have been remarkably few instances of intentional or inadvertent abuse of this arrangement, but there is no doubt that it has led to considerable extra work for Implementing Agencies and Mvula field staff. Useful lessons have been learned

by all parties from the conflicts that have arisen from community management of project funds.

The case studies amply document how much the communities appreciate the participatory process followed by the Mvula Trust (see Box 2). In addition to actual or prospective delivery of water, some wider impacts are already being noted. More important, the case studies provide useful information about what factors are important for successful project implementation and potential long-term sustainability. These lessons are completely consistent with international experience and current theories, suggesting that they can be relied upon when formulating conclusions about the Trust's performance and future.

Half of the projects included among the case studies had reached the stage of delivering water, but none of them had been in operation for as long as a year, which means that no definite conclusions can be drawn about their sustainability. The consultants who conducted the case studies judged that of the 20 projects funded by the Trust, nine could at this point be considered successful, and another seven were moderately successful (Annex 8). While the findings are indicative rather than conclusive, there is no doubt that the Trust's policies and procedures build a strong foundation for sustainability, and the case studies on comparator communities did not reveal any significant new options (Annex 9).

Box 2: Community Response to the Mvula Approach

These are quotations from individual case study reports:

Morapalala, Northern Province: "The active involvement of the MT during all phases of project development has been identified as one of the success criteria of the Morapalala water project. In order to maintain and improve on the present level of success, it is recommended that the MT remains involved with the community, albeit at a lower level of intensity, in a supervisory and advisory capacity at least until the second incentive bonus is payable (and even longer if possible)."

Leokaneng, Northern Province: "A high level of interaction between Water Supply Management [the Implementing Agent], the Mvula Trust, the Development Forum and the community was maintained throughout the development process. Good working relationships were established through active participation, where monthly site meetings were attended by WSM, the MT and Forum. The result is strong community identification with and ownership of the project."

Amahleke, Eastern Cape: ' "The Water Committee reported that they had a very good relationship with all the outside agencies, which included the Mvula Trust CLO, the Training Agent and CDEC [the Implementing Agent]. The Water Committee reported that they were satisfied with the training received and felt that it enabled good overall management of the project. The Water Committee identified labour supervision and conflict management as the two areas neglected in the training."

Fairview, KwaZulu-Natal: "With regard to administration and communication, Mvula Trust was excellent and responded quickly, they were available and open to discussions, and the CLO was always around the area to help the community."

Ensikeni, Eastern Cape: "The primary tool for empowerment was embedded in training and autonomy. This would encompass management training for the committee, the trench construction workers received an in-depth knowledge about how to work with the pipes, and the tank builders were sent on a specialized training workshop."

Ngqele, Eastern Cape: "There were evident signs that the community has been empowered in running the project on its own, and the training in management skills has been effective as the Water Committee has been able to run the budget within the budget allocated for the project. The former construction team members have already started to use their technical skills by fixing some of the taps which stopped functioning at the beginning of the project."

3.3 WIDER BENEFITS

Even at this early stage some wider benefits are indicated, though they are not quantifiable and must be viewed as anecdotal. The benefits mentioned by people in the communities include: time savings for women, employment for those trained

through projects, cleanliness and health improvement among school children. Water is a good entry point to other community initiatives, and in some cases the involvement in the water project has meant that sufficient confidence has been gained to follow up with other development initiatives.

3.4 FACTORS CONTRIBUTING TO SUCCESS

Much hinges on the composition of the Water Committee, and the attitude and social skills of its members, which in turn have a bearing on their relations with the community at large and the outside agencies they interact with: the Community Liaison Officer (CLO) from Mvula Trust, and representatives of the Implementing Agent and the Training Agent (see Box 3). The relationship between the Implementing Agent and the community is crucial, and it is essential that the agent has social insight and community liaison skills, in addition to engineering skills. There are many competent engineering consulting firms in South Africa. Social skills might not be their strongest point, but they are also learning quickly, and the Mvula approach has meant that they have had to improve their communication skills to implement projects, in order to avoid getting stuck in drawn-out debates with the Water Committees they have been working for. Their improved skills will no doubt be put to good use in the country's larger scale development programmes in future.

The Trust's practice of bringing in suppliers of material and equipment to train construction and maintenance workers ensures that the training is highly practical, and has the additional benefit of creating contacts which could be most valuable at a later stage, when problems occur.

Timely training in the necessary skills for committee members and others who have a role in the implementation and operation of the project is also very important for project success. The involvement of the traditional authority is helpful, as is a certain level of cohesion within the community – when there is competition for power within the community, a water scheme can easily fall victim. Earlier successes with development projects in the community increase the chances for further successes. It is clear from many case studies that community contributions strengthen their sense of ownership and that this in turn is a good indicator of the potential for sustainability. Finally, the probability of success is greatest when the area served by a project is small, so that people know each other and trust the members of the Water Committee, and when projects are designed as stand-alone schemes rather than add-ons to existing facilities.

Box 3: Case Study Example - Successful Projects can Serve as Training Grounds

Gundani is a small community in Northern Province. The Gundani Water Project consists of a borehole with water pumped through a rising main to two storage reservoirs and reticulated to the community. The tanks and the reticulation system were built with financial support from the Mvula Trust. The following is excerpted from the Case Study:

> "The entire project cycle was managed by a community elected Water Committee. This committee enjoys a close working relationship with the community, the Traditional Authority and emerging leadership structures in Gundani. The Water Committee held regular meetings and demonstrated sound financial accountability at all times. Members were aided in their efforts by sound training. Financial training was particularly beneficial as the community reported that pre-MT efforts of the community were thwarted by poor financial management as committee members did not know better.
>
> "Presently, the system is functioning well and serving all areas of the village. An extension is being completed for a new section of the village and most labour is being contributed free of charge. This is indicative of a high level of community ownership of the project. Another important aspect is that although there is a desire for private connections, these are not permitted at present. However, an upgrade is being considered by the Water Committee.
>
> "An operating fund has been established and households are required to contribute R10 every two to three months. The community also has a reserve maintenance fund of R7,500 and intends increasing this to R10,000. Thus far there have been no difficulties and the system is working well. All work undertaken by the Water Committee is voluntary and not a burden on the O&M fund.
>
> "The Gundani community has submitted an application to the MT for a sanitation project."

There is much to be learned from success stories like this one. It would be worthwhile for the Trust to analyse in more detail what factors have contributed to the success of the Gundani Water Project, and representatives from less successful or new projects in the region may well benefit from a visit to Gundani for in-depth discussions with the members of the Water Committee and the community.

3.5 ISSUES REQUIRING SPECIAL ATTENTION BY THE TRUST DURING PROJECT IMPLEMENTATION

Close contact with the Trust's CLOs is seen as a very positive learning experience by many Committee Members. However, the elapsed time of Mvula Trust staff involvement from start to completion of a project is only about a year, a very short time in which to convey many important new concepts. Communities expressed the need for more support from the CLOs, in particular during the early stages when the plans for the project are drawn up. Communities are not well aware of requirements and options in constituting and running committees, including questions concerning

emoluments. Nor are they conversant with banking practices or the handling of relatively large amounts of money; in other countries, the most frequent cause of failure of community managed projects is lack of trust in community representatives with regard to funds. Communities also lack knowledge about the importance of rules and sanctions, and how best to introduce them. Training in all these areas tends to be abstract and is not always timely, and the Trust's own procedures and documentation are less well-developed in this area.

Two aspects of ownership are worth commenting on. One relates to the legal standing of a scheme; it is possible that if the scheme itself (rather than the Water Committee) were given a formal status, the community's sense of security and ownership would increase. The other concerns the community's recognition of the responsibilities of ownership, which depends in large part on the level of its involvement in the project, and this in turn very much depends on the Implementing Agent. Community members clearly feel that more involvement by the CLO at the application stage, when the Implementing Agent is selected, would be beneficial. Committee members could then participate in and understand the process of preparing the feasibility study and budget, and could have a say in determining training needs for the community.

> **From the case studies, it has become clear that more attention needs to be given to ensuring a broad understanding of the options and their implications at the earliest stage of project design. Possibly this could be handled by Training Agents commissioned and supervised by the Trust. There is also need for more training in financial and management aspects for Water Committees, and for more and earlier CLO input during project development. This suggests that the number of projects handled by each CLO (at present the guideline is about 20 projects) should be revised downward, with obvious cost implications for the Trust.**

The policy of the Mvula Trust is that communities should contribute 8% of the capital cost up to a ceiling for basic water services, and the total cost of whatever exceeds the preset ceiling. The main purpose of this policy is to get an indication that there is a real demand for the project, while at the same time spreading available grant funds among a larger number of people. Part of the contribution is expected to be made in cash, but most of it is made in kind in the form of labour paid at a reduced wage rate. There is strong evidence from the case studies that contributions in kind are viewed as benefits rather than contributions, since in rural areas employment opportunities, albeit at reduced wage rates, are few and far between. It is also apparent that communities do not understand distinctions between "capital" and "recurrent" costs, and that they are uncomfortable with contributions which cannot be physically counted.

The Mvula approach of requiring a community contribution towards a project's capital cost is controversial in the new South Africa. Many feel that disadvantaged people should receive basic services free of charge, or that at most they should pay

O&M costs, and this is the basis for DWAF's policies. In the rest of the world, experience shows that a significant community contribution, usually 10 to 15%, is essential for sustainability, and most countries are moving in that direction. The case studies show that in South Africa, too, the feeling of ownership increases with the contribution towards the project, and that people recognize the fairness of such payments. However, as a practical matter it is very difficult for the Trust to maintain the requirement of a contribution to capital costs when DWAF requires no such contribution and the Trust is using DWAF funds.

> **The Trust should consider some changes in its policy in this area. Contributions up front are essential to ensure that there is demand for the services and commitment by the community, but it would be worthwhile for the Trust to explore (and document) various options. In some cases, for example, the community contribution might be calculated in terms of likely maintenance requirements, and earmarked as the community's O&M fund rather than a contribution to capital. In other cases the Trust might formulate hypotheses about different amounts and ways of collecting the capital contribution, and then try them out.**

The schemes evaluated have only been operated for a short period of time, so it is hard to say how community payment of O&M costs will work in practice. It is extremely difficult to get regular payment for communal standpost service under the best of circumstances, and in South Africa it will be almost impossible to achieve disciplined revenue collection as long as fuel, operating manpower and repairs are subsidized by the government for other water projects. At the same time, rural water supply programmes invariably fail unless those receiving the service pay for it.

> **The Trust should give more attention to the build-up of a community O&M fund, whether or not it is seen as the community's major contribution to the scheme. The amount of the fund should be specific to the scheme and calculated with the participation of the community, and its build-up should be a condition for the disbursement of successive tranches of project funds, so as to ensure that the pre-agreed amount is available for operation and maintenance when the project is completed.**

After project completion and the opening ceremony, the involvement of the Mvula Trust is limited to monitoring the functioning of the supply and the work of the Water Committee. The agreements with communities stipulate incentive payments equivalent to 2% and 3% of projects cost, payable 6 and 24 months after project completion respectively, provided that operation and maintenance has been properly carried out. The intention is to give the CLOs an opportunity to keep an eye on projects after their completion, without creating a dependency on the Trust.

The Mvula approach of requiring Water Committees to deal directly with Implementation and Training Agents means that the communities at least have

somebody to turn to when they are faced with a problem they cannot cope with. They may not, however, have the necessary funds to pay for major repairs. Further technical or financial assistance is likely to be required from time to time, and at a minimum there should be some referral service to assist the Committee on where to turn in case a major repair is needed. There might also be merit in some sort of "insurance" fund to help communities which are faced with major emergencies. Moreover, as discussed below under the heading Level of Service, Water Committees will need continuing technical and managerial advice to control the expansion of the system. Local governments may eventually play an important role in the provision of back-up services, though given the strong capacity of the private sector the role may be more in providing supplementary finance than actual services; in any event, not much will happen on this front until local governments have the necessary financial and human resources. The key point to note is that the problem of back-up support will have to be addressed not only in schemes supported by Mvula Trust funding, but in all schemes across the sector, including those developed by DWAF, Water Boards, and others.

The Trust should collaborate with DWAF, Water Boards, and other interested parties in investigating and trying out alternative systems and procedures for back-up support to communities facing system breakdowns of an emergency nature.

3.6 LEVEL OF SERVICE

The household questionnaires show that an overwhelming majority of community members would prefer yard or in-house connections over service through communal standposts. Most also indicate that they would be willing to pay for this improvement in service, though it is not clear that they fully understand the likely costs. There is a considerable variation in the standard of living among the people in the areas served, and there is no doubt that many households can afford to pay for a higher level of water services. However, because Committee members do not generally understand the technical and financial implications of allowing yard and house connections to be made, the transformation to a higher level of services is likely to happen by default rather than being planned for. There are many examples both in South Africa and abroad of old water supply schemes riddled with problems caused by illegal connections, resulting in failures because demand exceeds supply. The projects supported by the Trust will certainly face the same problem (see Box 4).

Box 4: Case Study Example - Implications of Uncontrolled Upgrading

The Turkey Water Project in Northern Province serves some 7,000 people. The water flows by gravity from a weir in the Sebetsa River via a slow sand filter to supply reservoirs and distribution lines with public standposts.

Initially considered to be one of the schemes with the greatest potential for success, its sustainability must now be considered questionable in view of the increasing number of private connections that are being made, and indications that maintenance and O&M contributions are in disarray.

The initial resolve of the residents not to allow any private connections was destroyed when the chairperson of the previous Water Committee became the first one to install a private connection. The current Water Committee estimates that some 25% of the households now have a yard connection, and the consultants who carried out the case study estimate the proportion to be even higher.

Only 25% of respondents to the questionnaire survey rated reliability as good, while 54% rated it as fair and 21% as poor. The system had not functioned for a three week period just before the field survey was undertaken, and was reported to be in poor condition with numerous broken standpipes. The system is likely to deteriorate further unless there is a change in its management.

The shift from standpost service to yard connection service does not normally take place in distinct steps, but happens as a continuum. While the Trust is attempting to pursue a demand based approach, in practice community members are not confronted with choices among service levels and the financial implications of those choices. This is partly because of the expectation that communities will rely for their feasibility studies on agents working "at risk" -- in those circumstances, consultants tend to propose designs which require a minimum of time invested and are sure to fall under the published per capita cost ceiling of R170. They are therefore inclined to ignore the Trust's provision that costs may be higher in special circumstances, and also to keep initial costs down by excluding from their designs any capacity for future upgrading, even though the associated increase in unit costs would not be very substantial. The absence of real choice is also partly because of the Trust's own procedures, which are not altogether clear on how much provision should be made for growth in water demand due to expected changes in service level and population. There are many complications in trying to make provision for mixed service at the outset, which will take extra time to resolve; but the consequences of not doing so are likely to be far more costly in the long run.

The Trust should change its de facto practice of offering only one level of service at the outset, and give more thought to the implications for design, payment up front and charges when schemes have a mixed level of service. This will undoubtedly require more intensive involvement by Trust staff early in the scheme design process, as recommended earlier.

In light of the new design criteria, the guidelines for per capita cost ceilings should be reviewed and possibly revised. At present they certainly play a role in keeping costs down, but they probably have other unintended effects on limiting the choice of service level.

The Trust should also explore the option of using loan finance to cover yard connection charges, preferably through collaboration with organizations already experienced in small-scale rural lending; the Trust should avoid the promotion of water-specific credit facilities, unless they can be subsumed under regular water tariffs.

3.7 WORKING PROCEDURES AND FINANCE

The evaluation shows that the Trust has expanded rapidly, but in an orderly fashion, and has adapted well to the changing environment. The Mvula Trust hit the ground running and got off to a very fast start. The case studies show that the more recent projects are performing better, indicating that the Trust has developed the institutional capacity to learn from its mistakes. The Trust's policies, procedures and practices are not only generally sound, they are well documented and seem to be adhered to by the staff. A good project tracking system has been developed. There were problems with slow disbursement procedures, but these seem to have been addressed. Last but not least, the Trust has successfully pursued an affirmative action strategy.

The Evaluation Team does however have some concerns on the administrative and procedural side. One is the balance of resources between HQ and the regional offices. Decentralization was initiated at an early stage and modified appropriately in response to experience (including changes in staffing). However, it is clear that the regional office staff currently are overloaded, and that they have not had time to monitor progress and anticipate problems, or to visit projects to the desired extent. Another is that because the physical works in a project are small in scale, and the as-built drawings and documentation do not have to be formally approved, they are not always properly finished and handed to the Water Committee for safe keeping.

A third concern is that, as an exception to the general rule, policies and procedures for two kinds of activity are not yet well documented: guidelines for CLOs, and procedures for monitoring and evaluation. In the former case, it is essential for staff to have readily available guidance based on the Trust's own experience and best practices. In the case of monitoring and evaluation, the Trust is now getting to the stage when large numbers of projects are reaching completion, and it is vital for the future that the lessons from successes and failures are properly recorded, disseminated, and absorbed. It is likely that, just as most of the existing procedures emerged originally from field experience in the Trust's initial years of operation, development of these new procedures would benefit from being managed as field activities, at least for a time, after which they could be recentralized.

A much more important concern to the Evaluation Team is the Trust's financial situation. During its early years, the costs of operating the Trust were paid from the original grant funds. The Trust was able to spend money fairly freely, investing in ideas at an early stage and supporting initiatives until they reached the point when longer-term funding from elsewhere could be secured (e.g. the initial stages of the sanitation work). This flexibility and capacity to take risks are among the more valuable contributions the Trust has made to the high quality of policy debate in the sector, and they will be no less needed in the years immediately ahead. It is also important for the Trust to maintain a degree of independence and autonomy, which can only be assured if a significant portion of its income (perhaps a quarter to a third) is predictable and under the Trust's control. The financial environment today is very different from what the Trust became used to in its early years, and prospects are not bright that those exceptional conditions will recur in the short or medium term.

As noted earlier, the Trust had committed its initial grant funds by April 1995. In response to requests from DWAF and other donors to find projects which would get under way quickly, the Trust transferred from its own portfolio a small number of projects which had been approved but not yet started. This allowed it to build up a modest reserve. Nevertheless, the administrative expenses needed to run the Trust have to be covered very largely by income from the "overhead fees" it charges to administer projects funded by others. The current agreement with DWAF provides for management fees to be paid to the Trust, and these have been provisionally set at a rate of 12% on disbursements. Similar arrangements apply to the funds provided by external donors (currently Australia and EU). So far in fiscal 1997 the Trust's disbursements from all fund sources have been slower than expected, and seem unlikely to reach a level much higher than fiscal 1996 (when the total was R31 million). By fiscal 1998 the total can be expected to reach R50 or even 60 million, and this will generate an annual income of R6 to 7 million. Income from investments and other sources may provide another R2 million, but it seems unlikely that income will rise to R10 million in the next couple of years.

The annual administrative expenses of the Trust are already approaching R10 million on a full-year cost basis, and will have to rise further if the recommendations in this report are adopted. In the current fiscal year the Trust will be able to handle its income deficit by drawing on its reserve, but this will no longer be possible in future years, and the Trust faces a serious cash flow problem.

All these calculations are based on rough estimates since the Trust does not yet have in place a proper financial forecasting model with which to plan and manage its financial resources.

> **The Trust should make it an early priority to introduce a financial planning capacity. While some sort of financial forecasting model will be needed, it does not have to be elaborate or closely integrated with the Trust's day to day financial administration. In fact, it would be preferable to locate the financial capacity in the**

Executive Director's office, where it could draw on the resources and data of the financial administration staff but take a somewhat broader and more strategic perspective.

3.8 CONCLUSIONS REGARDING THE MVULA APPROACH

In summary, looking back over the Trust's first three years the Evaluation Team concludes that the positive aspects of the "Mvula approach" greatly outweigh any negative ones. The Trust has much to be proud of. Its policies are sound, its field work is effective, and its unit costs for delivering water and sanitation are relatively low. There is as yet no certainty that sustainability will be achieved on a systematic basis using the Trust's approach, but the direction seems generally right, and some suggestions have been offered to help attain this goal.

4. OPTIONS FOR THE FUTURE

As the Trust looks to the future, it faces choices in a number of areas, in particular its mandate, its scale of operations and niche, and its relationships with various other actors in the sector. But all these choices are overshadowed by the Trust's financial situation, and especially the question of how it will cover its administrative expenses in future.

4.1 MANDATE

The Trust's original mandate was to improve the welfare of disadvantaged South Africans by helping them gain access to water and sanitation. While much has changed in South Africa since the founding of the Trust, in particular the development of DWAF's Community Water Supply and Sanitation Programme, there is no sense in which the Trust is now obsolete -- the need for an institution with the Trust's mandate and playing its role in the sector seems as urgent as ever. The Trustees concluded this more than a year ago, when they took the decision in principle that the Trust should continue in existence after the four year period stipulated in the Deed, and this evaluation fully supports their judgment. The Trust has forged the combination of funding projects in the field and providing an independent policy capacity into a major asset for the sector in South Africa, which deserves to be sustained.

The question is therefore not whether some major reorientation is needed, but whether the Trust should adjust its focus or broaden the range of its activities in relatively minor ways. One shift that seems desirable is for the Trust to become more explicitly scientific in its approaches, and to view itself as a "learning organization", not just in its pilot projects, but throughout its operations. There is of course a place for clear policies and procedures, and the Trust must be careful not to "experiment on" communities or to expose them to undue risk. But there are so many ways in which schemes vary, that many hypotheses could be tested through "natural experiments". With DWAF now shouldering the main burden of delivering services, and with its own start-up and teething period largely behind it, the Trust can focus more on exploring options and documenting the lessons learned. It is likely that other pressures on DWAF will preempt the time and resources they would undoubtedly want to devote to such work, and it is clear that they welcome the Trust playing such a role. The implications of such a shift should not be underestimated: not only will staff time have to be earmarked and at times diverted away from pressing operational matters; still more difficult will be changing the values of a hard-working staff who are used to getting on with the job rather than formulating hypotheses and testing them (see Box 5).

Box 5: The Learning Agenda

The Trust will need to give considerable thought to a learning agenda and its implications. The agenda should be short, perhaps two or three items, and focused on topics of greatest significance to the Trust over a three to five year horizon It should be drawn up with the active involvement of the South African institutions most involved in research in the sector (CSIR and WRC among others) to ensure that it complements the efforts of others, and it would be helpful to take account in this process of comparable work going on outside the country. The same partners (or a subset) should be asked to act as advisors and reviewers as work on the agenda proceeds.

During the workshop held to discuss the draft version of this report, the following items were put forward as candidates for possible inclusion in the learning agenda:

- Community management processes, especially concerning O&M,
- Incentives and sanctions related to payment for water;
- Technical options, including distributed storage in piped schemes, family wells and handpumps;
- Whether capacity and skills acquired through water or sanitation projects are transferred to other activities;
- Alternative approaches to financing components paid for by individual households;
- Ways of helping to empower newly established local governments;
- The legal standing of water schemes and/or Water Committees, and whether greater formality affects "ownership" and outcomes.

Another shift is already beginning to take form, as communities completing their water schemes approach the Mvula Trust for help with household sanitation. In part because of the Trust's excellent work in its sanitation pilot programme and the interagency task team, it appears that the national standards to be adopted for low cost sanitation and the Trust's approach will be essentially the same, so that there will be no question of the Trust competing with other agencies or having to find a "niche" for itself. Nevertheless, it will be natural for the bulk of its sanitation projects to be in communities where it has worked earlier on water schemes. Just as water is the entry point for sanitation and hygiene, so these together are the entry point for other development interventions. At the end of the day, the Trust will probably conclude that its most important contribution to communities has less to do with water or sanitation, and more to do with building social capital -- the web of association, commitment, trust, mutual support and rules that underlie all successful efforts to improve welfare or develop economically. This does not mean the Trust should rush out and change its name or its policies; but it does mean that the Trust should keep an open mind if it is approached by former clients to assist them with other forms of rural infrastructure, for example, or in other areas where it already has the relevant expertise. The idea is not to take on all sorts of new tasks so as to become a comprehensive community development agency, but rather to move cautiously and with a conscious learning approach when there is an opportunity to use its methodology in taking the next logical step.

It is currently fashionable in the international water and sanitation community to link water services with water resources management, both conceptually and administratively. Obviously they are related at some level, but from a practical perspective it is hard to see a substantive role for the Trust in the area of water resources. On the other hand, if it is asked to do so and reimbursed for the costs, the Trust could continue to play a useful role in facilitating communications with communities and local governments in this area, and possibly others within the sector.

In brief, the Trust's original mandate is not in need of change, and it should continue to concentrate on funding projects for disadvantaged communities and related policy work. It should take on more consciously the role of a learning organization, and be willing at the margin to consider interventions following its own methodology which add value to its core purpose.

4.2 SCALE OF OPERATIONS

Today the Trust's commitment authority and disbursements are dominated by funds provided by DWAF, which made available R45 to 50 million from RDP 2 and roughly R70 million from RDP 3. DWAF has indicated a willingness to allocate a portion of its RDP 4 funds similarly for implementation through the Trust. With DWAF's full agreement, the Trust utilizes its funds following normal Mvula Trust policies and approaches. This raises some difficulty at field level, because -- as communities are quick to point out -- DWAF funds administered directly by DWAF for ostensibly the same purpose come on easier terms. Specifically, no initial contribution from the community is called for, all payments are made directly to implementing agents, and (notwithstanding policy pronouncements) O&M is in practice provided free. All this tends to reduce community demand for Trust funding, but so far this has not resulted in any dearth of project applications. On the contrary, there are many more in the pipeline than the Trust has the capacity to accept.

One choice facing the Trust is therefore about the appropriate scale of its operations. The Trust could, for example, continue to expand its field operations rapidly, and become a larger actor in the sector. DWAF seems to be attracting increasing amounts of RDP funding, and, fully aware of the dangers inherent in building up further its own regional staff, is looking for ways to bring more actors into the task of implementing schemes. It might well be willing to assign larger amounts for implementation through the Trust.

The Evaluation Team does not recommend this option, primarily because of concerns about the Trust's capacity. As indicated earlier, disbursements are running well behind expectations, and in the judgment of the Evaluation Team will continue to do so. The problem is only partly soluble through further efforts by the Trust's CLOs on the ground -- in part it is simply a fact of life that disbursements on development projects are always slower than a reasonable person would predict.

(There are explanations for this in terms of the way subjective probabilities are aggregated, but understanding the explanations rarely seems to lead to much improvement in disbursement forecasts!) Without pretending to have made any elaborate calculations, the Evaluation Team estimates that the current implementation capacity of the Trust on a steady state basis is about R50 to 60 million a year in commitments and disbursements, with around 100 new projects starting, and a similar number reaching completion.

The Trust needs to catch its breath, digest its experience (including the recommendations from this report) and consolidate its recent growth by staying at this level for the next couple of years before considering new plans for expansion.

4.3 THE TRUST'S NICHE

Assuming no changes in the Trust's mandate, and roughly R10 to 15 million a year from external donors (currently Australia and EU), the "consolidation option" will require a continuing level of DWAF support in the range R45 to 50 million a year. At this scale of activity, there should be no difficulty in the Trust finding plenty of client communities. Its approach is most suited for areas where the predominant settlement pattern is in communities with fewer than four to five thousand inhabitants, and where supply conditions are not unusually difficult. The case studies suggest that stand-alone schemes are more successful than efforts to add to or rehabilitate existing systems, and the Trust should concentrate on the former. More generally, the Trust's comparative advantage lies in supporting the large numbers of poor and disadvantaged people who are capable of helping themselves with a modicum of outside assistance, in this way testing out approaches to sustainability and sound public investment. Self-reliant communities will do a much better job of helping the poorest among them than the Trust could ever hope to achieve by attempting to target this group directly.

In the four provinces where the Trust is active, it appears that about half the population is in settlements with populations below 5000, and 40% in settlements with a population below 3000, so the scope for the Trust's work is unlikely to be confined by local conditions. If, however, for administrative reasons DWAF finds it necessary to designate in advance certain areas or categories of communities for funding through the Mvula Trust, this should be discussed and agreed in advance with appropriate local government structures. In this connection, it may be helpful to think of developing "provincial strategies" jointly with the major stakeholders in each province, but it will be essential to ensure that the strategies are based on meeting demand rather than top-down planning.

The Trust should recognize without embarrassment that its target communities are those with enough resources to help themselves if provided with a modicum of outside support. The Trust should start discussions with DWAF and local government authorities with

a view to reaching whatever agreements are necessary to locate the Trust's niche for purposes of drawing on RDP 4 funds, and it may be useful to develop jointly demand based provincial strategies for the Trust.

4.4 RELATIONSHIPS

The Trust seems to have excellent relations with most of the key stakeholders in the sector in South Africa, and consequently finds itself involved in one way or another in most of the relevant policy debate. Its views do not always prevail, of course, but it is clearly influential. This is a fine accomplishment, which provides a strong foundation for the future.

At present, and for as long as financing for the development of rural services is channeled through sector line agencies, the Trust's most important alliance is with DWAF, and in particular with the Community Water Supply and Sanitation branch. It is important for the Trust to cultivate that relationship, and there seems every likelihood that DWAF will reciprocate. There is a natural division of labour between the two organizations. DWAF is a large bureaucracy with national responsibilities and substantial budgetary resources, working under enormous political pressures to deliver water. The Trust has the advantages of a small organization and a clear but non-political mandate, and the disadvantages of inadequate funding. It offers DWAF the capacity to implement a modest share of its programme, but much more important the opportunity to explore options and learn lessons, and a willingness to ask the questions and pose the objections that large and busy organizations all too frequently ignore. In return, the Trust will need funding for projects at roughly current levels (R50 million a year), plus funds to administer the projects, very probably on a higher scale than hitherto. And the Trust will also need to have its independence respected, or its advice will be useless.

The other major players in the Trust's future will be local government structures, at several levels. It is hard to be specific in this area, because so much is in flux, but some things seem sure. Where the Trust has developed good relationships with a Local Council through its work in one or more communities in the Council's sphere, it should document the experience and build on it. Working with District Councils which have an interest in the Trust's implementation capacity and experience will pay similar dividends. South Africa will feel the best and the worst impacts of new local government in the next few years, and the Trust must try to position itself to support the best and avoid becoming embroiled in the worst.

DWAF is already represented on the Mvula Trust's Board of Trustees, which has proved not only highly effective in governing the Trust's affairs, but also a very useful meeting ground for the key stakeholders in the Trust. It will be important to maintain this broad representation. It might be appropriate, for example, to include someone who could specifically represent the constituency of Implementing Agents, who play such a key role in the Trust's work. And at some point it may well become desirable

to add a member representing the local government constituency, though it may be difficult to identify the right person at this stage. Similarly, at some time in the future the Trustees may feel it sensible to bring in someone representing the broad constituency of private sector donors. It will also be important to ensure that the "community representatives" on the Board are chosen so as to reflect the geographic areas where the Trust is most active. All this said, there does not seem much merit in extending the concept of constituencies requiring representation on the Board to include the Trust's own staff; it is hard to see how a Trustee who was also an employee could function without facing continual conflicts of interest.

Despite its relative newness, the Mvula Trust is quite well known in water and sanitation circles outside South Africa. It is one of very few organizations world-wide which are actually applying on a reasonably large scale the approaches which experience in the sector suggests are most likely to lead to sustainable community managed systems. It also represents an unusual institutional approach -- there are comparable agencies in several countries (usually termed "social investment funds"), but virtually all the others are multi-sectoral rather than focusing on a single sector. The evolving experience of the Trust is therefore of great interest to many countries, external donors, and international organizations. While the Trust may have no obligation to this international audience, it would no doubt be to its own and South Africa's advantage if the Trust's experience and "lessons learned" were disseminated periodically to this wider audience. This would not require much additional effort beyond what is necessary for domestic publications, but thinking of the larger audience early on may save costs later. And the Trust should not neglect opportunities to present its experience internationally, whether through speeches by Trustees, or papers prepared by the staff, or participation in exchanges of staff.

> **In summary, the Trust's relationships start on a firm footing, and need to be cultivated especially with DWAF, and increasingly in the future with local governments. It is important for the Board of Trustees properly to reflect the major stakeholders in the sector, and as that group changes the Trustees may have to review and adjust the composition of the Board periodically. The Trust's work is generating much interest outside South Africa, and opportunities should be taken to disseminate the Trust's lessons from experience to this wider audience.**

4.5 INCOME

Most of the options discussed up to this point have been of the "more and better" variety, with relatively few hard choices. The picture with regard to the Trust's income prospects is not so rosy, however. While the deficit in fiscal 1997 can be covered by reserves, prompt action will be needed to prevent a serious problem arising in fiscal 1998.

Without waiting for the results of the more detailed financial planning exercise recommended earlier in this report, one can fairly easily identify five broad options for increasing the Trust's income, options which might be pursued in various combinations:

- cutting administrative expenses
- adjusting the fee arrangement with DWAF
- persuading the founder contributors to make additional funds available
- earning money in various ways, e.g. bidding for contracts, or providing services of various kinds
- raising money from the domestic private sector or from external donors

These options are reviewed in the following paragraphs.

Cutting Administrative Expense

The evaluation has not revealed any opportunities for dramatic cost savings. It is clear that the regional offices are under very great pressure, and need additional staff just to cope with the present workload. And this report is proposing increases in the level of support which the Trust provides to communities, which will add to that workload and the number of staff required. It is possible to find economies in any organization, and no doubt some strengthening of field offices could be achieved by improvements in procedures and shifting resources from the centre. But to make informed judgments about this, the Trust would need a proper cost accounting system, and the net effect will still be towards increasing rather than reducing administrative expenses compared with current levels.

> **The Trust must nevertheless make every effort to ensure that its administrative costs are tightly controlled. This requires the urgent completion of the cost accounting system which has been under development for some time, so that areas needing special attention can be identified and addressed. It also requires firm budgetary discipline, including incentives for managers to put forward realistic budgets and keep within them once approved.**

Adjusting the Management Fee on DWAF Funds

The agreement between the Trust and DWAF specifies that the Trust may recover the costs of administering DWAF funds, through a mechanism to be specified after some experience had been gained; in the interim a simple arrangement was adopted based on provisional calculations, according to which the Trust is paid a fee of 12% on disbursement of DWAF funds. The understanding is that this rate, and perhaps the whole mechanism, will be adjusted when there is clear evidence of what are the reasonable costs of administering sustainable projects, and duly reflected in future agreements between DWAF and the Mvula Trust.

The 12% rate is almost certainly too low. The Mvula Trust approach economizes on capital costs, and even if the current per capita ceilings are raised as proposed in this report, the capital costs of schemes funded by the Trust will remain far below most alternatives. But while the Trust's approach economizes on capital, it requires substantial inputs of "software support", and indeed this report argues those inputs should be increased further in order to improve the prospects of sustainability. The total costs per capita of water delivered will still be lower than the alternatives, and the risk of failure should be significantly reduced.

This adds to the urgency of installing a cost accounting system, so that a rational basis can be developed for approaching DWAF with proposals to increase the amounts charged to administer DWAF funds (and for corresponding proposals to other funding sources).

Raising Additional Funds from the Founders

The need for increasing the staffing of regional offices, and hence the Trust's administrative expenses, flows largely from the realization that although the Mvula Trust approach is right on target, more support is required at community level if projects are to be sustainable. This finding from the evaluation has implications not only for future projects, but also for the nearly 300 which have already been funded. Indeed, the Trust has more of an obligation to those communities than it does to those where it has not yet started working, and at the same time the task may be more difficult in those communities because it will require undoing some things rather than simply doing them right the first time. For example, if the Trust returns to a community for an explicit discussion of upgrading the scheme to permit yard connections at users' expense, the time needed to change peoples' expectations will be greater than if all this had been established at the outset; and in some cases there will also be a need for a larger rising main or other additional capital investments.

These "costs of catching up" can legitimately be seen as deferred costs of the original schemes, and the Trust should approach its founders with a request for supplementary funds to complete the work already started. If the Trust is to function as a learning organization, it must be candid in admitting where improvements are needed, and straightforward in asking its main sponsors for help in introducing them. It should be possible to calculate the "catching up costs" in terms of Trust staff costs, additional capital investment, and additional training or other support to communities on the basis of a survey by the regional staff.

Quite apart from the "catching up" issue, the founders will presumably have a long-term interest in the further growth and development of their creation, once the Deed has been revised and the Trust is established as continuing institution. It would be appropriate for the Trust to approach the founders with a request for endowment funds, to ensure its autonomy and give it the necessary security to take risks. Once the founders had started an endowment fund, it would be much easier to approach other donors with requests to increase it.

It is possible that these two suggestions could be combined. The founders might provide endowment funds the income from which could be devoted to "catching up costs" in the first two or three years, and thereafter would afford the Trust a regular source of predictable and unrestricted income.

> **The Trust should undertake a survey of the "catching up costs" implied in bringing existing schemes to the levels recommended in this report for software support to communities and choice of service levels, and then ask the founder contributors to provide the necessary supplementary funds. The Trust should also approach the founders with a request for endowment funds once the Deed is revised to extend the life of the Trust.**

Earning Money from Implementation Contracts or Services

DWAF is proposing to award contracts, on a pilot basis, for the management of implementation of a number of schemes in a given area, roughly corresponding to a District. The Trust is considering setting up a commercial subsidiary of some kind which would submit bids, either by itself or as lead partner in a consortium with consultant engineering firms.

The Evaluation Team is not persuaded that this would be an attractive option for the Trust. The supposed advantages (a new source of income for the Trust, and an opportunity to influence government policy "from inside" while contributing to sector development) are by no means certain to materialize. First, many more new consulting ventures fail than survive. Second, the notion of influencing policy "from inside" is attractive in theory, but not very realistic in practice -- a bureaucracy hires contractors to do work, and is typically quite uninterested in any suggestions about how it could improve itself. Given the political pressure on DWAF for "delivery", the prospects are slim that a Trust subsidiary would have any great impact on the Department's policies and procedures.

One of the disadvantages -- the risk of commercial failure and financial losses -- has already been noted. Even more important is the risk to the Trust's credibility. Today, the Mvula Trust can take great pride in the fine reputation it enjoys, which has earned it a seat at the table when a wide range of sector policies are discussed. It would be hard to untangle all the threads that contribute to its reputation, but certainly a part is attributable to the simple and consistent message which the Trust conveys: *"Let people decide what they want, and help them to achieve it."* What happens if a Trust subsidiary starts acting on a different, and in some ways opposite, set of principles, such as those which, for the time being at least, govern implementation of DWAF schemes? Can the Trust in good conscience make money (or lose it) by implementing projects according to procedures which experience shows are likely to end in failure?

A second income earning option is for the Trust to provide services to DWAF or others on a reimbursable basis. The Executive Director provides such services when he is asked to sit on a task force, for example, or to provide policy advice as a representative of the Trust. Other services are requested from the Trust on a reimbursable basis because its staff have the expertise and contacts to perform them efficiently -- such as organizing "roadshows" or national interagency task forces, or evaluation exercises. There seems no reason why the Trust should not recover the costs of these services when there is an opportunity to do so, and when the subject matter concerns water and sanitation, since it helps keep the Trust informed and influential. But such services and the associated revenues will always be marginal -- there is no point in the Trust setting itself up in competition with private sector companies offering consulting or conference services.

A third source of current requests for services is DWAF at the provincial level. In KwaZulu-Natal they asked for the Trust's help in implementing some of their new schemes, initially requesting the services of three Community Liaison Officers, and later the support of a whole team of CLOs and consultants, with necessary management and supervision. The Trust provided these services by recruiting additional staff on fixed term contracts, and claiming reimbursement of the costs from DWAF. The idea of providing specialized services to DWAF (or other agencies of government) on a short-term basis is unobjectionable, provided the Trust does not begin to function as a headhunting firm or a sort of "temporary staffing agency". But this is unlikely to generate income on any significant scale. Moreover, the arrangement could bring into even sharper focus the issue of credibility discussed above. Should the Trust's own staff (and in this case they are directly employed by the Trust) be assigned to implement a programme based on practices which conflict with what the Trust espouses? The argument is not that the Trust holds a monopoly on the truth, or that it always knows what is best for the development of the sector. On the contrary, the Trust must acknowledge the uncertainties, deliberately set out to explore many options, and vigorously disseminate its experience. Where this dissemination can be done on a reimbursable basis, for example by training staff in government agencies, so much the better. But when the evidence is clear that certain practices invariably lead to failure, the Trust should politely decline to participate, regardless of whether the work is paid for by others, or carried out through subsidiaries or other "insulating" arrangements.

> **In brief, the Trust should be very wary of undertaking quasi-commercial activities, whether directly or through subsidiaries, and while it may recover the costs of some services it legitimately provides, this is unlikely to help net income significantly.**

Raising New Money from the Domestic Private Sector and External Donors

There would be two important advantages in the Trust raising new resources from the domestic private sector. The first is that the Trust can only maintain its autonomy and capacity for independent judgment if it is not beholden to any one contributor, and moreover if it is seen not to be beholden. It would be ideal if no

more than a third of funding came from one source. This is not practicable in the short term, since DWAF funding constitutes over 60% of the total, but it should be an important goal for the longer-term future. The second advantage is that such funds would probably be available on an unrestricted basis, and could be applied to the Trust's "core" expenses, which are central to the quality of the Trust's work, both in the field and at the policy table, but are not directly related to the funding and administration of projects. Such funds could also be applied to building an endowment fund, to generate a steady stream of unrestricted income.

One would expect there to be good prospects for the Trust to raise money within South Africa. Work which the Trust does now (or might do in future) by way of training at the community level could surely be construed as "education" for purposes of tax relief to corporate donors. The obvious importance of the Trust's work to the leveling of disparities in the country's infrastructure should make it attractive to large donors, while the easily understood nature of the rural water problem gives it wide appeal among the general public. One could even envisage a system for collecting voluntary contributions in connection with urban water bills, along the lines of the scheme run by WaterAid in the UK. A study by specialized consultants was undertaken for the Trust in April 1996, which confirms most of these notions, but also underlines the difficulties and long-term nature of fund raising from the private sector.

> **It would seem to be in the Trust's interest to start active exploration of promising avenues for domestic fund-raising, but this is unlikely to provide much relief to the Trust's income in the medium term future.**

External donors are more likely to be interested in funding groups of projects with which they can be identified than in making general contributions to the Trust, and typically they are very reluctant to finance "core" activities (their reasoning is that external funds are only temporary, and a recipient must rely on local sources of funds for its long-term survival).

Part of the Trust's original grant funding came from EU via the Kagiso Trust, and the Trust has received agreement in principle on additional project funding from EU (R29 million) as well as a second allocation of project funding from Australia (R10 million). The Trust will earn a management fee on these funds as the projects are implemented, but it appears that the fee has been set rather low, following the pattern of the DWAF management fee, and is unlikely to recover the full costs of administering the projects.

It is worth noting that if and when South Africa switches to channeling rural development finance through local government structures, it is likely that external donors will offer more finance to such projects than they do today to support the programmes of line agencies. On the other hand, donors will find it hard to deal with a multiplicity of local governments, and will be looking for assistance from South African organizations to act as "wholesalers". In those circumstances, the Trust

could have an important role to play, provided it has built up good relations with donors and local governments in the meantime.

The Trust has made an excellent start in diversifying the sources of project funding and it should continue building up relations with external donors. But the Trust must be sure it charges management fees sufficient to cover the full cost of administering such funds, and in any case it cannot expect this to provide income for "core" activities.

EXTERNAL EVALUATION

OF

THE MVULA TRUST

VOLUME 2: ANNEXES

Evaluation Management Team

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Johannesburg, 20 September, 1996

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Acronyms

ACER	Agricultural, Community, Environmental and Rural Development Consultants
CLO	Community Liaison Officer
CSIR	Council for Scientific and Industrial Research
DBSA	Development Bank of Southern Africa
DRA	Data Research Africa
DWAF	Department of Water Affairs and Forestry
EMT	Evaluation Management Team
EU	European Union
IA	Implementing Agent
IDT	Independent Development Trust
LAPC	Land and Agriculture Policy Centre
MT	The Mvula Trust
NGO	Non-Governmental Organization
O&M	Operation and Maintenance
R	Rand (R1 = approximately US$0.22)
PDG	Palmer Development Group
RDP	Reconstruction Development Programme
Sida	Swedish international development agency
TA	Training Agent
WRC	Water Research Council

ANNEXES

ANNEX 1

Evaluation of the Mvula Trust
Members of the Steering Committee

Mr. Deon Richter (Chairperson)	DBSA
Dr. Dave Tapson	DBSA
Mr Barry Jackson	DBSA
Mr Paul Jackson	DBSA
Mr. Thuso Ramaema	DoHealth
Ms. Isabel Blackett	DWAF/UNICEF
Ms. Louis Colvin	DWAF
Ms. Adie Viennings	DWAF
Mr. Thokozane Aubrey Hadebe	Estcourt Hospital
Mr Elias Phiri	ETRDF
Mr. Richard Zink	EU
Mr Trevor Fowler	Gauteng Province
Dr Sholto Cross	IDT
Mr. Seetella Makhetha	Makhetha Development Consultants
Mr Piers Cross	Mvula Trust
Mr. Martin Rall	Mvula Trust
Ms. Janet Love	NACAWF
Ms.L Khoali-Mccarthy	NRDF
Mr. Ouma Ramathlodi	NRDF
Ms Rejoice Mabudafhasi	Parliament
Mr. Andy Green	RDS Networks
Mr Piet Odendaal	WRC
Dr. Steve Mitchell	WRC
Mr Manor Govender	Umgeni Water
Mr. Lee Bosch	Zimele Nawe

ANNEX 2

Terms of Reference for an Evaluation of the Mvula Trust

Background

The Mvula Trust was created by its founders - the Development Bank of Southern Africa, the Kagiso Trust (with the financial support of the European Union) and the Independent Development Trust - as a mechanism for water and sanitation project support amongst poor and disadvantaged South African communities. The Trust's founding deed prescribes a mandate for the first 4 years of the Trust's life after which time the Trustees should decide on what (if any) the future role of the Trust should be.

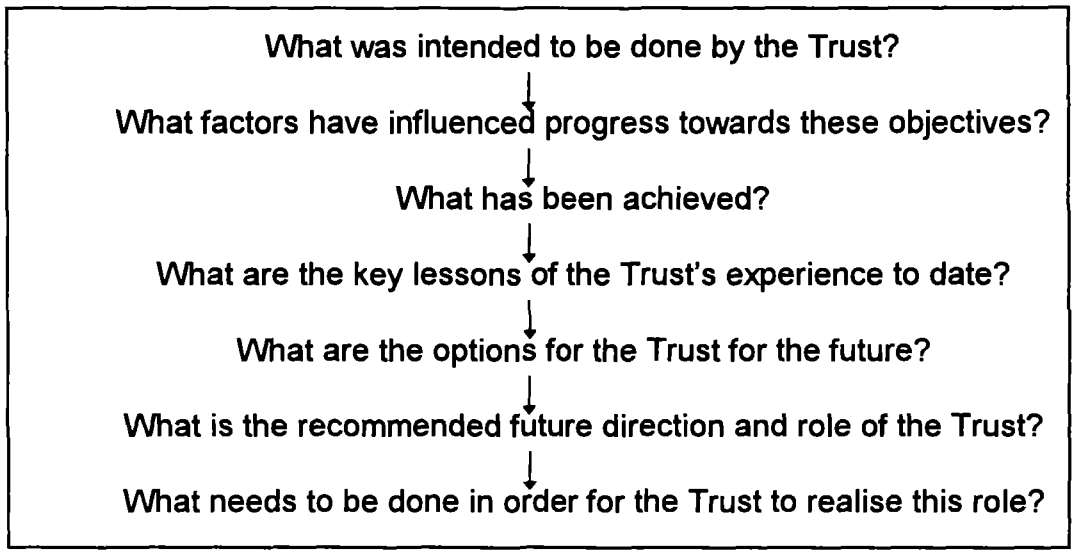
The progress of the Trust has exceeded initial expectations. By December 1995 the Trust's executive will have been in operation for 2 years and 4 months, a period in which the Trust has provided financial support to over 200 projects, has played a significant supporting role to the establishment of national water and sanitation initiatives by the new democratic government, lead by the Department of Water Affairs and Forestry (DWAF), and has generated such considerable project interest that all the Trust's initial funding was fully committed by April 1995.

A substantial, independent evaluation of the Trust is proposed to be undertaken in early 1996. The timing is appropriate for several reasons:

- Sufficient project experience has now been gained to undertake a first review of what has been achieved through the Trustee's approach.
- The Trust has developed and established a detailed set of policies and an innovative system of project development and implementation The effectiveness of the Trust's approach requires review
- The Government's new policies and development plans with respect to water and sanitation focusing on the unserved are now more evident The emergence of a legitimate state with a specific interest in community water and sanitation services, the devotion of considerable state resources to this sub-sector and extensive plans for institutional development all raise questions regarding the future role of non-governmental institutions such as the Trust.
- The Trust and the DWAF have entered into a agreement to collaborate on community water and sanitation development. The agreement provides an encouraging general framework for collaboration More detailed work is required to define the specific areas on which the Trust might concentrate to complement the Department.
- The full commitment of the Trust's initial finances raises the question of the financial sustainability of the Trust and fund-raising strategies the Trust might adopt for the future.
- A major comparative review of South Africa's community water and sanitation sector and the Trust's contribution would generate the first significant empirical project data set in the new South Africa and contribute to sectoral development well beyond the ambit of the Trust.

Terms of Reference for the Evaluation

The logic of the basic questions to be asked in this evaluation is as follows:



Specific Evaluation Tasks

1. To evaluate the Trust's performance against the initial objectives and targets as outlined in the Trust deed.
2. To review the Trust's policies against best practice approaches in the field of community water supply and sanitation development.
3. To undertake an empirical review of the performance of Trust-supported projects, particularly in terms of the Trust's own key policy objectives (in particular cost-effectiveness, sustainability and community empowerment).
4. Compare the Trust's performance and approaches to those being adopted by the other major contributors to community water supply and sanitation development in South Africa (including DWAF RDP, Umgeni, Microprojects, local government and other NGO project approaches).
5. To provide the data for this assessment undertake a detailed sample survey of projects undertaken by the Trust and other comparative leading agencies. The study will collect information on the social, institutional, financial and technical aspects of project development.
6. The policies of the Trust and the government are broadly complementary. There are, however, some specific areas of difference - particularly with regard to community empowerment and cost-sharing - and the project mechanisms employed by an independent agency and that of the government are necessarily different. Review the differences between Mvula and DWAF micropolicies and identify areas where these differences may be problematic.
7. To review in general terms the likely environmental and health impact of the Trust's operations.
8. To review the Trust's progress in the development of both its grant and loan finance facilities.
9. To review the institutional and organisational development of the Trust (including the partnerships, structure of the Trust, management structures, appropriateness of its staffing, regional development and human resource development policies)

and to review the operational effectiveness of the major functional divisions within the Trust.

10. To review systems and mechanisms of project management and financial control.
11. To review the Trust's financial position and develop options for future financing of Trust operations.
12. To identify the Trust's major stakeholders (including financial supporters, sector agencies, sector consultants and specialists, contractors, materials suppliers, national and provincial government agencies, beneficiaries) and to canvas their views on the Trust's performance and likely future role.

Evaluation Phasing and Activities

The evaluation will be undertaken in the following manner:

Establish Steering Committee

The Trustees will establish an Evaluation Steering Committee to which will be delegated the responsibility for management of the evaluation. The Steering Committee would be responsible for finalising the detailed evaluation design, supervision of the evaluation process and production of the draft final report for approval by the Trustees.

The Steering Committee would comprise the following members:

Chair (Trustee) (1)
Trustees (4)
Trust Executive representatives (3)
DWAF representative (if required additional to the Mvula/DWAF Trustees) (1)
National Assembly Committee on Agriculture, Water and Forestry Representative (1)
EU Representative (1)
RDP Representative (1)
Provincial Government representative (1)
Umgeni representative (1)
Water Research Commission representative (1)
DBSA Sector and Evaluation specialists (2)
NGO representative (1)
Private sector water and sanitation and training specialists (2)
Other multilateral, bilateral or national agency sector specialist expertise as required by the Committee.

Appoint Evaluation Team

The evaluation team would be lead by a sector specialist of high international standing and experience and objective standing in relation to the Trust and partner institutions. The evaluation team leader would work with a team of local specialist expertise. The full team would require expertise in the following areas:

- Water and sanitation policy
- Development finance
- Project management

- Institutional development
- Rural water and sanitation technology
- Participatory development, community management and community-level training.

It is likely that these skills could be acquired in an evaluation team comprising:
- International consultants - water and sanitation specialists - probably engineer and economist
- Local social science consultants to undertake sample survey and social and institutional analysis.
- Local consultants to undertake financial and project management analyses.

Evaluation Data Collection

After mobilization and orientation the evaluation team would embark on data collection. Data collection would derive from 3 major sources:

Project Sample Survey

A detailed sample survey would be undertaken of Trust projects and a subset of comparative water and sanitation projects from other leading development institutions.

Project Case-Studies

Certain representative project case-studies would be developed in detail which illustrate the Trust's work.

Institutional, Financial and Managerial Assessment

A review of the Trust's legal and institutional position and an assessment of the management of the Trust.

Stakeholder Interviews

Identification and consultation with the Trust's major partners and stakeholders.

Review Data and Establish Themes for Main Report

On the basis the data collected the evaluation team would establish the main lessons of the Trust's experience and develop options for the its future development.

As part of this review the Steering Committee may wish to host a workshop at which first draft papers on different aspects of the evaluation were presented for comment by a wider selection of sector specialists for their comment.

Reporting

The draft evaluation report would be presented to the Steering Committee for their detailed comment and review. The draft final report would be presented to the Trustees who would decide in what manner the evaluation findings should be published.

ANNEX 3

CASE STUDIES INCLUDED IN THE EVALUATION

REGION	NORTHERN	MPUMALANGA	EASTERN CAPE	KWAZULU NATAL
MVULA TRUST	BOSCHKOP	BELFAST	AMAHLEKE	FAIRVIEW
	GUNDANI	STEENBOK	EMBIZENI	MVOVENI
	LEBOENG	KHUMBULA	ENSIKENE	MAPHOPHOMA
	LEOKANENG		HLANKOMO	
	MATHABATHA		NGQELE	
	MORAPALALA		QOQODALA	
	SOETFONTEIN			
	TURKEY			
DWAF		SIBANGE	QINA	
UMGENI				MOPHELA
NGO TSOGANG	MAFEFE			
NGO THUTHUKA				OBANGENI

Shading signifies that water is flowing in the pipes, although the scheme might not yet have been officially opened

ANNEX 3
(CONT.)

POPULATION AND COST DATA FROM CASE STUDIES ON PROJECTS FUNDED BY THE MVULA TRUST

Region Project	Population	Cost R1000	Per Capita Cost	Remarks
Eastern Cape				
Amahleke	23,500	2,626	104	Bulk Supply
Embizeni	1,000	205	170	Gravity
Ensikene	5,600	724	120	Gravity
Hlankomo	1,000	218	203	Gravity
Ngqele	4,000	272	63	Extension
Qoqodala	18,700	3,576	191	12 Projects
KwaZulu-Natal				
Fairview	1,900	479	236	Bulk Supply
Mvoveni	1,000	202	188	Gravity
Maphophoma	3,900	594	141	Pumped
Mpumalanga				
Belfast	3,200	383	112	DWAF Proj.
Steenbok	13,000	144	10	Reticulation
Khumbula	3,300	335	97	Extension
Northern				
Boschkop	1,100	257	215	Pumped
Gundani	1,200	248	196	Pumped
Leboeng	10,500	665	59	Upgrading
Leokaneng	2,300	313	125	Upgrading
Mathabatha	15,000	2,656	163	Surface/Pump
Morapalala	2,300	580	231	Pumped
Soetfontein	12,500	895	66	Upgrading
Turkey	7,300	825	105	Gravity

ANNEX 4

LIST OF REPORTS PREPARED FOR THE EVALUATION

EMT	Inception Report
EMT	External Evaluation of The Mvula Trust, Volume 1 Main Report Volume 2 Annexes
P Morgan	Technical Aspects of the Operations of the Mvula Trust
PDG	Financial & Management Aspects Final Report
PDG	Financial & Management Aspects, Annex A Detailed Reports on Regions and Projects, Annex B Case Studies for Projects from other Programmes
PDG	Financial & Management Aspects, Factors Affecting Project Cost
ACER	Mpumalanga & Northern Province - Social and Institutional Aspects Synthesis
ACER	Northern Province Household Observations
ACER	Northern Province Questionnaire
ACER	Northern Province Rapid Rural Research
ACER	Mpumalanga Household Observations
ACER	Mpumalanga Questionnaire
ACER	Mpumalanga Rapid Rural Research
ACER	Belfast Case Study Report
ACER	Boschkop Case Study Report
ACER	Gundani Case Study Report
ACER	Khumbula Case Study Report
ACER	Leboeng Case Study Report
ACER	Leokaneng Case Study Report
ACER	Mafefe Case Study Report
ACER	Mathabatha Case Study Report
ACER	Morapalala Case Study Report
ACER	Soetfontein Case Study Report
ACER	Sibange Case Study Report
ACER	Steenbok Case Study Report
ACER	Turkey Case Study Report
LAPC	Eastern Cape - Community Water Project Evaluation Synthesis
LAPC	KwaZulu-Natal - Community Water Project Evaluation Synthesis
LAPC	Amahleke Case Study Report
LAPC	Embizeni Case Study Report
LAPC	Ensekeni Case Study Report
LAPC	Fairview Case Study Report
LAPC	Hlankomo Case Study Report
LAPC	Maphophoma Case Study Report
LAPC	Mophela Case Study Report
LAPC	Mvoveni Case Study Report
LAPC	Ngqele Case Study Report
LAPC	Obangeni Case Study Report
LAPC	Qina Case Study Report
LAPC	Qoqodala Case Study Report

ANNEX 5

SUMMARIES OF CONSULTANTS' REPORTS

A) CASE STUDIES: NORTHERN & MPUMALANGA - ACER (AFRICA)

EXECUTIVE SUMMARY

According to its Trust Deed, after its first three years of operation the Mvula Trust presently is undergoing an evaluation to determine its impact and effectiveness in terms of cost efficiency, sustainability and community empowerment. Through financial assistance from the Swedish International Development Cooperation Agency, the evaluation is being conducted by international specialists who constitute the Evaluation Management Team. Inputs are provided by a range of appointed sub-consultants.

ACER (Africa) was appointed to conduct social and institutional evaluations of thirteen water projects (11 Mvula Trust projects and two projects of comparator organisations involved in water supply development in the country). Four of these projects are located in Mpumalanga and nine in the Northern Province.

Within broadly defined generic terms of reference, the social and institutional evaluation addressed five categories of information:

- Project development (origins of the project).
- Local level management and ownership.
- Functioning and knowledge of the system (including water usage).
- Financing (cost recovery).
- Broader impacts of the development intervention.

A range of questions and methodologies were discussed and refined during a pre-evaluation design workshop attended by the evaluation team and representatives of the Mvula Trust Problem areas were resolved following the completion of two pilot case studies Principle methodologies were participatory research, focus groups, a questionnaire survey, household observations, and informal interviews and observations Within the assumptions and limitations of the evaluation exercise, data were gathered during an extensive field trip. Quantitative data were analysed and interpreted in terms of qualitative information and are documented in a suite comprising 20 reports. This report, the Provincial Synthesis Report, provides an overall analysis of findings for projects in Mpumalanga and the Northern Province.

Thirteen projects were evaluated. Four of these projects are located in Mpumalanga The Steenbok project in which an existing borehole was equipped and linked to an existing reticulation network can be described as a failure which impacted negatively on community cohesiveness. Ramifications are felt to the present day. In contrast, the Belfast and Khumbula projects can be considered successful although Khumbula remains to be completed in entirety. Positive aspects of the Mvula Trust approach to development can be ascribed to both projects. Importantly, the Khumbula project also involved a sanitation component which, although not very successful during Phase 1, is expected to contribute enormously to sanitation development in Khumbula once Phase 2 has been completed. The fourth project, Sibange, was implemented by the Department of Water Affairs & Forestry and completed recently. The major difference in approach between the Department and the Mvula Trust is that no community contribution is required by the Department. Also, significantly, the approach of the Department appears less empowering than that of the Mvula Trust However, in fairness, only one Departmental project was evaluated during the entire exercise.

In the Northern Province, nine projects were evaluated. The Leboeng project is not functioning as intended and has caused a number of community differences which must still be resolved. Similarly, the Mathabatha project has been beset with problems of a social and institutional nature As a result the project has experienced a number of delays and must still be completed. The converse is true for the Leokaneng project which has proved to be very successful in addressing most of its original

objectives. The Boschkop project has achieved in the delivery of water but has failed in a number of social and institutional aspects many of which relate to the design, functioning and level of service of the scheme. The Morapalala project was one of the first Mvula Trust projects and can be regarded as very successful. Two success criteria appear to be the high level of Mvula Trust involvement throughout the project cycle and the open and transparent nature of community involvement, including the involvement of the Traditional Authority. The Turkey project is a large one which involves a number of separate villages. Although water supply in the villages has improved, there are a number of social and institutional problems which impact negatively on the management and long-term sustainability of this project. A similar situation exists for the Soetfontein project where one of three beneficiary villages must still be connected to the water supply system. The Gundani project in the far north of the Northern Province is similar to the Morapalala project. Success has been achieved with initial objectives and the community is keen to expand its efforts. The final project evaluated in the Northern Province was Mafefe which was implemented by a non government organisation. Although considerable and commendable effort was expended in community organisation and capacity enhancement, social and institutional difficulties have arisen as a result of technical limitations within the project.

In the analysis of projects a number of key issues were identified, described and assessed. There appears to be a comparatively poor understanding by communities of the complex Mvula Trust policies and procedures and simpler policies and methods of conveying information to communities are suggested. Added to this is the belief that the Mvula Trust and comparator organisations have underestimated community expectations. In general, communities aspire to the highest possible level of service, an aspect which threatens the sustainability of lower service systems because of the threat of illegal private household connections and non contribution to O&M funds. Further, poor understanding of policies and procedures often results in a poor understanding of the technical aspects of a project by communities. This can lead to community dissatisfaction upon completion of the project. In combination and in order to promote cost effectiveness, there is merit in considering installing bulk infrastructure that is adequate to meet a high level of service from the outset. This obviates the necessity to replace bulk infrastructure when systems are upgraded.

Many of the problems described above could be off-set by more intense involvement by the Mvula Trust during all phases of the project cycle, most notably, during planning exercises between the community and its appointed implementing agent. To some degree, a facilitation role by the Mvula Trust throughout the project will prevent scenarios where projects become technically driven at the expense of community involvement and empowerment. Nevertheless, where the Mvula Trust approach to projects has been followed, communities themselves have indicated this to be an empowering process which, in some cases, has found application in other development initiatives.

Allied to project planning is the need to commence training as early as possible, even before the project as been appraised and approved by the Mvula Trust If accepted, this will have major policy and procedural implications for the Mvula Trust.

Project implementation is the responsibility of the implementing agent and the community. For the most part it has been carried out competently. However, there is a strong argument for more direct Mvula Trust monitoring as shown by results of projects implemented in Mpumalanga where lax monitoring has led to a number of difficulties on projects. Generally, training has been carried out during implementation. Most training has been of a sufficiently high standard. However, in Mpumalanga a number of problems have been experienced and in some cases training was never completed. In connection with the Department of Water Affairs & Forestry project in Sibange training was totally inadequate and needs to be redone by a competent training agent.

One aspect of implementation which is cause for concern to communities is the lengthy period required by the Mvula Trust to settle requisitions. In cases this has resulted in labourers being paid wages months after work was completed. Consequent difficulties have been caused for committee members.

Operation and maintenance of the water projects is the responsibility of the community through the water committee. However, it can become complicated when water projects are attachments to existing systems currently operated and maintained by the Government. Similarly, wholly owned

Government schemes in the neighbourhood of Mvula Trust projects impact negatively on O&M contributions because the Government presently provides water free of charge.

Although rules/guidelines are said to be in place, community members are either ignorant thereof or choose to ignore them. There does not appear to be an effective method to enforce rules and much pressure is placed on Traditional Authorities. However, they are reluctant to do so as this impacts negatively on their image at a time when they are struggling for political survival.

Much has been discussed concerning the 8% capital contribution required by the Mvula Trust. Although there may be difficulties in certain communities to contribute in cash, contributions can be made in the form of labour. In summary, there can be little doubt that the 8% contribution significantly contributes to a sense of ownership of a system by the community.
Similarly, contributions to the O&M fund improve the community's sense of ownership. However, there are a number of aspects influencing non-payment. Perhaps most of all is a general dissatisfaction with the level of service for which a water service payment is required.

Many of the projects (Mvula Trust and comparator organisations) have led to broader impacts within the community. Many have been manifest in secondary development initiatives utilising skills and experience obtained from the water project. This is another good example of community empowerment effected via the water projects.

Certain general issues are discussed, including: many water committees are not formally constituted, many committees are reliant on one or two members which raises sustainability concerns and many committees are not gender and age equal which raises concern over representation. At all times the Mvula Trust and implementing agents should take care to ensure committees with whom they are working are representative of the broader community.

Sanitation is dealt with only briefly as only one project had a sanitation component attached to the water project. In summary, once all phases of the development have been completed it is likely that the sanitation project would have contributed enormously to an improved standard of living of residents.

The report ends with a comparison between Mvula Trust projects in Mpumalanga and the Northern Province. In general, the Mvula Trust appears to have been more successful in the Northern Province than Mpumalanga. This could relate to a greater need in the Northern Province and enhanced willingness amongst community members to assist themselves. Further, training and Mvula Trust monitoring in the Northern Province appears to have been better than in Mpumalanga.

The major differences between Mvula Trust projects and those of the Department of Water Affairs & Forestry relate to the capital contribution of beneficiary communities and project management, particularly financial management. The latter are missing from Departmental projects and can be said to impact negatively on community sense of ownership and community empowerment. No major differences could be found between the Mvula Trust and Tsogang (non government organisation) approaches, save that Tsogang invested heavily in community organisation, capacity enhancement and training. This should be commended

In order to assist the Evaluation Management Team a number of success criteria were identified These are important and, therefore, repeated in their entirety in the Executive Summary. Similarly, there are other important considerations which are repeated in entirety in the Executive Summary.

SUCCESS CRITERIA

- Smaller projects comprising one community and developed from scratch are easier to manage and have more potential for success than larger projects comprising more than one community and which may be linked to existing (often failed) systems.

- Traditional Authority support for a project is crucial. Opposition can sink a project before it even gets a chance to start or prove itself.

- For most successful projects there have been no power plays between different community structures. Added to this, there has been an open and honest relationship between structures and with the community. Community decision taking (rather than committee decision taking) is viewed as extremely important.

- There needs to be absolute honesty and transparency by the Water Committee in dealing with all project related issues, most notably, finances. Water Committee members need to demonstrate accountability to their membership.

- The community should be consulted on all aspects related to the project, even if this is time consuming. Everybody should be aware of what the project can offer and within which parameters. This is to avoid community tension and conflict which arises normally when technical failure occurs.

- It is unrealistic to expect a 100% contribution by the community to the capital and O&M costs of the project. This should be addressed up front by the Water Committee, community and the Mvula Trust in order that all stakeholders are aware at the outset of the situation and contingency plans.

IMPORTANT CONSIDERATIONS

Although not stemming directly from the social and institutional evaluation of projects, the project team has formulated a number of issues which are worthy of consideration for future Mvula Trust initiatives

- All communities should be prepared adequately for water projects prior to project initiation and planning. This preparation can take the form of a social assessment and facilitation by Mvula Trust Community Liaison Officers or outside agencies. Further, such an assessment should be independent and free of interference by agents who may have a vested interest in a project. Also, it is worth noting that larger projects involving more than one community probably will be more socially complex than smaller ones involving a single community

- It would appear that technical design optimises available finances more than it does resources and the needs and desires of communities. Possibly this is a result of prescribed funding conditions established by the Mvula Trust. Unfortunately, the result could be a less than optimal technical design or a technical design that cannot accommodate extension or upgrading of the system. In this regard, there is much merit in considering bulk infrastructure sufficient to accommodate the highest level of service, viz. individual household connections, from the outset.

  Similarly, one must question the merit of connecting Mvula Trust projects to existing infrastructure, particularly existing reticulation networks which, more often than not, are plagued by innumerable illegal private connections. Although cost-effectiveness may be enhanced, sustainability is jeopardised.

- In connection with funding criteria, presently different criteria exist for different organisations involved in water and sanitation development in South Africa. There is much merit in standardising criteria to avoid confusion within and between communities, particularly as confusion can lead to dissatisfaction, tension and conflict.

- At risk work by implementing agents can constrain the sustainability of a project. Consideration could be given to establishing a panel of implementing agents from which communities can choose. After a choice has been made, the implementing agent no longer works at risk and disbursements are made against a prearranged schedule. This would also enable earlier training in the project cycle However, both approaches will require a financial commitment from the Mvula Trust before a project is approved. Since not all projects are approved, certain investments will not produce tangible results

- It is unfair to communities and implementing agents for the Mvula Trust to continue accepting projects for appraisal when funds have already been committed in full. The Mvula Trust should state up front the availability of funds and only plan projects that are within the financial capacity of the Mvula Trust. This could be effected through the panel of implementing agents discussed earlier.

- Community ownership of facilities is central to Mvula Trust policy on sustainability. It is of concern that water projects could be under threat from newly elected Local Governments who require "successes" to maintain credibility. While certain communities are happy to allow Local Government to take control of their projects, others are not. Future conflict can be expected.

  However, of importance is whether the Mvula Trust continues to motivate for community ownership in the face of changing Local Government. It is the understanding of ACER that the Mvula Trust is investigating the role of Local Government in its water projects. This will need to be monitored on an on-going basis and flexibility built into the procedure to allow changes in course as dictated by events in the country.

- The Mvula Trust has positioned itself with regard to water supply in South Africa at the lower end of the scale of level of service, viz. communal standpipe systems within 200 m of every household delivering 25 l of water per person per day. If this is the interface at which the Mvula Trust wishes to operate, it should target only those communities who have no water supply and who are desperate for assistance. This information should be available from the Department of Water Affairs & Forestry Community Water Supply and Sanitation Programme which has established a data base of water supply to communities in eight provinces (excluding Gauteng) of South. Also, in order not to compromise its niche, the Mvula Trust should leave communities desiring a higher level of service to other state and parastatal agencies

- Finally, in connection with incentive bonuses, the equality of a bonus equal to 5% of capital costs must be questioned particularly when existing infrastructure is used. One method of attaining equity is to calculate the bonus inclusive of assumed costs for existing infrastructure This would assist those communities where existing infrastructure (which may be aged) breaks down early in the life of the project and there are insufficient O&M funds (despite the earnest efforts by community members) to pay for repairs.

Finally, in summary and conclusion, the Mvula Trust deserves to be commended for its efforts in the water and sanitation field in South Africa. There is no doubt that in most cases the intervention of the Mvula Trust has been timeous and of enormous benefit to recipient communities. It is hoped that the results of the present evaluation will refine policies, procedures and approaches to enable the Mvula Trust to continue its work in an enhanced manner and to the benefit of all stakeholders.

CONCLUDING REMARKS

In conclusion, for systems that are functioning, the MT has achieved its aims and water projects are of real benefit to beneficiary communities. In terms of water delivery for projects that formed part of the evaluation benefits can be classified as follows:

• Great improvement	-	Morapalala
	-	Turkey
	-	Leokaneng
	-	Boschkop
	-	Leboeng (when there is water in the system)
• Good improvement	-	Gundani
	-	Belfast
	-	Soetfontein (parts of)
• Very little improvement	-	Khumbula

- No improvement
  - Steenbok
  - Mathabatha
  - Soetfontein (parts of)

This excludes social and institutional aspects which are many and varied between the projects listed above.

Overall it is true to comment that women have benefitted the most from water projects. This is because most water related activities are the responsibility of women (and sometimes delegated to young children). There has been a significant reduction in the distance to a water supply point, for example, in Morapalala this distance has been reduced from up to 4 km to 200 m and similarly for Turkey where the distance has been reduced from 2 km to 200 m. Allied time savings (up to two hours in some cases) have freed women to undertake other important household tasks and also to relax with their families. The performance of household tasks has also been aided, for example, washing clothes, vegetable gardening and building houses. Personal hygiene has also been aided.

Water consumption in villages has increased. Prior to the implementation of water projects, per capita consumption was a slow as 8 - 11 l per day This has increased markedly to an average per capita consumption of approximately 20 l per day. In addition, for most projects there has been a significant improvement in water quality with added spin-offs of reduced illnesses.

Contributions to the capital and O&M costs of projects have yielded mixed results and have been discussed in detail in this report. There can be little doubt that capital cost contributions do increase the sense of community ownership of projects. However, there is not unanimity on this subject. Similarly, O&M contributions remain problematic despite incentive bonuses paid by the MT Ultimately, individually metered standpipes may be the only way by which to effect payment for a water service. However, for most areas this is many years into the future.

In general, water projects have been cost effective and have contributed significantly to community empowerment. In this regard, the MT also has achieved its objectives, at least in the short-term. Particular mention should be made of community empowerment where the MT process is seen by communities as empowering. This is enhanced by a number of ancillary activities, for example, training as an integral component of projects. However, the same cannot be said for the sustainability of projects where there is concern for the majority of projects. However, in fairness, much of this concern relates to the non-payment for O&M. However, one should not ignore the contribution of social and institutional difficulties which impact negatively on project sustainability.

Finally, the issue of reporting back to communities involved in the social and institutional evaluation is deserving of consideration. Many communities are tiring of investigative exercises where researchers expect the community to contribute to the research process but never return to the communities to present and discuss findings. This was the case for the present evaluation Therefore, community feed back should form a part of the entire evaluation being undertaken by the MT.

In connection with reports, care should be taken when handing these over to communities because they do contain sensitive information that can be misinterpreted or taken out of context by community members and leaders. In this regard, it is important that household observations are not made public with participants names. However, it is important that leaders hear what their community members are saying. Therefore, names should be removed from documents before they are released.

ACER is confident that the MT and EMT will handle documentation in a sensitive and attentive manner in order not jeopardise any body involved in the evaluation.

B) CASE STUDIES: EASTERN CAPE & KWAZULU/NATAL - LAPC/DRA

MAIN FINDINGS - KWAZULU/NATAL

In the research, there were three principles under investigation: cost-effectiveness; sustainability; and empowerment It was never intended that one be prioritised above the others, or to find causal relationships between them. The only level at which they were priontised was at the community level, where the community made trade-offs according to their needs. It was not always possible, even feasible, to achieve all three principles concurrently. Under different circumstances and in varying contexts, this was demonstrated. For instance, in Mvoveni the use of local labour was only cost effective with a substantial amount of training, which in itself was a cost. The water committee in achieving a cost effective tank installation, traded-off empowerment by forfeiting training.

Sustainability was the dominant principle raised by the communities, as shown by their ultimate concern with the water provision now and in the future. The other principles received relatively less attention as the committees ultimately had less influence over these The water committee were marginalised from the project finances and the control their of, and as such the committee were not really able to influence the issues relating cost-effectiveness. Furthermore, the extent to which empowerment occurred was determined largely by chance and training. The management training was largely ineffectual and misdirected, specifically the omission of specific water supply management. Empowerment was largely aided by the implementing agent who was accessible to the community in providing advice, set up the community financial system and providing some informal financial training. This assisted with capacity building, the extent of which was determined by the site engineer's personality, as opposed to the implementing agency's policy Not all the engineer managed to achieve this limited empowerment, most fostered a dependence relationship.

THREE PRONGED RELATIONSHIP BETWEEN THE MAIN ROLE PLAYERS

The paper is concludes by briefly looking at the tripartheid relationship between the main role players. This three pronged formation was compnsed of the outside agencies, the community and the water committee. The water committee performed as one of its role the bridging of the disjuncture between the community and the implementing agents. As summarised below each role player had their own role and responsibilities. This conceptualisation is useful for informing the partnership agreement motivated for in the recommendations presented below

THREE PRONGED PARTNERSHIP AGREEMENT

ROLE PLAYER	ROLE[1]	RESPONSIBILITIES
Outside agency	funding development facilitation	sustainability efficient delivery ensuring appropriate project plans
Water committee	engaging between agency & community managing the project liaising with the community undertaking implementation	legitimacy how decisions are made does it have the authority resource allocation
Community	set up rules peer pressure hold committee accountable	articulating affordability requirements control over resource articulating the various water usage by differing groupings

WATER COMMITTEE

Mvula Trust major task was community water delivery in the most sustainable manner. The Mvula Trust held a delivery philosophy based on the key component that the water committee was the appropriate agent for project implementation. This was found to appropriate as the water committee was crucial to sustainability. However, the water committee still had to be evaluated in terms of two equally important criteria: legitimacy and its management capacity.

In order to realise the full potential of these water committee, a certain number of obstacles need to be removed, amounts other the domination of the committee by one person; the dependence on the implementing agents; the broadening of the skills bases, specifically in terms of book-keeping. However, these issues were difficult to address at this late stage in the developrnent process They need to be targeted from the start, even before the feasibility study is commissioned. Outside agencies were partly accountable for the domination of the committee by one person. Resources were continually channelled through this person and meetings set-up with individuals, as opposed to committees. Although the delivery process may be slowed by this, the long run implications are vast. It was usually just after the project was completed, that water committees realised how poorly equipped they were as a management authority. Some committees dissolved, others hobbled along hoping for assistance and other turned hopefully to the implementing agent for assistance fostering their continued dependence.

It was found that the most successful water committee's were those comprised with members who had business skills, as well as were able to communicate and deal with outside agencies. These skills are obtained through to a certain extent by training and experience. This experience was gained throughout the development process, as indicated by the greater competence displayed by committee members who had been involved in previous community development projects

A link was made between the training received and the committee's ability to function well. The committee members expressed a need for further training as a means of improving their capacity to manage the development process and administer the project. The formal committee training was felt to be insufficient on the grounds that it attempted to cover too much in a very short space of time and the course content did not go beyond the basic committee functioning. The financial training was also given in isolation of the context in which the committee functioned In Fairview and Obanjeni, the implementing agent was viewed as the person responsible for capacity building in the water

[1] The roles and the responsibilities identified refer to the most appropriate location of these, as opposed to the roles and responsibilities enacted in the 5 KwaZulu-Natal case studies

committee as the implementing agents were accessible for follow-up questions and guidance In most communities the construction workers also identified the central role played by the implementing agent in their training which was felt to be appropriate because of its on-site hands-on nature. The same sentiments were expressed in Maphophoma were a community members took responsibility for the both technical and management training. In those communities where there was a poor relationships between the implementing agents and the construction workers, it was attributed to the low level of interaction between themselves and the implementing agent. The labourers complained that they often had to wait for the implementing agent to arrive as they did not know what to do next, such as in Mvoveni, Mophela and Maphophoma.

RELATIONSHIPS BETWEEN THE ROLE PLAYERS

THE RELATIONSHIP BETWEEN THE OUTSIDE AGENTS AND THE WATER COMMITTEE

The sustainability of the water project was informed to a large extent by the nature of the relationship between the community and the implementing agents. Those water committees with good relationships with implementing agent appeared to have more sustainable water projects. It was interesting that it was not the relationship with the community liaison officer or the official committee management training received which were the key factor in project sustainability. In these specific case studies, they performed a small role in the communities. Each will be dealt with individually Firstly, although this presented a strong role for a community liaison officer, they were found to be less accessible than the implementing agent officials Thus, a closer relationship between the implementing agent and the community was the high profile of the implementing agents. The water committees usually turned to those people they could get hold off. There were many complaints of the difficulty of communication between the committee and outside development agencies It also appeared that since many of the decisions were technical in nature, the water committee found the implementing agent the most informed on these issues.

Overall, the relationship between the committee with the engineer held more with than the relationship between the training received and the CLO. It should be mentioned that the relationship between the CLO and the community may be a case specific findings. The CLO operated in a very technical fashion in that they were trying to implement the rule manuals. The water committees were trying to draw on a broad based experience and required skills in problem solving. The community liaison officers required a forum in which the communities problems could be aired.

Secondly, the importance of the training was appreciated by the committee but it was felt that it missed the crux of what the water committee required to know for effective functioning. The water committee required problem solving techniques and a support base on which they could rely for advice, specifically given their inexperience and the relatively new exposure to project management.

In those areas where the implementing agent had a high profile in the community, which made them more accessible as a support base for the water committee and as a training agent. When the community had a close relationship with the implementing agent, besides benefiting from the above factors, the chance of articulating the needs of the community was increased. This affected the overall level of project satisfaction. Thus, capital payments were higher and the water committee improved their management skills to operate the project in a more sustainable fashion.

THE NATURE OF THE RELATIONSHIP BETWEEN THE COMMUNITY AND THE COMMITTEE

In those areas where there was a good relationship between the water committee and the community, such as Mvoveni and Maphophoma, it was found that there was also a high level of involvement in the process by both parties. This built accountability between the two, which had repercussions which were associated with the high level of project ownership. In Fairview, the relationship between the water committee and the community was not as close as in the previously mentioned communities. The repercussions of this was the certain grouping in the community were not prepared to assist or give suggestion of how to improve the operations and maintenance of the water project. In Obanjeni, the community were described as being apathetic They did not appear concerned about not being involved in the water project. This was interesting as the community still felt the project was to be sustainable, although there were no clear indications of how successful future operation and maintenance payments would be.

PRINCIPLES REVISITED

In the pen-ultimate section, the three principles are revisited: project sustainability; committee empowerment, and cost-effectiveness. Cost-effectiveness is immediately segmented into ownership and cost-recovery, two aspects of this principles over which the water committee have some control.

PROJECT SUSTAINABILITY

The water supply system was more sustainable in those communities with a higher level of project and process satisfaction,. This was attributed to a few factors. Firstly, the level of community satisfaction rose when the water committee was empowered to articulate the community's needs to the outside agencies. In none of the cases studies, did the community actually contribute towards helping the development process when it stalled. It was only in Fairview that it was found that there were certain sections of the community which said they were not prepared to offer advice to the water committee as they were not consulted in the development process

Often, the level of committee / community interaction affected the level of project and process satisfaction. This was attributed to two factors. Firstly, the community needs were articulated and secondly, the committee constraints were recognised by the community.

COMMITTEE EMPOWERMENT

In Obanjeni, Mvoveni and Maphophoma, the water committees were more empowered through the development process than they were prior to it. As discussed previously, empowerment was not an absolute concept but a relative concept. Thus, even though relative to Maphophoma, the Obanjeni water committee were not as empowered by the development process - the Obanjeni committee were more empowered than before the process started. For instance, they recognised that there were many elements in the process which they did not control out of choice as they were still learning how to do things by themselves

When the committee were involved in the process, they became empowered as they were able to learn from the development process procedures which were required to accommodate involvement.

OWNERSHIP

There was a wider perception of ownership in those communities which made both labour and cash contributions towards project capital costs. However, these were one in a number of factors that contributed to ownership. Other factors included, consultation and the level of project satisfaction.

There was a high level of perceptions in project ownership in those communities where the community were satisfied with the project. This was usually associated with the fact that the to be satisfied, the community's needs had to be taken account of.

COST-RECOVERY

The questions as to why the payments were so low was on the whole difficult to address as there was no one community were there was sufficient evidence that payment will or will not continue into the future. It is recommended that further research be undertaken into this specific aspect of water projects in those communities were utilities and services payments have been sustained. This should be researched across sectors such as like crèches, burial societies. Another trend that started to emerge was that communities seemed to spend their own money differently to money which come from Mvula Trust. There is some evidence to suggest that this was the result of the communities perceptions of ownership - ultimately the money from the Mvula was not perceived to be the communities own.

It appeared that in the smaller more consolidated communities, such as Mvoveni and Obanjeni, the level of community payments were higher. This was associated with the increased feelings of accountability that were prevalent in smaller grouping as each individual was recognised as paying or

not paying and their contribution was more significant. Thus, it is recommended that smaller sub-grouping be established to assist with the collection of payments, such as street based water sub-committees.

RECOMMENDATIONS

There were five main recommendations which arose from the research process. It should be reiterated, that these stem from the findings of the communities surveyed and are based on the researchers accumulated knowledge of community water delivery projects. In other words they reflect community interpretations to the evaluation process and not that of the expert's.

Involvement of the water committee in the establishment of the feasibility study:

- The feasibility study process was not understood by communities. If it were explained to them before hand, it would prevent the implementing agent's domination and the resultant dependence of the development process. Most communities were unaware that the budget submitted in the feasibility study was finalised and because of the complex nature of the feasibility study, none of the communities obtained a second opinion. Perhaps, the feasibility process should be changed to one where the committee call for project tender, whom they have to evaluate before they select one. The benefit would be a greater amount of control in the process and the water committee will have to think through what best suits their needs. This may even to bridge gap made by the lack of understanding of the development process, roles and budget requirements. In essence it is important that one or two key committee members need to be involved in the feasibility study.
- Mvula Trust should take some responsibility or offer assistance to communities with the application process before the engineering agent is selected. The assistance should include providing a brief description of the sequential approach utilised; the generalised roles and responsibilities of the various agents, the committee and the community. A better understanding of what is required from the community could be provided in a form of an accessible booklet which covers the experiences of other communities and the ways to deal with problems which commonly arise.
- There needs to be a more critical evaluation of how the water committee was elected and constituted. This will re-dress the current situation in which one or two key individuals dominated the functioning of the committee.
- There also needs to be an evaluation, soon after the implementation of the project, on whether the water committee is able to manage the project, and if this proves to be negative, a mechanism needs to be in place where those skills that are lacking, can be upgraded.
- There needs to be more transparency in the project finances. This is best addressed by financial training needs to be restructure to a more hands on approach which could be linked to the committee being involved in drawing up their own budgets.

Definition of the roles and responsibilities of the community, water committee, implementing agent and funding agent in the process:

- A partnership agreement clearly defines the role, functions and responsibilities of actors in a process. This will ensure the water committee is involvement from the start of the process; that accountability is increased; and community's confusion held over the various development agencies is decreased.

There are two feasible strategies to bring about empowerment: targeted training and conflict resolution:

- The training needs to critically evaluate which candidates receive training, their existing capacity, role and level of authority in the community; the content of the training needs to focus specifically on problem solving and management relating specifically to water project, as opposed general committee functioning. There were valuable lessons to be learnt from the that certain implementing agents empowered the committee through the setting up of their financial systems.
- The establishment of some form of pro-active conflict resolution procedures be established. The clear definition of roles and responsibilities in the terms of contract would to a large extent facilitate the application of these. The conflict resolution strategies need to be facultative, as opposed to prescriptive.

Management of the post development phase:

- Some form of control needs to be put in place over the water resources as a sanction on water usage against non-payers. The water committee's clearly do not have the authority to achieve cost recovery. This opens a role for a state authority to aid community cost recovery - as a necessary step to a sustainable water project.
- There is a basis for a 'cost recovery road show' to assist water committees in cost recovery. The communities perception of the government will deliver and the culture of non-payment had to be re-dressed. In Obanjeni, the water committee made a suggestion that the implementing agent came and discuss with the community the importance of cost recovery. The implementing agent was seen as an authority. This authority figure appeared to be the motivation behind community payment in Mophela since the community had a low sense of ownership.
- There would seem to be the need to investigate whether it is necessary to provide a post-implementation training course, geared around meter reading and record keeping. More important however, this could be used as a means of re-motivating what would seem to be disintegrating water committees.

More equality in terms of community access to Mvula Trust and other Water Delivery Agencies:

- The rate of obtaining development assistance is much higher amongst those communities with greater exposure to knowledge about the various services offered by development agencies Most communities who are part of the water delivery programme, have either had this prior knowledge or simply heard about the Mvula Trust by chance or through recently established social networks. In order to ensure that every community is given an equal chance to participate, there needs to be a national effort to produce and distribute a user-friendly information booklet which outline both what channels of delivery are available and the stages that are involved in the development process. This would go a long way towards better equip communities to effectively deal with development.

MAIN FINDINGS - EASTERN CAPE

RECOMMENDATIONS

There were a number of recommendations which arose from the research process. These reflected the findings and general perceptions in the case studies.

- **Methods to address the low profile of Mvula Trust.** Mvula Trust was unknown to most, if not all, communities prior to the present water project. Given that most communities came to hear about Mvula Trust via another NGO or Development forum, it follows that these organisations should be the targets of an Mvula Trust publicity drive. Despite priority being given to NGOs, Mvula Trust should also attempt to make itself known to the communities themselves. This would involve investigating various mediums, for example a community radio station.

- **Role for Mvula Trust to brief the community before the feasibility process.** Ideally, Mvula Trust needs to make contact with the communities which applied to them before the feasibility study and formal application were made. In this way an Mvula Trust CLO would get the opportunity to explain to the community in detail every aspect of the application process. As such two advantages would emerge. Firstly, a clear understanding of the process would give the water committee a firmer more empowered footing on which to engage the engineer. Secondly, this would expedite the application process, which was in most cases far too long.

- **Clearer definition of the roles and functions of the water committee.** Communities required guidance on the role and functions of the water committee. If Mvula Trust got involved in the community at an earlier stage, they could explain the roles and functions of the water committee prior to the community election of the water committee. Mvula could also ensure that the election procedures were followed and that the members who were elected onto the committee had an appropriate understanding of their role and function. This would lead to fewer committee members leaving the project. Furthermore, Mvula Trust could ensure that the entire community was made well aware of the water committee elections and thereby safeguard that the elections were better attended Mvula could also make a valuable contribution in the structure of local level management that would be adopted This was particularly important for the larger projects where more than one tier of representation would be needed (e.g. Qoqodala and Amahleke)

- **Water committee involvement in the decision-making process.** Mvula Trust being involved at an earlier stage would also mean that they could ensure that the water committee was included in implementation decision-making from the start of the project. Thus, the water committee's opinions would be expressed in both the project design, such as the location of the standpipes, and the budget, such as the level of affordability of capital contributions and labour rates. These were both areas in which water committees had very little say. This would ultimately increase the range of decision-making areas in which the water committee and communities could participate in. Consequently this would also have the desired effect of facilitating a greater sense of shared responsibility for the effective implementation of the project.

- **Evaluation of training.** Mvula Trust needs to play a more active role in evaluating the training which would be provided to the water committees by the training agents.

- **Clarification on the Payment of water committee members.** Mvula Trust needed to have a more definite policy with regard to the payment of committee members. The terms of payment were of particular concern, and should therefore be clearly spelt out It was recommended that the remuneration of committee members should not exceed that of the construction workers.

- **More effective labour management.** Mvula Trust should promote greater intervention with regard to labour management in its various projects The question of labour rates needs particular attention, guided by more concrete guidelines offered to water committees. In some projects, for example Hlankomo, this had threatened the well being of the project.

- **Definition of the parameters of the water committees decision making.** The decision-making ambit of the water committees must be clarified, particularly in relation to the Mvula Trust CLO and the implementing agents. In a number of cases, it was not quite clear who exactly made the decisions, but it was evident that the effective contribution of the water committee was nil.

- **Definition of the level of intervention of the Mvula CLO.** In relation to this, the Mvula Trust CLOs needed to be made more aware of their authority and parameters of intervention.

- **Accountability to operations and maintenance from the start of the project.** Mvula Trust should ensure that the question of operations and maintenance was broached right at the beginning of the project, as this was found to be the most effective way to make the community accountable for cost recovery. If the community were made aware of the conditions of the subsidy i.e. that they would have to shoulder the costs for sustaining the facility. Mvula should oversee the selection of the operations and maintenance team and ensure that they were adequately trained before the project was operational.

- **Past experiences of communities needs to be documented to inform the decisions.** The water committee ought to be furnished with information on which to make decisions, specifically round cost recovery. For example, evidence suggests that for operations and maintenance, the use of bulk payments were preferable to monthly payment.

C) FINANCIAL AND MANAGEMENT ASPECTS - PALMER DEVELOPMENT GROUP

INTRODUCTION

This report is a brief summary of the findings of the financial and management aspects of the evaluation of Mvula Trust. The work on these aspects was done as part of a broader evaluation process which included inputs on technical and social aspects, all of which has been drawn together in a final report prepared by the evaluation management team.

The evaluation process has included a look at three other groups involved with rural water supply and sanitation in South Africa: the Department of Water Affairs and Forestry, Umgeni Water, and two Non-Government Organisations. However, the emphasis here is on Mvula Trust itself.

METHODOLOGY

The work for this part of the evaluation has been based on a interviews with 61 people who have been involved with the Mvula's water and sanitation project development programme or with the programmes used as context for the evaluation. The majority of the people have been directly related to projects.

A review of literature, particularly that relating to policy and the specific programmes, programmes, has also been carried out.

KEY FINDINGS

POLICY POSITION

Overall Mvula's the policy position is believed to be sound but there are specific aspects - raised below - which need debate.

SELECTION OF PROJECTS

Mvula Trust has used a demand based approach to selecting projects· communities have to apply and their willingness to pay is a key criterion for selection. This approach has worked reasonably well in the past and Mvula continue to receive more applications than they can fund. However, with the closer relationship to the Department of Water Affairs and to local government, the planning priorities of these organisations will have to be taken into consideration and this will dilute the purely demand driven approach to project selection.

A further issue which is becoming important is **project size**. experience has indicated that the community management approach which Mvula promotes is more suited to smaller projects, generally serving less than 5 000 people. Further, it is notable that the projects which Mvula selects currently are not necessarily new "greenfields" projects and often connect to some other existing infrastructure or use other funds In future it would seem preferable for Mvula to concentrate on "greenfields" type projects as far as possible.

LOCAL INSTITUTIONAL ARRANGEMENTS

When Mvula Trust was established, in 1993, there was no local government existing in rural areas. Now, in mid-1996, local government is established throughout the country On the positive side this brings new opportunities as local government can take responsibility for managing the infrastructure once a project has been complete. However, the need to involve local councils in the negotiations over projects in their areas of jurisdiction also introduces complexity.

There is also a new opportunity for Mvula here: local governments in rural areas have little capacity and Mvula can assist them build capacity, particularly with regard to the management of water and sanitation services.

GRANT FINANCE MECHANISM

Mvula applies a R170 per capita limit to its grant finance for water supply projects, with an adjustment upwards for small projects. Looked at in national perspective, this limit means that their market is in the bottom 10% of projects, in terms of cost (average costs for the country are of the order of R500 per capita). The fact that many of the projects which Mvula funds are not complete "greenfields" projects does expand the "market" with this subsidy limit.

While the concept of a per capita subsidy limit is supported, as this promotes efficiency both in terms of project cost and settlement, it is held that the amount needs to be reviewed.

COMMUNITY CONTRIBUTION

The requirement for a community contribution of 8% of the capital cost has worked well and is strongly supported by the people involved in implementing Mvula projects primarily because it plays such an important part in building community support and thus promoting the sustainability of projects. However, there are difficulties here in that this is incompatible with projects implemented under other programmes. There is also misunderstanding by communities as to how this relates to the contribution required for operation and maintenance. These issues need to be dealt with but the principle of a community contribution should not be changed.

LEVEL OF SERVICE

The Mvula policy is targeted at basic needs (25 litres per capita per day within 200 meters of the dwelling). However, there is a strong demand in rural areas for yard connections and such connections will be made in the future. (On at least 4 of the 20 Mvula case studies yard connections are being made with the permission of the water committee. On one project everyone has yard connections, with the capital costs affordable as a second donor has contributed funds).

Mvula policy needs to be revised to incorporate the demand for yard connections.

MVULA TRUST MANAGEMENT

Considering the short time that it has been in business, Mvula established an effectively functioning organisation which is well managed and able to deal with internal difficulties. But there are aspects which need attention, some of which are dealt with briefly below.

RELATIONSHIP BETWEEN HEAD OFFICE AND REGIONAL OFFICES

The success of Mvula's operations relies substantially on having a presence "on the ground" close to projects and thus the successful functioning of five regional offices is critical to the success of the programme. There have been problems here in the past, generally associated management of regional offices, but these have been dealt with by Mvula's directors. However, the regional offices typically remain under-resourced and often regional staff do not feel adequately supported by head office.

It is proposed in this report that greater de-centralisation of responsibility to regional offices is important.

OVERHEADS

In the financial year ending March 1996. Mvula's operating costs were R7.1 million, equal to 23% of disbursements for the year. It is recognised by the Trust that this figure is high. However, at the same time it is evident that the capacity of regional offices needs to be increased if successful projects are to be implemented. This is a difficult situation to deal with and will require a combination of improved efficiency - particularly in head office - decentralisation of functions, and greater involvement of training agents on projects.

INFORMATION SYSTEMS

Mvula has set up and excellent project information system which can continue to be modified and improved. A key focus here should be to allow better access to the information by regional offices. It is also considered that better management reporting could be produced by the system.

DISBURSEMENTS

The disbursements track record of the Trust is not good but this has been recognised and new systems have been put in place which are resulting in greatly shortened times for making disbursements. The system is centralised, with much of the control in head office and there may be room here for greater efficiency through increased delegation of authority.

PROGRAMME MANAGEMENT

The management of the water and sanitation project development programme depends on an interaction between head office and the regional office, as the process passes through application, appraisal, approval, contract preparation and implementation. The regional offices are primarily responsible for the project appraisal and project implementation while head office deals with the approval process and contract preparation. There were early difficulties, largely associated with the need for Mvula to get into "delivery" mode quickly. Thus too many applications were accepted for appraisal and some projects were not appraised properly. However, these problems have largely been ironed out and the systems generally work well. The time taken to process applications through to approval stage has recently increased due to the need to interact with the provincial planning process but this interaction is a key part of the new procedures and can not be bypassed

ARRANGEMENTS AT PROJECT LEVEL

Since 1991 there has been a new approach to rural projects in South Africa, with community involvement a central part of this. Thus the way projects are implemented under the Mvula programme has much in common with other programmes. However, there are certain key differences which are discussed below.

CENTRAL ROLE OF COMMUNITY

The fact that the community are responsible for the financial management of the project and directly appoint both implementing and training agents gives them much more responsibility than is the case with other programmes. They need to handle money and make payments to contractors and consultants.

This approach has its difficulties in that local people are not familiar with dealing with public money. However, in general water committees have demonstrated an extra-ordinary degree of responsibility and there has been little evidence of funds being mis-appropriated.

Overall the approach is held to be a good one as it promotes empowerment, develops responsibility and allows people to gain essential financial management skills. It also closely mirrors arrangements which are likely to be used in the future with local councils

ARRANGEMENTS WITH IAS

The implementing agents (IAs) are central to the project: they do the feasibility studies and designs, advise the community and manage the project on their behalf. This is a difficult task when compared to conventional engineering work and many IAs do not feel comfortable doing it and would prefer other work. However, most have done the job with reasonable success to date. In order to keep them involved and motivated in the future, better communication with IAs is essential It may also be possible to reduce the risk to which they are exposed.

TRAINING AND CAPACITY BUILDING

Training is carried out by Training Agents (TAs) who are generally private firms contracted to the water committees. Here too there have been difficulties in the past, with training being inadequate or badly timed. However, procedures are improving and there is a recognition that training must start early and be carried out to meet specific milestones. The Training Agents have a key role to play in the future and it is held that their input needs to be expanded so that they are in a position to give more support to communities. This will have the effect of reducing the support responsibilities of Mvula staff.

COMMUNICATION

As with all human activity, good communication is essential. More contact is needed between Mvula field staff, IAs, TAs and communities. Within the community there is also need for better contact between individuals and the committee, a topic which is the subject of other evaluation team reports.

OPERATION AND MAINTENANCE OF SERVICES

There are not sufficient complete Mvula projects to enable the O&M activities to be evaluated. However, it is held that Mvula needs to increase its level of interaction with the community during the post-project stage with a view to ensuring that ongoing management is done successfully.

CLOSURE

Overall Mvula has achieved remarkable success with its rural water supply programme. There have been problems but the organisation has been able to adapt to deal with these.

Finally, it must also be acknowledged that Mvula has really only been the facilitator of success; it is the communities themselves, assisted by competent professionals working with them, where much of the credit is due. They should be proud.

D) TECHNICAL ASPECTS - PETER MORGAN

SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. The rural population of South Africa has a desperate need for improved water supplies and sanitation. It has been estimated that 21 million people do not have access to adequate sanitation and an estimated 12 million people do not have access to potable water. 75% of exiting water schemes in the rural areas (former Homelands) are thought to be out of order

2. The Mvula Trust was established to facilitate the provision of water and sanitation services in South Africa. Initially, provided grant funds by its founders, the Trust now operates largely with funds The Trust operate on a generous budget of about R100m a year (US$1.00 = R) 60% of this coming from the Department of Water Affairs and Forestry.

3. In order to gain the maximum involvement of the community the proposals for building new water (and sanitation) schemes are accepted directly from rural water committees based in the rural areas. The committees get assistance in proposal preparation from the Trust and from local consultants. These proposals are examined by regional and then central offices of the Trust.

4 Once a proposal is accepted, the funds are transferred into bank accounts operated by the water committees. The committee appoints a consultant and contractor to undertake the design and construction work. Between 15% and 35% of the funding for any scheme go the consultants.

5. The Trust is prepared to spend up to R170p/p on the provision of a water supply with the beneficiaries raising 8% of total capital costs as their contribution to the capital investment.

6. For family sanitation the Trust provides a subsidy of R700 per family VIP latrine The family contribution is about 10%. A subsidy of R1200 per seat is provided for a institutional latrine

7 Since 1993 a total of 151 projects have been funded. 21 of these are sanitation projects, 8 are training projects and the remaining 122 are water projects. Most Mvula funded water schemes are small to medium sized projects each serving between 1000 - 5000 persons.

8. Once the scheme is finished a completion certificate is signed and the ownership of the water supply is transferred to the users (usually a water committee) and a legal document is signed to that effect. The Mvula Trust expects the beneficiaries to cover the full cost of maintaining the project in accordance with government policy.

9. The water committee thus signs a formal agreement with the Trust accepting official responsibility for funding and undertaking the maintenance of the scheme.

10. An Operations and Maintenance Performance Incentive is included in addition to project capital costs by the Trust for water projects and institutional sanitation. 2% of actual project capital is deposited into the community maintenance account after six months of effective maintenance has been achieved and a further 3% after two years of effective maintenance has been achieved. No project so far been operational for long enough has achieved the second level.

11. So far about 10 water projects have been handed over to the communities with several more close to this stage. The great bulk of schemes are still in the planning or construction phase.

WATER TECHNOLOGY

12. All the schemes being financed by Mvula are piped schemes in which water is fed from a source to large reservoir then reticulated to a series of standposts. The "piped water" technology is well known in South Africa, works well and is entirely appropriate for the task of providing water to comparatively densely populated settlements. The technology is discussed in the main body of the report.

13. Boreholes fitted with diesel engines are the most common sources of water followed by borehole water pumped by electric pumps. In the Northern Region 66% of schemes use a borehole and diesel pump, with 12% using a borehole and electric pump. 10% use a dam or weir and a gravity fed system with 3% using a dam/weir and diesel driven system.

14. In the more southerly KwaZulu/Natal region most systems take their water from dams and weirs with less from boreholes. Gravity schemes are also used, more in the Eastern Cape and KwaZulu Natal regions. 90% of the water schemes supervised from the Kokstad office are gravity schemes with the water source often being a spring. Some schemes take their water from existing bulk supplies formerly built by government. Others used a combination of these various methods.

15. Gravity schemes are the most sustainable, since they have a few running costs and are simple to maintain. Monthly charges are small and therefore revenue for O & M is more easily collected from the beneficiaries. Gravity schemes should be chosen if they are technically feasible, even where capital costs are higher because of increased lengths of pipeline needed to convey water from the source to the central reservoir.

16 Borehole pumps fitted with electric engines are the next most sustainable technology, since these are also cheaper and easier to run than diesel engines. The additional cost of leading electricity to the pump site should not necessarily deter from an electric installation. Only where the electricity supply is far away should a diesel engine be fitted. For electric pumps, switching should be manual or by simple time clock.

17 A great variety of hand pumps have also been used in South Africa, although the hand pump is thought not to be popular with the users, and is commonly dismissed as inappropriate by most water engineers and consultants. Simple hand pumps have been designed at the backyard level and many of these can be seen installed on family owned property, especially in the northern region. The Afridev hand pump has been used in several schemes and a South African equivalent of the India MK II called the President Pump has been manufactured locally. It would be wise for South Africa to develop its own user friendly hand pump, possibly based on the India MK III for use in the margin areas where the use of piped supplies is too expensive. Namibia has taken this route and have chosen "user friendly" models of the Zimbabwe Bush Pump for ease of maintenance.

18 Windmills have been used widely in homesteads and many can be seen scattered around the former Homelands in South Africa, but many are broken down due to lack of maintenance but their potential for serving communities is limited. Windmills are not cheap to buy (R30 000 - R50 000) and must be built in combination with large storage tanks which increase the cost of the whole unit. A new South African innovation which has much ment was seen at Ngqele (fitted 1994). This windmill rotated on a vertical axis and has a series of cone shaped vanes. It was thought to be resistant to damage by high winds and is relatively cheap (R10 000). This design deserves much further investigation.

19. Large numbers of rainwater catchment tanks were seen especially in the eastern cape and KwaZulu Natal areas. These had been erected entirely by the owners families at their own expense. The fact that such large numbers had been put in at the users expense is a good indicator that the technology is viable and appropriate. This method of providing water needs much further investigation.

20. In the case of electric pumps powered by photovoltanic systems, the main problem in South Africa seems to be one of theft. The initial cost is high, and even with this reportedly simple system maintenance is required - usually cleaning the panels. However South Africa must continue to expand its expertise in this method of providing power to electric pumps.

21. There is unparalleled expertise in the provision of small, medium and large piped schemes and almost every project encountered is based on this level of service. The writer feels that there is little need to change this level of service because it is well known and well established in the country. Moreover it is the best method of delivery water to settlements which are quite densely populated by most African standards.

22. Those schemes which have the greatest chance of surviving the test of time are those which are simplest and depend least on mechanical pumping. Gravity schemes should therefore be chosen as a priority even if they cost more per head to install than motorised schemes The widespread use of rainwater catchment systems is probably underestimated in South Africa and this concept should clearly be promoted more widely where it has practical application in the higher rainfall areas.

SANITATION TECHNOLOGY

23. The sanitation technology of choice is the VIP latrine, Many different types have been designed for family use and at least 2 standardised drawings have been produced. Multi-compartmental institutional latrines are also being built. Currently a subsidy of R700 is provided for a family latrine and R1200 per seat for a institutional latrine.

24 Both family and institutional latrine designs need careful assessing, particularly the latter, which does not follow the design principles of the VIP latrines

25 Large numbers of VIP latrines are being built in South Africa, but observations made in the field lead the writer to conclude that simple as they are, the basic design principles of the VIP latrines need further explanation in South Africa. Vent pipes are invariably small and unscreened, doors, when fitted not self closing. In the multi-compartment school unit, the pit is not subdivided and vent pipes are fitted at either end of the pit through a bend in the pipe It would be fitting for a new technical handbook to be written and widely distributed

26 Efforts should be made to lower the cost of latrines, particularly the family unit. The most cost effective design is the square (doorless) spiral unit fitted with an internal bench seat and masonery vent pipe. Currently this is not one of the two basic designs shown in the Mvula workshop report. More work is required in designing an effective low cost masonry vent.

27 Efforts should be made to increase the proportion of the total paid for b the beneficiary and reduce the costs to the donor. Constancy fees offered to contractors and committees are unnecessary for such a simple technology.

SUSTAINABILITY & OPERATIONS AND MAINTENANCE

28. The challenge the Mvula Trust faces is not just the establishment of new water schemes serving large numbers of people. The far more difficult challenge for Mvula and for South Africa as a whole is to ensure that the completed schemes remain in working condition. The question of prolonged maintenance of these schemes is the single biggest issue affecting the long term success of these water schemes.

29 Currently there very few schemes that have entered the phase where O & M costs are being borne by the beneficiaries. The evidence so far available suggest that whilst many communities are initially willing to contribute to O & M costs, and even prepared to sign documents to this effect, that in practice this willingness fades away with time.

30. In several cases where the schemes are close to completion, or where water was already being consumed prior to final commissioning, the water committees had not yet worked out

precise charges and methods of collecting revenue. The current level of expertise in most committees is not sufficient for them to confidently proceed along the O & M path.

31. Willingness to pay ma be related to many factors including actual monthly charge which varies from R1/household/month up to R20/h/m. Most schemes charge about R5-6/h/m. Clearly the simpler the scheme the lower the charge. For gravity schemes which require no diesel or electric power the costs are lowest. Diesel schemes are more expensive to run and maintain.

32. Beneficiaries of new Mvula schemes may also be less willing to pay their dues if existing bulk schemes, where the beneficiaries do not pay, are operating nearby.

33. Disputes between the water committees and Transitional Local Councils may also cause confusion in beneficiary communities, leading to a reluctance to pay.

34 If the consumers seem unwilling to pay, for various reasons, alternative methods of collecting revenue ma also need to be considered, such as vending water or operating kiosks of some sort.

35. If the currently perceived method of maintaining the water system fails, the government may be forced to step in to rescue the schemes, pose immense logistical problems as well as a considerable financial burden for the government.

36 Therefore every effort should be made to examine this problem in far more detail at the earliest possible time.

37. Clearly the communities need a greater input from outside, not necessarily in the form of cash, but with additional training and mobilisation as part of the development process.

38 The Mvula Trust should more thoroughly assist the committee to prepare for its new role long before any scheme is finished. This process has been referred to as "workshopping the committee."

39. The Trust should seriously consider re-examining the schemes that are operational and ensuring that O & M practices are being carried out. This may mean that the Trust must remain linked with the scheme for long enough to encourage an ethos of payment so that it becomes entrenched in the communities way of life. This could be for a period of 2 - 3 years

40. One thing that became very apparent to the writer during the tour was the considerable thought and concern that way being expressed on the topic of cost recovery and sustainability by most of the Mvula staff in the field. The writer heard many well reasoned and valid points of view expressed, many of the coming from long experience. It would be wise for Mvula to hold a workshop, or a series of workshops, where its staff are given the opportunity to air their views on this very important aspect of Mvula's work.

FUTURE ROLE OF THE TRUST AND OTHER NGO'S

41 It is clear that NGO's can play a very active and positive role in increasing the access of rural communities to improved water supplies and sanitation.

42. Whilst several NGO's are active in the sector, they do not appear to co-ordinate their activities, and they are not as visible as the Mvula Trust, which has come very close to government and plays an active part in formulating policy. It would probably be wise for the Mvula Trust to encourage a dialogue with other NGO's working in the sector so that working experiences can be exchanged.

43 It is clear the Mvula Trust has made a considerable impact on the development of the water supply and sanitation sector in the new South Africa, and it is hoped that this effort will be allowed to continue and grow.

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ANNEX 6

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ANNEX 7

SUMMARY OF FINANCIAL AND PROJECT INFORMATION ON THE MVULA TRUST

A) PROJECT APPROVALS AND DISBURSEMENTS BY SOURCE OF FUNDS
(R million by fiscal year)

	FY94	FY95	FY96	FY97 first half
Approvals:				
Mvula Trust	20.5	77.0	3.0	9.7
DWAF	-	-	43.0	12.3
Ext. Donors	-	-	1.2	0.7
Total	**20.5**	**77.0**	**47.2**	**22.7**
Disbursements:				
Mvula Trust	-	7.8	24.9	10.7
DWAF	-	-	5 4	3.2
Ext. Donors	-	-	0.6	0.6
Total	-	7.8	30.9	14.5

B) SUMMARY OF PROJECTS UNDER IMPLEMENTATION (FROM CONTRACT SIGNED BY COMMUNITY TO COMPLETION)

Province	Water Projects	Sanitation Projects
Eastern Cape	50	5
KwaZulu-Natal	27	5
Mpumalanga	13	2
Northern	73	9
Other	7	8
Total	170	29

C) SUMMARY OF APPROVED PROJECTS BY STATUS

Status	Water Projects	Sanitation Projects
Approved*	118	15
Contract Signed	9	2
In Progress	137	17
Final Instalment Paid	12	2
Completed	11	2
Total	287	38

* Projects at various stages of approval by the Trust, but before contract signing

ANNEX 8

CASE STUDY COMMUNITIES - PROSPECTS FOR SUCCESS

Rating of the success rate of the twenty Mvula Trust supported projects included as Case Studies:

Rating	Scheme	Region
Success	Boschkop	Northern
	Leokaneng	Northern
	Leboeng	Northern
	Maphophoma	KwaZulu-Natal
	Morapalala	Northern
	Mvoveni	KwaZulu-Natal
	Ngqele	Eastern Cape
	Ensikeni	Eastern Cape
	Turkey	Northern
Moderate Success	Amahleke	Eastern Cape
	Belfast	Mpumalanga
	Fairview	KwaZulu-Natal
	Embizeni	Eastern Cape
	Gundani	Northern
	Hlankomo	Eastern Cape
	Qoqodala	Eastern Cape
	Soetfontein (partly)	Northern
Little Improvement	Khumbula	Mpumalanga
Failure	Mathabatha	Northern
	Soetfontein (partly)	Northern
	Steenbok	Mpumalanga

ANNEX 9

IMPLEMENTATION PRACTICES OF THE AGENCIES INCLUDED IN THE EVALUATION

	Mvula Trust	DWAF (1)	Tsogang/RAC (1)	Umgeni (1)
Project development	Community initiated, with later assistance from Implementing Agent	Initiated by community or implementing agent	Initiated by community or NGO	Community initiated
Flow of funds	Water Committee handles, tranche disbursements but controlled by Mvula Trust	DWAF->consultant->contractor wages, material, etc. Minimal community involvement or control of funds	Donor with promissory notes to Water Committees/supplier low level involvement of Water Committee	Umgeni controls funds, including money collected by community, and disburses to committee for their expenses.
Community contribution to capital	8% of capital cost in cash or cash and labour prior to project completion for basic service.	Not required (basic service only provided)	Donors fund materials. All labour provided free of charge by the community	R250 per household (of estimated R1000 total cost) for yard connection with meter
Community Contribution to Operation and Maintenance	Community (monthly, yearly or when the need arises). Collected and administered by the Water Committee. MT provides incentive bonus for successful projects (2% after 6 months and 3% after two years)	Not addressed by time of evaluation, four months after project completion Intention is that the community will contribute towards O&M on a monthly basis. O&M to be managed by Project Steering Committee (with two water bailiffs) and Local Government. Reliance on DWAF until community take over	Community but not through formal contribution to an O&M fund; residents make repairs themselves	R5 O&M fee per month plus metered consumption
Level of service	Generally, all residents within 200m of a communal standpipe. Private connections desired in all projects, and some already made in many projects.	Policy (community perception) that all households should be within 200 m of a communal standpipe. Exist Private connections. Strong desire for new private connections but temporary halt on new connections through Local Government intervention	Communal standpipe within 200 m of all households Level of service attained but two villages scheme not functioning because of private connections	Yard connections plus "water shops" for those not connected

Training	Water Committee selects agent (normally on advice of implementing agent and/or Mvula Trust CLO) Normally prior to or during project implementation. Technical training also by suppliers, for example, in pipe laying. Training components include: book-keeping/financial management, community organisation, administration and committee functions, and health and hygiene	Minimal at time of project completion. Limited to water scarcity and awareness, and project management Technical training provided by contractor and consulting engineer on site. Outstanding is financial training: (O&M) for the two water bailiffs and members of the Project Steering Committee	Committee skills and financial management Technical training on site by NGO and suppliers Some external training by Valley Trust. Focus of training on Water Committee members	Promised to Water Committee (did not take place in case study community)
Support during Implementation	CLO involvement with Water Committee (between 1-3 community meetings to explain policy and procedures Monthly site meetings. Number of community meetings attended by CLO can increase with problems, particularly with regard to the 8% contribution	DWAF Organisational Development: Officer(twice monthly) and engineer (monthly site meeting) provide supervision and monitoring	Regular contact, liaison and consultation.	Support personnel available in principle, but not accessible in case study community
Follow-up Support after Project Completion	Minimal CLO follow-up in terms of O&M incentive and if problems arise . However, tendency to want to distance from projects after completion Consulting Engineer follow-up depends on relationship between engineer and community, but can play an important role DWAF support on some projects with DWAF source	O&M of scheme by DWAF until such time community (Project Steering Committee) in position to take over Organisational Development Officer involvement decreases. Consulting engineer remains connected to project through one year retention period	On-going involvement in project area with strong support in this particular case study (through the development of further projects in the area and not specifically to support the Water Committee	Liaison person designated, but not accessible in case study community. Local Umgeni office can explain rules and procedures

ANNEX 10

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