



DEPARTMENT OF WATER AFFAIRS AND FORESTRY

**IZINGOLWENI COMMUNITY
BASED WATER SERVICES
PROVIDER CASE STUDY**

**UGU Regional Council
KwaZulu Natal**

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Prepared for the Department of Water Affairs and Forestry by

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NETWORK

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PREFACE

Network Community Development Services (NETWORK CDS) was contracted by the Department of Water Affairs and Forestry to examine Community-Based Water Services Provider institutional arrangements within a number of case studies. The purpose of the study is to:

- Document and analyse the institutional arrangements for water services provision between Water Services Authorities and selected community-based water services providers (CBO WSPs)
- Assess the performance of the different CBO WSP models
- Identify the strengths and weaknesses of the different case study examples
- Identify success factors
- Make recommendations concerning CBO WSP models
- Prepare guidelines for Water Services Authorities concerning CBO WSP models

This case was researched and written up by Jean de la Harpe. The research component was facilitated by the Ugu Regional Council who provided background information and introduced Network CDS and representatives from the Department of Water Affairs and Forestry to the community-based water services provider in Izingolweni.

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1 Key Institutional Lessons from this Case Study

- ◆ With the right capacity building and support, community-based organisations can deliver affordable, reliable and sustainable water services
- ◆ Local government fulfilling a support services role to a community-based WSP enhances the legitimacy and 'authority' of the community-based WSP in the eyes of the community
- ◆ The type of support services required by a CBO WSP include: major maintenance, preventative maintenance, technical advice, financial mentoring and monitoring, and support when communicating controversial issues to the community
- ◆ A proactive and committed WSP committee is a critical to the success of a community-based WSP
- ◆ Prepaid meters together with CBO WSP responsibility for revenue management ensures a coherent 'water services business' within the CBO WSP and contributes to financial and overall sustainability
- ◆ Community-based WSPs are able to effectively deal with vandalism and defaulters if appropriate action is taken from the start
- ◆ A formal WSP office within the community legitimises and enhances the status of the CBO WSP. Proper office equipment and systems facilitates efficiency
- ◆ A two tier CBO WSP structure which includes a representative 'governance' committee and employed officials/ staff provides an effective model for accountability, WSP-community communication, and efficient and effective fulfilment of the WSP functions
- ◆ Selection of appropriate officials and a strong overall 'manager' within the WSP is critical to the successful operation of the WSP
- ◆ Regular 'audits'/ review of financial records by a support services agent / WSA enhances accountability and community trust in the WSP
- ◆ Good communication systems with both the community and the support services agent are essential

2 Introduction

This case study focuses on institutional arrangements for water services provision to the Izingolweni community in Kwa-Zulu Natal. The case study is one in a set of case studies towards identifying different community-based water services provider (WSP) institutional configurations and those factors that contribute towards the success or failure of CBO models in terms of ensuring sustainable, reliable, affordable, cost

efficient and effective water services. This case study is an example of a community-based WSP with local government fulfilling the role of support services agent (SSA).

3 Izingolweni

Izingolweni is part of the Kwacele tribal area and is located within the Ugu Regional Council area of jurisdiction. The Izingolweni community comprises approximately 30 000 to 35 000 people. Izingolweni is a rural area with a shopping area, which serves as the community's 'town'. The community are predominately poor.

Ugu Regional Council fulfilled the role of Implementing Agent (IA) when water services were extended to the Izingolweni community. Funds came from the DWAF CWSS Capital Programme. As part of the project implementation, the RC contracted consultants to address ISD issues.

Water is supplied from a bulk system where the Ugu Regional Council is the Bulk Water Services Provider. Bulk water is sold at R3.56 per kilolitre to water services providers. The tariff for reticulated water is R10.00 per kiloliter, which was set by the Ugu Regional Council.

There are 60 prepaid standpipes, and 59 private connections to both households and businesses. The decision to install prepaid meters was based on consultation with the community during the project planning phase. The household connections are sent computer-generated bills each month based on monthly consumption as per meter-reading.

The scheme was operational from July 1999.

Izingolweni was identified by the Ugu Regional Council as a successful community-based WSP model.

4 Methodology

The methodology used in the research comprised interviews with representatives from the Ugu Regional Council in their capacity as Implementing Agent, WSA and SSA and interviews with the committee and officials of the Izingolweni WSP. Similar questions were put to the RC and the WSP. The questions focussed on:

- the roles and functions of the RC (as WSA, SSA and IA), in particular the nature of support that the RC provides to Izingolweni WSP
- the role, functions and structure of the Izingolweni CBO WSP, how it was established, and how it fulfils its WSP responsibilities
- the nature of the contract between the WSA and the WSP
- cost recovery
- sustainability issues (operations, maintenance, communication, health awareness, access to support, etc.)

The study team interviewed the WSP at their office and thus was able to look at the financial records, resources, equipment, systems, etc. of the Izingolweni WSP.

The focus of this case study is on the Water Services Provider institutional arrangements towards ensuring sustainable water services to the Izingolweni community. This study does not provide technical details of the infrastructure or details of the processes to implement the scheme as a project. Whilst cost recovery and financial management were issues included in the study, it did not conduct a detailed examination into the finances of the WSP. Both the WSA and the WSP provided information concerning operational costs, revenue and the approximate annual surplus whereby the ballpark amounts corresponded.

The interviews were conducted in an informal manner based on the questions outlined in Annexure 1.

4.1 Limitations

Time and budget constraints of the project did not allow interviews of community members - thus the study was dependent upon the interviews with the WSP committee and representatives of the WSA to determine customer satisfaction. From these interviews it appears that there *may* have been some dissatisfaction related to the tariff being viewed as too high. Vandalism of the prepaid meters could be an indication of opposition to the prepaid metering system - however since the vandalism was limited, such opposition is likely to be a small group of individuals rather than representative of any significant portion of the community.

The interviews did not go into detail concerning the overall approach and methodology that was used to establish the community-based WSP. However, the Ugu Regional Council as the Implementing Agent indicated that an ISD consultant was contracted to facilitate community participation, the setting up of a project steering committee (PSC), and the transformation of the PSC into a representative WSP committee. The approach drew on the the Department of Water Affairs and Forestry's *Institutional and Social Development Package for Water Supply Projects (ISD Package)*, which was streamlined to the specific needs of the project.

5 Overall Assessment

The representatives from DWAF national office and the researcher from the project concluded that the community-based Izingolweni WSP with the support of the Ugu RC as SSA, is an example of a *highly successful CBO WSP institutional arrangement* delivering sustainable, reliable, efficient, effective and affordable water services.

The Izingolweni WSP is providing cost effective services that would have been far more costly if an alternative institutional arrangement / partnership had been put in place to service the Izingolweni community. Consequently the CBO model has benefited the consumers through a lower tariff as well as reliable services. In addition, the community-based model has ensured excellent access by the consumers to the WSP with good customer relations and communication strategies.

Critical to the success of this community-based model are the technical, ISD and mentoring support services provided by the Ugu Regional Council.

The overall model has ensured a culture of community ownership and responsibility as well as payment for services.

6 Decisions concerning WSP arrangements

Institutional arrangements were established as part of the overall project process when the scheme was built. The Ugu Regional Council as the WSA made the decision to establish a community-based water services provider.

Six months prior to commissioning, the project steering committee was transformed into a local water committee. The officials of the water committee were trained as to what their role is as a WSP. On the day of commissioning the water committee was constituted as the WSP. The officials employed by the committee were also appointed and trained to fulfil the various WSP functions. In the first six months following commissioning, Ugu RC monitored the performance of the WSP. Once the Council was satisfied that the WSP was able to successfully fulfil their WSP functions and overall WSP role, they signed a WSA-WSP agreement with the Izingolweni WSP.

6.1 Why a community-based WSP model for Izingolweni?

The Ugu RC's primary objective was to ensure cost-effective, affordable and sustainable water services for the Izingolweni community. The location of the Izingolweni community is 45 kilometres from Port Shepstone where the Ugu Regional Council is located, which meant that the RC was not directly accessible to the community and it would not be cost effective for the RC to fulfil the daily WSP functions. Whilst the Ugu RC could have opened a satellite office within the community, this option would not cater for community ownership and responsibility for the scheme and was likely to be less cost efficient. It would also not facilitate the type of communication and accountability mechanisms that a CBO is able to establish through a representative committee. The CBO option also provided employment to local community members, skills development of both the WSP committee and the officials as well as a means of ensuring that the community takes responsibility for their own development.

7 Institutional Arrangements

The institutional arrangements for provision of water services to the Izingolweni community can be described as follows:

Ugu Regional Council (a category C municipality) is the Water Services Authority as well as the Bulk Water Services Provider. It also fulfils a support services function to Izingolweni WSP.

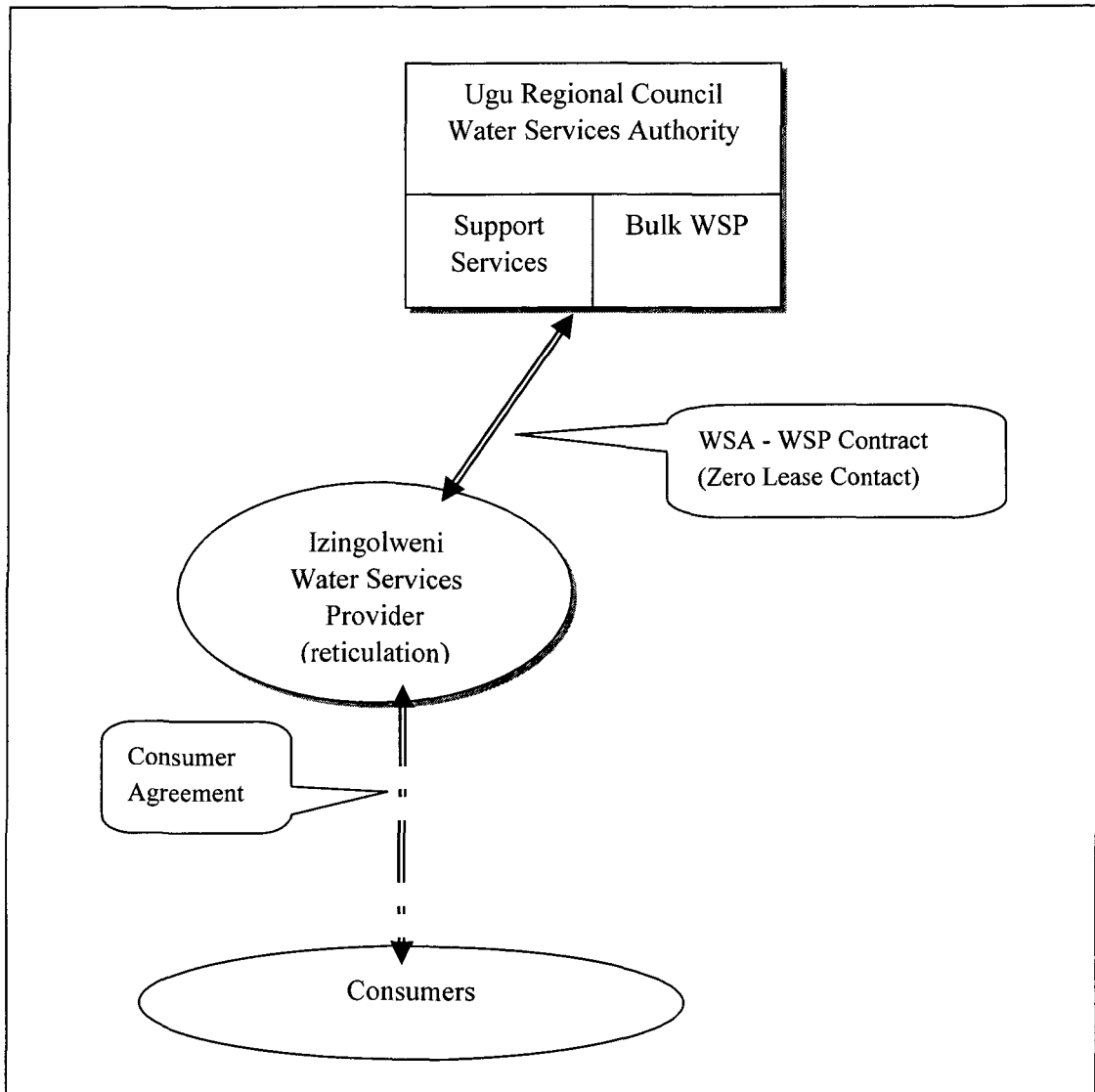


Figure 1: Diagrammatic representation of the water services provision institutional arrangements for Izingolweni community

8 Features of the Contract

The contract is based on the Mvula Trust Model Contract (Model Water Services Agreement Between Local Level Government (Water Services Authority) and a Community-Based Association Acting as a Water Services Provider¹), where it has been aligned to the specific conditions of Izingolweni. The contract is a 'zero lease' contract whereby the WSP carries the risk for revenue management.

¹ Developed by Mvula Trust, DWAF, DCD

9 Role and Responsibilities of Ugu RC

9.1 Ugu RC as WSA

Ugu RC sets the tariffs and monitors the performance of the Izingolweni WSP.

9.2 Ugu RC as Bulk WSP

The Ugu Regional Council provides bulk water to Izingolweni WSP at R3.52 per kilolitre, which is currently the ruling tariff.

9.3 Ugu RC as Support Services Agent (SSA)

Ugu Regional Council provides support services to the Izingolweni WSP. The support services include:

9.3.1 Technical Support

Technical support includes access to technical staff within the Council, as and when required. This is primarily related to major repairs, and operations and maintenance mentoring, the cost of which is covered through the bulk tariff. The WSP may also request technical support in terms of minor repairs to the reticulation lines, however Ugu Regional Council charges a fee for this type of support.

The Council also provides a service to the WSP in terms of 'preventative maintenance' whereby an electrician and plumber check the scheme (filter, purification, etc.). It is not entirely clear whether the bulk tariff fully covers the cost of this service or whether it is subsidised by the Council.

9.3.2 Financial Support

Financial support includes monthly audit of the financial records, whereby a visit is made to the WSP office. This visit may also include advice concerning the finances. The cost of this support is included in the bulk tariff.

9.3.3 Institutional and Social Development (ISD) support

ISD support is provided as and when requested. It includes mentorship concerning communication and customer relations, administrative issues, health and hygiene awareness, dealing with disputes, etc. For example, when community members queried the tariff, the Ugu RC explained to the community that the tariff is set by the RC as the Water Services Authority, and not by the Izingolweni WSP.

10 Role and Responsibilities of the Izingolweni Water Services Provider

Izingolweni WSP is responsible for the following functions:

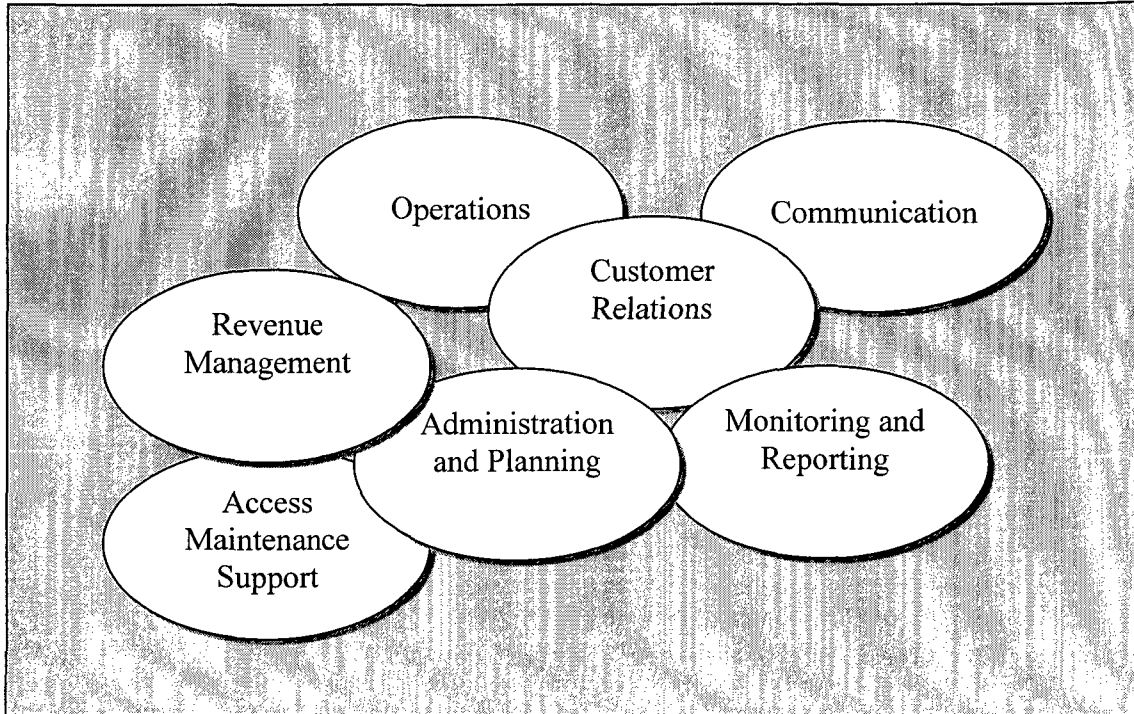


Figure 2: Functions of the WSP

10.1 Operations and Maintenance of the Assets

The WSP has to ensure that the assets are fully operational and properly maintained. This includes standpipes, reticulation lines as well as installation of private connections. Izingolweni WSP accesses maintenance support through Ugu RC.

10.2 Financial Management, Revenue Collection and Billing

The WSP is responsible for issuing coupons for the prepaid meters as well as for issuing bills to those households and businesses that have private connections. It is also responsible for revenue collection, and managing receipts and payments.

Payments include the bulk water tariff (payable to Ugu RC), staff salaries, purchase of office equipment, purchase of spare parts, office supplies, petrol for the scooter, electricity, telephone, stationery, etc. Izingolweni WSP has a bank account with Ithala Bank which is situated in Izingolweni, as well as a savings account with Standard Bank in Margate.

10.3 Customer Relations and Communication

Through the WSP office and the ward representatives on the WSP Committee, customers have direct access to the WSP. Communication between customers and the Izingolweni WSP also takes place through the WSP office staff and the Committee.

10.4 Reporting

Izingolweni WSP reports to Ugu RC on a monthly basis concerning the overall operation of the scheme, customer relations, financial management and revenue collection, the quality and quantity of water supplied and any specific problems that they may be experiencing.

11 Structure of Izingolweni WSP

The Izingolweni community-based WSP is a model comprising a 'governance' committee that is *representative of the community*, and officials who are responsible for fulfilling the WSP functions. The committee appoints the officials who are directly accountable to the committee.

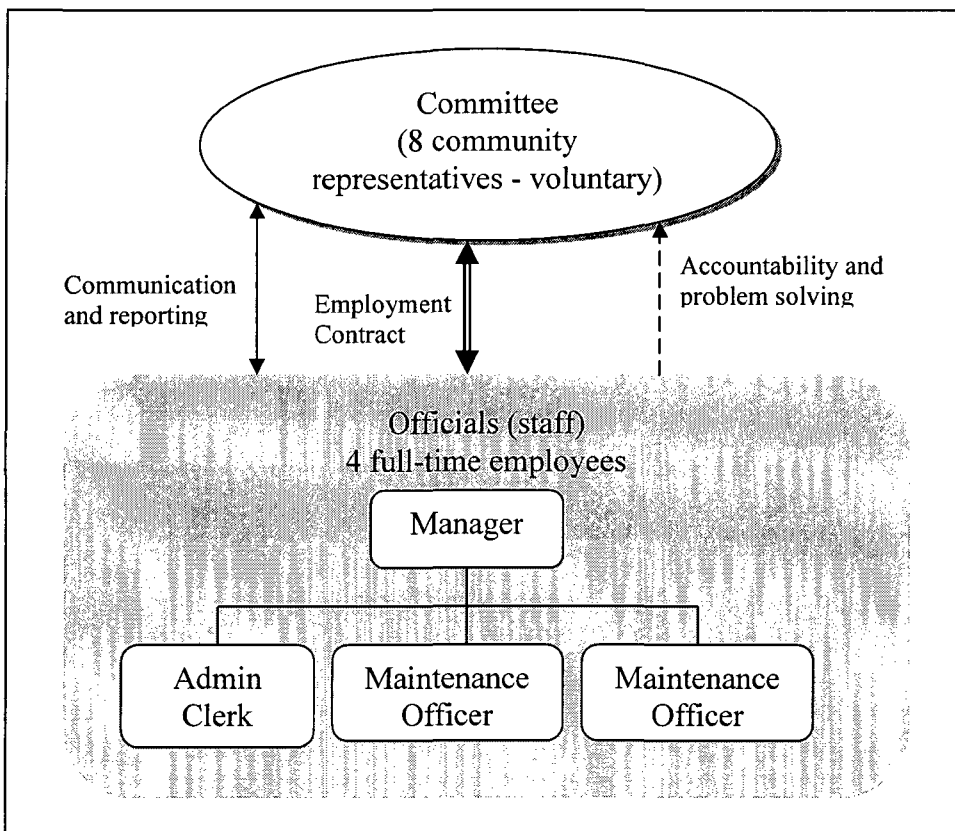


Figure 2: Structure of the Community-based WSP

11.1 The Committee

Izingolweni WSP comprises a committee of 8 consisting of the following portfolios:

- Chairperson
- Deputy Chairperson
- Secretary
- Deputy Secretary
- Treasurer
- Plus 3 additional members

The members of the committee are nominated, whereby two members are nominated by each of the 4 wards within Izingolweni. The committee is a voluntary committee and thus is not paid for its services. It meets on a monthly basis whereby it reviews the work of the officials and deals with any problems raised by the officials. It also meets with the community as and when required.

11.2 The Officials

The Izingolweni WSP Committee employs 4 full time staff, namely a manager, an administrative clerk and two maintenance officers (referred to as plumbers, although it should be noted that they are not fully qualified plumbers but rather trained to fulfil certain plumbing functions).

The **manager** is responsible for the overall management of the scheme including allocation of tasks to the maintenance officers, monitoring, customer care, providing progress and financial reports to the Committee, and dealing with queries or problems. The manager earns R1 500 per month.

The **administrative clerk** is responsible for revenue collection (selling coupons, issuing bills to those with household connections), bookkeeping and fulfilling a reception function (answering the phone, taking messages, etc.) The administrative clerk earns R900 per month.

The **maintenance officers** ('plumbers') are responsible for the operation and maintenance of the standpipes, meter-reading and for installing private connections. The maintenance officers earn R800 per month.

12 Features of the Izingolweni WSP

12.1 Constitution

The Izingolweni WSP has a constitution, which is based on the Mvula Trust model. The Ugu Regional Council ISD personnel workshopped the constitution with the Izingolweni WSP and modified the Mvula Trust model accordingly.

12.2 Official Office

The Izingolweni WSP has an office, which clearly bears the name of the Izingolweni WSP. The office has a meeting room, a store room, and a payment office with a 'window' to facilitate interactions with customers, such as issuing tokens, receipt of payments, addressing complaints, etc.

The office is well equipped with two computers, various office furniture, fax facilities and telephone lines. It also has a scooter, which facilitates visits to the Ugu RC offices, suppliers, etc.

The officials have a uniform bearing the name Izingolweni WSP. The office, uniform and proper financial documentation all serve to institutionalise the WSP as an 'official' institution with authority and legitimacy.

12.3 Customer Relations and Communication Mechanisms

Customer relations are addressed through a range of mechanisms. Firstly the representatives from each ward on the WSP Committee facilitate communication within their wards. Complaints, problems, issues to be addressed, recommendations are made to the representatives who then the issues within the Committee. Report backs to the community also take place through the ward representatives.

Customers also have access to the Izingolweni WSP Office where they can report problems, etc. Officials in the WSP Office either deal with the issue or the matter is reported to the committee through the manager. The relevant ward representative is then responsible for reporting back to the customer concerned as appropriate.

From time to time community meetings are held to report on progress and to address relevant issues. These meetings are held on a ward by ward basis. In the case of more serious problems, for complaints concerning the tariff, the WSP contacts Ugu RC to address the community.

The Izingolweni Office is more than a 'WSP' Office, it serves as a communication centre around a range of community issues, e.g distribution of public notices, etc. In this regard it is seen as a dynamic link to local government.

Telephone and fax facilities also facilitate easy communication with Ugu Regional Council as well as other stakeholders.

12.4 Staff Procurement

Procurement of staff included a process of advertising (through notices in the shopping center and in the tribal court), interviews and formal appointments. Staff are appointed on permanent contracts. Whilst there are no written job descriptions, staff understand their tasks and responsibilities which were explained to them verbally during the procurement process. A training agent as part of the project implementation process facilitated the procurement process.

12.5 Relationship with Ugu RC as Support Services Agent

The Izingolweni WSP is in daily telephonic contact with the Ugu Regional Council. In addition the Council visits the WSP on a monthly basis. Where major maintenance support is required, Ugu Regional Council usually responds on the same day. The relationship between the RC and the WSP can be described as very good.

12.6 Financial Efficiency and Accountability

Proper accounting records are kept. The overall management of the finances is very efficient with regular reports. A financial report is given to the Committee each month and the finances are 'audited'/reviewed by Ugu RC on a monthly basis. The financial records are open for public scrutiny thus promoting transparency, accountability and trust.

12.6.1 Revenue Collection

Bills are sent out on a monthly basis. Unpaid bills are followed up with verbal warnings and written notices. Revenue collection from the standpipes is by means of prepaid tokens. Community members purchase their tokens from the Izingolweni WSP Office. Revenue is banked on a daily basis to avoid large amounts of cash left in the office.

12.6.2 Payment of Accounts

According to Ugu RC, Izingolweni WSP is extremely efficient in paying their bill for bulk water. Most months the WSP manager phones the Council before the Council has even issued the bill, to find out what they owe so that they can make an early payment.

Payments are made by means of cheque and cash. Cheques are requested from Ithala Bank for payments such as the telephone, electricity, bulk water, etc. Salaries are paid in cash.

12.7 Cost Recovery and Affordability

12.7.1 Cost Recovery

The bulk water tariff is R3.52 per kilolitre. The reticulated tariff is R10.00 per kilolitre. The Izingolweni WSP reported that it has an annual surplus of approximately R20 000. Their costs are therefore fully covered, with a surplus.

Income varies from the summer to the winter months. During summer the average monthly income is approximately R15 000 to R20 000. During winter the income increases to approximately R29 000 per month. This variance in income is due to rain water harvesting during the summer months.

Expenses are approximately R14 000 per month, including salaries, payment for bulk water, telephone, electricity, petrol for the scooter, office stationery, and other sundries.

At the time of interview (October 2000) the accumulated surplus was approximately R80 000 of which R30 000 was invested with Standard Bank in Margate.

12.7.2 Affordability and Indigent Policy

The tariff is affordable to the community on the whole. The Ugu Regional Council does not have an indigent policy at the time of this study, however they are currently working on a policy which will be in place following the local government elections. The Izingolweni WSP will attend workshops concerning the new indigent policy and how it affects them. Currently extended family members assist those community members who cannot afford water.

The tariff is lower than it would be if there was a different WSP option because the CBO WSP costs are kept to a minimum. Item costs of a CBO WSP have proved far cheaper than other WSP options. However, union involvement concerning minimum wage issues could result in increased costs over time.

12.8 The Prepaid System

There is general support within the community for the prepaid system. Incidents of vandalism have been isolated. However, Ugu Regional Council officials are not entirely satisfied with the system backup, namely the aquanova system on the technical side.

12.9 Approach to Vandalism, Non-payment, Illegal connections

12.9.1 Vandalism

In the earlier days of operation, some of the pre-paid meters were vandalised. The WSP took the decision to place locked 'boxes' over the pre-paid meters so that community members were not able to access water from those standpipes. They informed the community that the standpipes would only be unlocked once sufficient funds had been collected within the community to repair or replace the pre-paid meters. The strategy has been effective in that no further prepaid meters have been vandalised.

12.9.2 Non-payment

Since revenue collection is through prepaid meters on the standpipes, there is no problem with non-payment in relation to the standpipes. In terms of household/private connections there have been problems whereby households have not paid. In

such cases verbal warnings and written notices are given. If after three months payment has still not been made, their water supply is disconnected. All outstanding amounts have to be paid before they are reconnected. There is currently no reconnection fee. There are also currently no outstanding longer-term debts to Izingolweni WSP in terms of unpaid water bills.

12.9.3 Illegal Connections

The Izingolweni WSP has not experienced the problem of illegal connections. The WSP Committee attributes this to the fact that the community is aware that the system is closely monitored and managed. An important lesson from this case study is that with a strong, legitimate community-based WSP, illegal connections can be avoided.

13 Risk

Both Ugu Regional Council as the Bulk WSP and the SSA, and Izingolweni WSP share risks related to consumption, but these risks are minimal since existing consumption (even at its lowest point) is sufficient to cover overheads and maintenance costs.) An abnormal drop in the consumption would result in a loss to the RC and Izingolweni WSP, but only if the overheads are too high. In this instance it would have to be a very large decrease in consumption.

13.1 Risks for Ugu RC

13.1.1 Cost of Support Services

A potential risk for Ugu RC is the cost of the support services. Whilst there is no existing analysis to illustrate whether the bulk tariff paid by the Izingolweni WSP covers the full costs of the support services provided by Ugu Regional Council, the Council is confident that their costs are being covered. (Cost of bulk for the RC is R1.50 per kilolitre. Izingolweni WSP pays R3.52 per kilolitre.)

13.1.2 Free Water Policy

'Free water' was cited by the manager and the committee as being cause for concern since their existence is dependent on collecting tariffs to cover their costs. However this concern is likely to be addressed through a subsidy from Ugu Regional Council. The Ugu Regional Council expressed concern about how they would implement the free water policy from the point of view of *identifying those that qualify for free water*.

Additional controls would need to be developed in terms of the token system to prevent households from continually accessing free water through purchasing a number of tokens or through rebooting tags.

Other concerns from the RC in relation to free water include:

- access to *sufficient* funds to subsidise the policy (the current equitable share is insufficient to cover water costs, let alone other services)
- increased consumption (current consumption is approximately 2.5 to 3 kilolitres per month which is likely to increase if 6 kilolitres when provided free)
- increased wastage
- impact on ground water in terms of increased grey water back into the system and increased purification costs

13.2 Risks for Izingolweni Water Services Provider

13.2.1 Revenue management

The primary risk carried by Izingolweni WSP is that of revenue management. Vandalism of the prepaid meters was a threat, which if not adequately addressed could have resulted in financial risks for Izingolweni WSP. Following decisive action in dealing with vandalism whereby the community understands that the system addresses their needs, the prepaid metering system has served as a reliable revenue collection mechanism. A further risk is insufficient consumption whereby alternative water sources are utilised. Rainwater harvesting dramatically reduces utilisation of the standpipes with income dropping by approximately 50% in the summer months. However, despite decreased consumption during the rainy season, revenue on a monthly basis is still sufficient to cover average monthly expenditure. Rainwater harvesting could become a threat if increasing numbers of households are to make use of it as an alternative source. Currently it does not appear to be a major threat from a financial point of view.

13.2.2 Private Connections

Izingolweni WSP also carries the risk of non-payment by households/businesses with private connections. Contractually the Council is guaranteed payment for bulk water, regardless of whether the WSP is able to collect the tariff. However, effective action in dealing with defaulters (warnings, notices and disconnection) has reduced this risk.

13.2.3 Water Loss

Izingolweni WSP also carries risk in relation to water loss. To date this has not been a problem. The preventative maintenance support from the Ugu Regional Council also minimises this risk.

13.2.4 Free Water Policy

The Izingolweni WSP is concerned about the impact of a free water policy since it will reduce income from the standpipes. Consequently they are reliant on Ugu Regional Council to either reduce the bulk water bill proportionately or to transfer equitable share to Izingolweni WSP to cover the free water costs. This remains an

unknown until mechanisms to implement such a policy are put in place. In the meantime there is concern with the WSP Committee concerning the impact on the culture of payment for water services.

13.3 Consumer risks

13.3.1 Utilisation of surpluses

Consumers carry potential risk related to the future reliability of the scheme if the WSP utilises the surpluses to extend the services to un-served households rather than treating the surpluses as retained income for shortfalls, future maintenance and repairs. However, Ugu Regional Council as the Water Services Authority would play a role in terms of monitoring and auditing the decisions of the Izingolweni WSP to ensure that such decisions do not have a negative impact on sustainable water services to the community.

13.3.2 Cost of Vandalism

Consumers also carry risk where prepaid meters are vandalised, since they are required to cover the costs to repair the meters. This risk has substantially diminished as a result of the WSP strategy towards dealing with vandalism.

13.3.3 Free Water Policy

The free water policy may result in risks to the consumer if insufficient funds are available to finance the policy at the Ugu Regional Council level.

14 Success Factors

- ✓ Access to strong support services from Ugu RC
 - Daily telephonic contact
 - Monthly financial audit and visit from the RC
 - Technical support
 - ISD support
- ✓ Political credibility of SSA
 - Since the support services role is fulfilled by the Ugu RC which is the WSA, it is able to assist with social problems and questions concerning the level of service and tariffs
- ✓ Cost recovery through prepaid meters

- Decisive action in dealing with vandalism where the community carries the cost of replacing vandalised infrastructure)
- ✓ Strong action against defaulters (disconnection)
- ✓ Coherent institutional arrangements from project implementation
 - Ugu RC was the implementing agent for this scheme and thus the RC took responsibility for effective institutional arrangements from the project implementation stage. In addition the RC has ensured that the WSP has access to the necessary support required from the RC as both a WSA and a SSA.
- ✓ Representivity and accessibility of the WSP
 - each Ward is represented on the WSP Committee
 - consumers have easy access to the committee members and the WSP officials
- ✓ Strong overall manager of the WSP
 - Respected by the committee, the staff and the community
 - Highly organised, efficient, effective, proactive and innovative
- ✓ Committed staff and committee with a strong sense of responsibility and ownership
- ✓ Secure employment created for four members of the community including skills development
- ✓ Well established accountability mechanisms
- ✓ Excellent communication systems
- ✓ Well resourced 'official' and accessible WSP Office
 - Office building which is clearly identified as the Izingolweni WSP gives the WSP legitimacy where it is viewed as having authority
 - The WSP is accessible to consumers in terms of the position of the office
 - Computers, telephone, fax, transport, furniture, office equipment facilitates the efficient functioning of the WSP

15 Potential Threats

There did not appear to be any serious threats to the effective and ongoing functioning of the Izingolweni WSP. The researchers were also unable to identify any weaknesses in the set of institutional arrangements or within the WSP itself.

15.1 Powers and functions: Category C and Category B municipalities

Since Ugu Regional Council is the WSA, it is the municipality with which Izingolweni WSP enters into a WSA-WSP contract. However Izingolweni WSP also falls within Izingolweni category B municipality area of jurisdiction. The existing institutional arrangements and relationships between Izingolweni WSP and Ugu RC do not include any linkages to the Izingolweni municipality. Currently there is a lack of clarity concerning allocation of powers and functions between Ugu Regional Council (category C) and Izingolweni municipality (category B). Should there be changes in the set of relationships with the Izingolweni WSP, the Ugu Regional Council will lead any necessary negotiated take over of responsibilities. The Ugu Regional Council is thus of the view that any changes in relationships will not have an impact on the Izingolweni WSP performance.

15.2 Timeframes of Employee and WSP contracts

The employees indicated that they are full time permanent employees of the WSP. However the WSP contract with the WSA is for a specified timeframe. Whilst it is unlikely that the Ugu RC will choose to appoint an alternative WSP at the end of the contract period, it is important that there are no dis-junctures between the WSA - WSP contract and the WSP employee contracts. The Ugu Regional Council indicated that even if there was a change in WSP, the Izingolweni WSP staff would be treated in the same way as other government officials and would thus retain their jobs. If necessary they would be transferred to the new WSP.

15.3 Utilisation of surpluses

The Water Services Authority - Water Services Provider contract allows for surpluses be to utilised for extensions. The Izingolweni WSP committee and staff indicated that they intend utilising the surplus to extend water services to parts of the village that were not covered in the original scheme. Issues of standards, sufficient water resources, etc. would be regulated, monitored and audited by the Ugu Regional Council. Those households whose tariffs and water bills have contributed towards the surplus may legitimately argue that the surplus should be invested towards covering future maintenance costs or towards upgrading their services rather than servicing additional sections of the community.

16 Recommendations

16.1 Legislation to create enabling environment for CBO WSPs

Existing legislation (Municipal Systems Act) requires certain procurement procedures when entering into a partnership to provide municipal services. Whilst these procedures may be relaxed for SMMEs, they do not make similar provision for CBOs.

Part 3: Service delivery agreements involving competitive bidding of the Municipal Systems Act states that "Subject to the provision of the Preferential Procurement

Policy Framework Act (Act No. 5 of 2000), a municipality may determine a preference for categories of service providers in order to advance the interest of persons disadvantaged by unfair discrimination, provided that the manner in which such preference is exercised does not compromise or limit the quality, coverage, cost and developmental impact of the services."

Since the Preferential Procurement Policy Framework Act does not include CBOs in the definition of 'persons disadvantaged by unfair discrimination', a partnership such as that entered into between Ugu RC and the Izingolweni WSP is subject to competitive bidding. Efforts by the Department of Water Affairs and Forestry to secure amendments to the Municipal Systems Bill whereby CBOs are included in the definition of 'preferential categories of service providers' were not successful primarily because no clear *definition* of a CBO exists.

Since such amendments were not affected, it is recommended that a new section be added to the Water Services Act after clause 19(1):

"Notwithstanding the provisions of any other law, a water services authority is not obliged to follow a competitive procurement process when it decides to provide or manage water services through a service delivery agreement with a community-based organisation".²

This new section would provide discretion on the part of the WSA in respect of competitive procurement where the water services could be provided by a CBO. A definition of a 'community-based organisation' should be included in Chapter 1: Introductory provisions: Definitions. Consultation concerning the definition should take place to ensure that the definition effectively captures a set of criteria which determines an organisation as "community-based".

16.2 Izingolweni WSP as a replicable model

The Department of Water Affairs and Forestry as well as the Department of Provincial and Local Government would be well advised to further research the Izingolweni WSP as a community-based model that could be replicated elsewhere. Izingolweni WSP is one of a number of community-based WSPs established by the Ugu Regional Council. Whilst it was selected as the most successful CBO case, the other community based WSP's in the Ugu Regional Council area also provide reliable and sustainable water services.³

² Drawn from: Jo-Ann Ferreira, *Proposed Amendments to the Water Services Act 1997, Draft 1, 11 August 2000*. Ferreira's proposal refers to a 'voluntary community association' and also includes services providers performing a public function in terms of legislation as well as nonprofit organisations registered in terms of the Nonprofit Organisations Act, 1997 (Act No. 71 of 1997).

³ The research team also visited the Nzimakwe WSP which was achieving 80% cost recovery

17 CONCLUSION

Community-based organisations, with the right support are a viable institutional vehicle for providing water services to rural communities. Izingolweni WSP together with Ugu Regional Council as a support services agent is able to provide cost effective, efficient, affordable, reliable and sustainable water services.

This case study illustrates that CBO models have both the capacity and willingness to manage water services and are a suitable institutional option for less accessible rural communities. A critical success factor towards establishing effective CBO WSP models is effective capacity building and access to support. Legislative, financial and policy frameworks must encompass a legal recognition of CBOs as WSPs whereby an enabling environment for their establishment and success is created. Public-CBO Partnerships are an important institutional option to consider for the provision of water services in rural areas.