

*A history of the first decade
of
Water Service delivery in
South Africa 1994 to 2004*

meeting the millennium development goals



water & forestry

Department:
Water Affairs and Forestry
REPUBLIC OF SOUTH AFRICA

*A history of the first decade of
Water Services delivery in South Africa*

1994 to 2004

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Message from Buyelwa Sonjica, MP, Minister of Water Affairs and Forestry

South Africa's democracy is now ten years old. This first decade has shown government's commitment and intention to improve the lives of South Africans, especially of the poor. During this time 13,4 million people have been provided with a basic water supply, including over 10 million served by the rural focused programs of the Department of Water Affairs and Forestry (DWAf).

The first decade of democracy and celebration of service to ten million people provides an opportunity to reflect on how government and other partners in the water services sector have worked together to address the disparities in water and sanitation services inherited from apartheid.

This publication attempts to illustrate the water supply and sanitation challenges that government faced at the dawn of democracy and how it dealt with these challenges. It is not a detailed account of the history but rather records the important milestones that will enable government to reach the goals and targets set for water supply and sanitation.

These milestones include the development of the 1994 White Paper on Water Supply and Sanitation, the targets set by the Reconstruction and Development Programme (RDP) and the Presidential Lead Projects that flowed from the RDP goals. Another major milestone was the Water Services Act in 1997 that provided the vision for local government to take responsibility for water services.

In the meantime however DWAf continued with its capital programmes in rural areas and the Department of Provincial and Local Government (DPLG) with the Consolidated Municipal Infrastructure Programme (CMIP) in the urban and peri-urban areas. Restructuring of Local Government started in 1998 with the introduction of institutional changes and this set the scene for municipal infrastructure funding. In 2003 a new vision for the water services sector that reflected these developments was necessary and the Strategic Framework for Water Services was approved by Cabinet.

This publication reminds us of where we started from and how the sector has gone through a number of evolutions to meet the service challenge.

It is important to note, that although much has been done, the task has not yet been completed and there are still real challenges that need to be overcome before all South Africans have access to at least a basic level of water supply and sanitation and can keep their services functional. We will however be able to move forward, building on the solid foundation that we have laid in the past decade.



**MS BUYELWA SONJICA MP
MINISTER OF WATER AFFAIRS AND FORESTRY**

Message from Ronnie Kasrils, MP Minister of Water Affairs and Forestry (1999-2004)

*H*aving served as the Minister of Water Affairs and Forestry since June 1999 was indeed a privilege as this Department faced the challenge of delivering water and sanitation services to millions of people who were deprived of this right for years. This function of the Department of Water Affairs and Forestry links closely to Government's focus of eradicating poverty.

During my term of office we obviously continued to build on the groundwork set by my predecessor. We also set our minds on achieving to meet the Millennium Goals for water and sanitation but recognised that it was not enough. Although we brought a basic amount of clean drinking water within reach of 9 million people during my time with the Department we realised that we had to move our people up the water ladder in order to improve the services that they receive.

The promise for the next ten years is to move up the ladder, from the communal tap to the convenience and dignity of having water in people's own yards with each household having its own toilet and even, in time, hot and cold running water inside the house enjoyed by many more of our people. I know this will be achieved.

Over time it became necessary to change our way of thinking and doing by adopting a sector wide approach, which implied forming partnerships with the water and sanitation institutions concerned. This was the start of the donor support programme called Masibambane which provided for funds to be channelled through one programme and allowed us a much further reach than trying to do it on our own.

If I have to reflect back then one of the key milestones was the development and implementation of the Free Basic Water policy in 2000 which more than 27 million people benefited from three years later.

I can also say that it was wonderful for me to have still served as the Minister of Water Affairs and Forestry in the first few months of 2004 during the celebration of 10 years of freedom and democracy in our country. For ten years we have strived to ensure that through water, a better life was created for all and we tried to make great strides to wash away poverty. Indeed Water is Washing away Poverty!



**RONNIE KASRILS, MP
MINISTER OF WATER AFFAIRS AND FORESTRY
(1999-2004)**



Message from Professor Kader Asmal, MP, Minister of Water Affairs and Forestry (1994-1999)



Men can never know what giving birth entails. It adds an obscenity, then, when men dictate to women on the issue of sexual and reproductive health.

There is parallel in our experience of water. Those of us who have never been thirsty, truly thirsty, struggle to empathize with those of whom real thirst is a daily torment. Nor do those of us who have not had to carry heavy containers of water, day in and day out, for long distances over rough terrain, really understand the real value of having water – safe water – “on tap”.

For so many South Africans, under apartheid, it was not that the “well had run dry”. Rather the wells had been commandeered. Through a doctrine based on the crudity of the colour of skin, these South Africans had an outrageous assault on their health, their development, their dignity, by a government for whom they were invincible, for whom they were of no consequence.

Democracy unleashed extraordinary scope and energy in redressing the injustices of the past. It was a time both of exhilaration and of almost overwhelming challenges. We had a choice to be awed by the magnitude of the tasks at hand, or to roll up our sleeves and use innovation and dedication to make the differences demanded of us by the people of our country.

That 13,400,000 people now have access to safe water – people who were previously denied this basic human right – is one of the greatest feats in delivering on human rights of any government anywhere in the world. No matter what those engaged in the introspection in terms of optimizing our efforts might say, this is a feat for which all South Africans can be truly proud.

Those who do nothing make no mistakes. Anyone who has ever tried to make things work will know that mistakes are inevitable. There will be individual schemes that will not work as planned. There will be people who do not get the intended benefits. These mistakes must be corrected through a good monitoring and evaluation process, through a vigilant society, and through research on best practices.

I think it is true that we could have learned more quickly from the success and benefits of our experiment of providing “free basic water”. The long-term costs of the approach of providing stand-pipes, as opposed to providing water tanks in the houses of the poor might also have been confronted earlier. The provision of sanitation does indeed remain a significant challenge. But there cannot be delivery that we have achieved, without there having been difficulties and obstacles.

These were glorious years. I look back on the extraordinary efforts of so many people, and am left with real optimism for the future of our country. People-centred government must succeed, and the Department of Water Affairs and Forestry and its partners have played their part with commitment, insight and flair. It was an honour to be part of this process. Much does still need to be done, but there can be no disputing the Government’s resolve to do what needs to be done.

It may be difficult for many of us to appreciate the real value of water. But what touches the soul is the response of those who turn on the tap for the first time. All of us – former President Nelson Mandela, President Mbeki and all others who have been part of the delivery of water - have been humbled by the scenes at the launching of these water schemes. It was as if we have been midwives at the birth of a new South Africa. What a privilege to have been there!

Phambile!

Kader Asmal

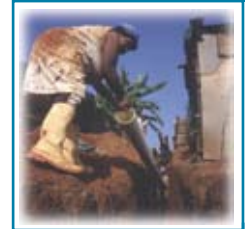
**PROFESSOR KADER ASMAL, MP
MINISTER OF WATER AFFAIRS AND FORESTRY
(1994-1999)**

THE CHALLENGE AT THE DAWN OF DEMOCRACY, 1993 - 1994

1994 was a landmark year in South Africa in that it was during this year that Apartheid finally ended.

The interim Constitution was agreed during a long and difficult period of multi-party negotiations and came into force after South Africa's first general elections on 27 April 1994.

The interim Constitution accorded the franchise to all citizens for the first time, regardless of race, and put in place a Bill of Rights that guaranteed a number of fundamental human rights, including the right of access to water for all.



However, the challenge faced by our new Government at the dawn of democracy in 1994 was enormous and it set out to address the service disparities inherited from Apartheid.

The Reconstruction and Development Programme (RDP) was the policy foundation stone of the new government. 'Meeting basic Needs' was one of the 4 pillars of the RDP and within this, access to basic water supply and sanitation services for all citizens was made a priority.

In 1994 it was estimated that some 14 million people across the country lacked adequate water supply services while some 21 million – half the country's population - were without adequate sanitation. These backlogs were much more severe in the poorer black rural areas than they were in the mainly white and more affluent urban areas.

Furthermore to the enormous backlogs in service levels, the fragmented institutional arrangements created by Apartheid across South Africa posed a huge challenge. According to the new Constitution, South Africa had to be restructured from 4 provinces and 10 'independent' and 'self governing' Bantustans to 9 provinces. A new government inevitably had to build on the foundations of the old, which presented internal structural limitations and therefore the need for a thorough transformation process.

With regards to water supply and sanitation services, the previous system did not provide for one dedicated department taking responsibility for water supply and sanitation services. It was left to each homeland government and local municipality to decide whose responsibility this was to be. Water services infrastructure in many of the poorer black rural areas was operated by fragmented homeland government structures that were almost completely dependent on the South African Government for funding.



WHITE PAPER ON WATER SUPPLY AND SANITATION, 1994



The RDP mandated the Department of Water Affairs and Forestry (DWAF), as the government department responsible to ensure that all South Africans would obtain equitable access to water services. This required a new policy and strategy in order to respond to the water services challenge.

DWAF built on work done before 1994 by the Standing Committee on Water Supply and Sanitation which brought together various water sector stakeholders, such as municipalities, organised labour, various Non-Government Organisations, the Water Research Commission, the Water Boards, government departments, and various extra-parliamentary organisations as well as international best practice, particularly that relevant to developing countries.

A significant milestone in the development of the new policy was a national stakeholder conference held at Kempton Park at which sector role players agreed on the key recommendations for inclusion in the future White Paper on Water Supply and Sanitation.

The White Paper on Water and Sanitation was released in November 1994 and was one of the first comprehensive sector policy documents of the new government.

The White Paper emphasized the political importance of a speedy delivery of water and sanitation services and established the ambitious target that: "The policy of the Department of Water Affairs and Forestry, in full support of the objectives and targets of the Reconstruction and Development Programme is to ensure that all South Africans can have access to basic water supply and sanitation services ...".

Basic water supply was defined as a standpipe supplying 25 litres per capita per day within 200m of the household and with a minimum flow of 10 litres per second.

In line with the interim Constitution, the White Paper confirmed that the long-term goal was to have democratic local government take responsibility for both providing and sustaining water services.

The White Paper however recognised that it would take a number of years before effective Local Government could be established in all areas. As an interim measure, the White Paper proposed that a programme of water and sanitation infrastructure delivery be rolled out by extending the mandate of the water boards in order to enable them to provide water services directly to end consumers and by allocating national government resources to infrastructure development via DWAF.



THE PRESIDENTIAL LEAD PROJECTS, 1994

The Reconstruction and Development Programme (RDP) had been formulated by the ANC while they were the shadow government.

The RDP set out a number of development targets, including “a national water and sanitation programme ... to provide all households with a clean, safe supply of 20-30 litres per capita per day within 200 meters (and) an adequate/safe sanitation facility per site”.

In 1994, while departmental budgets were being re-orientated towards RDP goals, the newly elected Government established a R2,5 billion RDP fund to promote its development priorities. The fund was administered by the RDP Office in the Office of the President, and special allocations could be accessed by government departments in order to initiate development initiatives.

Intent on demonstrating a commitment to addressing past service imbalances as quickly as possible, the Department of Water Affairs and Forestry and sector partners compiled a list of projects that could be identified, planned and commissioned within 100 days of the April 1994 election.

In mid-1994 15 project proposals were submitted to the RDP Office of which 12 were approved. These projects became known as DWAF's Presidential Lead Projects which were the forerunner to the Community Water Supply and Sanitation Capital Programme. The Presidential Lead Projects were generally large infrastructure development projects, with most involving an extension to or substantial rehabilitation of existing rural supply networks. The exception was Bushbuckridge which was a capacity-building project aimed at establishing a completely new Water Board to manage purification, distribution and cost recovery of water from the soon-to-be-completed Njaka Dam.

In 1994 it was estimated that the 12 projects with an initial budget of R282 million would together provide access to basic levels of service to some 1,7 million people. Most of the projects were to be completed over 2 to 3 years, while Vulindela the largest project was to be completed over 4 years. Vulindela was a giant bulk and reticulation infrastructure development project serving rural communities near Pietermaritzburg and was co-funded by DWAF and the Umgeni Water Board, with DWAF contributing R71,8 million, and Umgeni Water Board R148,2 million. A similar arrangement was agreed with the Mhlathuze Water Board to fund the Shemula project. These projects were indicative of the new cooperative role envisaged between the Water Boards and DWAF in the Community Water Supply and Sanitation Services White Paper.

Within three years five Presidential Lead Projects had been completed, and a further four had already begun to deliver water to parts of their intended supply areas.



RDP PROJECT CYCLES 2, 3 AND 4, 1995 - 1998



The success of the Presidential Lead Projects encouraged three further rounds of RDP funding with the Presidential Lead Projects that were started in 1994/5 renamed the RDP 1 programme and RDP 2, 3 and 4 following in 1995/6, 1996/7 and 1997/8 respectively. Three hundred and fourteen projects were initiated in 1995/6 at a cost of R629 million. In 1996/7 R950 million was made available for 337 new projects. And at the start of the 1997/8 financial year the Department allocated R1 billion for an additional 357 new projects. Over the period the Departmental budget increased from a 1,28% share of the total state budget, to 2.24%.

New development structures and approaches were also established during this period and Implementing Agent arrangements were concluded with a number of entities, notably Non-Governmental Organisations (NGOs) and suitably capacitated local government structures.

A very important contributor was Mvula Trust, an NGO, established before 1994 through cooperation between government, the democratic movement and the European Union (EU), to promote the delivery of water and sanitation services on the principle of community-led development. The White Paper on Water Supply and Sanitation resonated with Mvula's mission, and Mvula provided much needed capacity during the RDP programme roll-out. A large number of water committees were formed during this period with the support of Non Government Organisations and these structures made a significant contribution towards the empowerment of historically marginalised communities.

Building on the relationship established through the Mvula Trust, a wide range of donors was attracted by the rapid roll-out, and the commitment to community-led development. The first technical assistance funding received from the European Union during this period laid a basis for a strong and ongoing relationship, and much larger donor support programmes later on.

DWAF was able to capitalise on the delivery results and great care was taken to ensure positive media coverage for many project construction launches, even if these were in the most isolated rural areas. The result was a systematic improvement in DWAF's credibility which facilitated its reconstruction and development effort.

A major challenge was the sheer number of projects that were approved in RDP 2 and 3 programmes, relative to the capacity available at project level. It took patient and methodical field-work to negotiate complex community politics, achieve village-wide consensus on detailed scheme design, and to prepare committee members to take on both operations and maintenance and user-fee collection. The result was that not all of the financial commitments could be spent within the financial years in which funding was allocated.

During the 1996/1997 financial year, the White Paper target of achieving universal basic service coverage within seven years of 1994 was reviewed, and a five year extension was agreed.



THE ONE MILLIONTH PERSON MILESTONE, 1997

In May 1997, the Department of Water Affairs and Forestry announced that an important milestone had been reached. The completion of a new scheme in Modderspruit in the North West Province saw the one millionth person receiving a basic water supply from the RDP programme.

This was a remarkable achievement considering the institutional framework that Government inherited in 1994. Departments had to be rebuilt; local government elections needed to take place and new municipal structures had to be put in place. Furthermore, new policy and legislation needed to be defined and an ambitious infrastructure delivery plan implemented.



THE WATER SERVICES ACT, 1997



In November 1997, the Water Services Act (Act 108 of 1997) legislated DWAF's 1994 White Paper vision that local government would ultimately take responsibility for water services.

The Act made a clear distinction between Water Services Authorities (WSAs) and Water Services Providers (WSPs). Water Services Authorities are "responsible for ensuring access to water services" and as such have a governance function. They are accountable for deciding on appropriate water services development approaches, delivery strategies and resource allocations. On the other hand Water Services Providers have a delivery function. They are entities that actually "provide water services to consumers or to another water services institution". As part of their governance function, Water Services Authorities decide which Water Services Provider arrangement is most appropriate for their circumstances.

The Water Services Act stipulates that municipalities always carry the water services authority function, although not all municipalities are authorised as Water Services Authorities. Water Services Providers, meanwhile, can be any body contracted by a Water Services Authority in the municipal area over which that Water Services Authority has jurisdiction. Water Services Providers may include the municipality itself, another municipality, a Water Board, a community based structure (such as the water committees), or a private company. Where the Water Services Authority is not the Water Services Provider, the relationship between the two is regulated by contract. The Act therefore confirms the constitutional right of Local Government to take the lead in water service delivery planning and decision-making.

The Water Services Act also requires that all Water Services Authorities prepare a Water Services Development Plan (WSDP) as part of the municipality's overarching Integrated Development Plan (IDP). The Water Services Development Plan is the principal tool for planning the provision and expansion of water services and for allocating resources towards water services.

The Act mandates the Minister to gazette subordinate legislation (regulations) and to develop various guidelines. During the period following the legislating of the Water Services Act, the Minister gazetted national standards for water services, norms and standards for tariffs and regulations for contracting water services providers and model by-laws, model contracts and other detailed guidelines were also developed as mandated in the Water Services Act. During the preparation of these documents DWAF was careful to consult closely with local government and other stakeholders.

In order to fully implement the legislation, DWAF also began to orientate resources and energies towards building the capacity of municipalities to act as Water Services Authorities, and to help these Water Services Authorities prepare Water Services Development Plans.



INITIATING THE CONSOLIDATED MUNICIPAL INFRASTRUCTURE PROGRAMME (CMIP), 1997

At a conference on the Wild Coast in early 1997, DWAF and the now Department of Provincial and Local Government (DPLG), as well as the Department of Housing, formulated recommendations of how the responsibilities for national government led municipal infrastructure development should be allocated.

The RDP fund was now incorporated into Departmental budgets – a process which caused some cash flow headaches. It was, however, agreed that DWAF should continue with its capital programme in rural areas, while the DPLG provided municipal infrastructure development support in urban and peri-urban areas. DPLG would also be responsible for the development and rehabilitation of bulk and connector infrastructure through what became known as the Consolidated Municipal Infrastructure Programme (CMIP).

The government departments concerned further agreed that the Department of Housing would also contribute towards the development of ‘internal infrastructure’ required to connect newly constructed houses to water, sanitation, electricity and road networks by utilizing a portion of the housing subsidy.

The Wild Coast agreement was confirmed by Cabinet in June 1997. Cabinet later agreed to widen the funding ambit of the Consolidated Municipal Infrastructure Programme to include internal community infrastructure and also community facilities.

Between 1997 and 2003, the Consolidated Municipal Infrastructure Programme channelled over R8 billion in capital grants to municipalities benefiting some 2300 municipal infrastructure projects with the largest portion, R4,9 billion, invested in urban and peri-urban water and sanitation service infrastructure.



BUILD, OPERATE, TRAIN AND TRANSFER (BOTT), 1997 - 2001



In his opening address to Parliament in 1997, then President Nelson Mandela highlighted the need for accelerating the delivery of services. In response, the then Minister of Water Affairs and Forestry, Professor Kader Asmal, declared 1997/8 the “Year of Delivery”, and undertook that DWAF would gear up to invest R1 billion a year on water and sanitation infrastructure.

While DWAF had access to sufficient funding, it did not have the capacity to undertake the feasibility-studies, detailed project-design, and construction to invest at the required investment rate. In order to address this shortfall, DWAF decided to enter into an arrangement with private sector partners to Build, Operate, Train and Transfer (BoTT) schemes under contract.

Tenders were received in March 1997 for “Programme Implementation Agents for Water Supply and Sanitation Programmes”. In July 1997, two-year BoTT contracts were awarded to consortia of bidders in the four provinces, namely Eastern Cape, KwaZulu-Natal, Mpumalanga and Limpopo, where the backlog of water and sanitation services was most pressing. These contracts were later extended by a further two years, plus one additional year to wind down. Municipalities and water committees were allowed to choose whether to use these service providers and approximately half of programme funds were channelled through them.

The BoTT contracts were designed to allow maximum flexibility in order to adapt to local requirements. The BoTT contractors were required to manage the development of water and sanitation scheme infrastructure on an area basis, and then to operate this infrastructure while engaging in a process of capacitating local structures who would take over the operations of the schemes. The contractors were reimbursed according to a schedule of rates and it was DWAF’s responsibility to ensure that each BoTT contractor had sufficient projects to build and operate.

The relatively open-ended contracts motivated the private sector partners to take on as many projects as feasible as quickly as possible and the programme enhanced the speed of delivery. In addition, because the contracts were defined by area rather than on a project by project basis, the contractors were able to gain a better understanding of local needs and dynamics, ensure consistency over time, explore innovative solutions, and achieve economies of scale in planning and project roll-out.

One possible drawback was that the arrangement could be relatively expensive to establish as the BoTT contractors were reimbursed for various Preliminary & General Items (P&Gs) related to the setting up of provincial and area office infrastructure, and administrative operations as well as the maintenance of systems.



DEVELOPMENTAL REGULATION: SUPPORTING LOCAL GOVERNMENT, 1998 - 2000

The final Constitution was approved by the Constitutional Assembly in 1996 and finally defined the responsibilities and structures of Local Government. The Department of Provincial and Local Government's policy process had also continued with a Local Government Green Paper in September 1997, the Local Government White Paper in March 1998, the Municipal Structures Act in December 1998 and the Municipal Systems Act in 2000.

This enabled a greater focus on the challenge of keeping water services functioning effectively once the infrastructure had been provided.

In response to this sustainability challenge, DWAF and the Department of Provincial and Local Government (DPLG) began to focus more actively on developing the capacity of new local government institutions.

Although questions had been asked about the need for an independent regulator for the sector, it was clear that a far greater challenge was to help new municipalities to build their capacity to deliver services. Hence a "developmental regulation" approach was adopted. As part of this an investigation of the implications of the new legislation was undertaken which focused on clarifying the requirements for establishing Water Services Authorities and Water Services Providers. This led to a DWAF programme that provided institutional support for the establishment of Water Services Authorities, called ISWIP (Implementing Sustainable Water Services Institutions Programme), which was piloted in the then Regional Councils of KwaZulu-Natal.

The primary focus of ISWIP was to prepare municipalities for the decentralisation of water services infrastructure that had been developed through DWAF's water services programme. ISWIP went hand in hand with other DWAF initiatives, such as a supplementary programme to BoTT called OTT (Operate, Train and Transfer). OTT was launched in 1998 to 'retrofit' schemes developed under RDP 1 to 4 for final handover to local government. Under the OTT programme DWAF made specially earmarked "sustainability funds" available from its capital programme to ready schemes for transfer to municipalities. The KZN Regional Office also made use of these 'sustainability funds' to contract a service provider to prepare the District Councils for receiving transfer of these schemes.

Over time, the value of ISWIP has been well proven. Through ISWIP, the benefiting Regional Councils developed more systematic processes and procedures for planning, costing and monitoring water services provision. ISWIP confirmed that local government held the key to ensuring that the infrastructure developed under DWAF's water and sanitation infrastructure programme would be sustainable. It also became evident that substantial resources and time would need to be devoted to capacitating Local Government in order for them to assume their full responsibility.

By 2000, DWAF had started to roll out ISWIP in Limpopo and Mpumalanga and the programme had begun to inform preparations for a much more ambitious initiative, the Masibambane Programme.



SUPPORT FOR WATER SERVICES DEVELOPMENT PLANS, 1998



In the period following the enactment of the Water Services Act, DWAF systematically supported municipalities to develop Water Services Development Plans, as the main tool for planning, coordinating and managing the provision of water services.

During the period 1999 to 2000, Water Services Development Plan regional co-ordinators were appointed in all regional offices to assist water services authorities compile their plans. Water Services Development Plan Guidelines and a national Water Services Development Plan reporting system were also developed.

The preparation of Water Services Development Plans provided a more coherent approach to planning water services provision than what was available in the earlier years of the capital investment programme and had the added benefit of reinforcing the support provided by the Department of Provincial and Local Government (DPLG) to municipalities for the compilation of their Integrated Development Plans (IDPs).

The passing of the Municipal Systems Act (Act 32 of 2000) confirmed that Water Services Development Plans were an integral component of the municipalities' Integrated Development Plans and as a result a more systematic culture of planning was developed in municipalities during this period. Support for service planning by local government remains a core element of DWAF's "developmental negotiation".



MASIBAMBANE, 2001 - 2004

The emergence of wall-to-wall local government required the development of a sector wide approach to water services that would build a partnership between all the institutions concerned. This was assisted by strong donor support which had been a component of DWAF's delivery with DANIDA, British DFID, the European Union, Development Co-operation Ireland, the Royal Netherlands Embassy, AusAid, USAID and Japan's JICA all meaningfully supported the post-1994 agenda.



Masibambane (Zulu for "let us work together") represents an important example of 'donor co-ordination'. Masibambane created a single-window funding arrangement that channelled these invaluable contributions towards outcomes collectively prioritised by sector players. The South African budget was complemented by a European Union grant, as well as contributions from the bilateral co-operation programmes between South Africa and the United Kingdom, Ireland, Netherlands and France. The European Union contribution of 50 million Euro for the 2001/02 and 2002/03 financial years was followed by a further 25 million Euro for 2003/04 after a positive mid-term evaluation. The allocations have been guided by comprehensive Multi-annual Action Plans (MAAPs), initiated by DWAF and agreed between relevant stakeholders.

Launched in April 2001, Masibambane I targeted the three most disadvantaged provinces of KwaZulu Natal, Limpopo and the Eastern Cape. A second three-year cycle of Masibambane activities started in April 2004, covering all provinces.

Masibambane's founding purpose was "to support and strengthen the water and sanitation services sector in South Africa as a whole and in three targeted provinces in particular, and to support the proper functioning of local government in terms of the current policy and legislative framework".

One of its key results is: "a more clearly oriented and purposeful water and sanitation services sector oriented towards consumer-driven interventions." Not only did this mean taking a 'sector wide approach, with the sector partners agreeing on priority objectives and activities, and receiving funding to collaboratively drive these activities, but it also meant that for the first time the 'functioning of the water services sector' became a target for support in itself.

The success of the Masibambane concept depends on communication, dialogue and collaboration. The programme achieved this by building collaborative structures and mechanisms inclusive of sector role players both inside and outside of government. For example, a national Water Services Sector Leadership Group was established in February 2002 to formulate policy, set strategic direction and establish priorities for the sector. Leadership Group members include local government representatives, the South African Association of Water Utilities (SAAWU), Mvula Trust (a non-government organisation) and DWAF regional and head offices. Provincial Liaison Committees were also established to help promote alignment in development planning and sector forums were established in each of the three main targeted provinces. In these forums sector partners have worked together to develop multi-annual action plans, manage joint programmes through task teams, report on progress and share lessons.

Masibambane has succeeded in orientating the collective efforts of sector partners and has helped shape the context within which DWAF can safely cede its direct infrastructure development and service management responsibilities to Local Government.

FREE BASIC SERVICES POLICY, 2000



An important policy milestone was the establishment of the Free Basic Services policy. In late 1999, the then Minister of Water Affairs and Forestry, Ronnie Kasrils visited the isolated rural community of Lutsheko in the Eastern Cape. A new DWAF scheme providing the village with a supply of water from community stand-pipes had recently been completed. Despite the fact that the scheme was in full working order, Minister Kasrils noticed that some residents were getting water from the almost dry nearby riverbed. On enquiring, he was informed that even though the costs were minimal, R10 per month, many residents were so poor that they could not afford to pay for the water supply. They had reverted to their original unreliable and unsafe sources to avoid paying for water.

Based on this observation, Minister Kasrils resolved to explore an alternative policy approach. His solution, announced in September 2000, in the run-up to the second local government elections, was to provide free basic water and sanitation services. Based on an approach pioneered in Durban, it was proposed that a basic water supply of 25 litres per person per day would be provided free to each household every month (this amounts to 6 kiloliters per household per month). The costs of maintaining a basic sanitation facility – normally understood as a ventilated improved pit latrine (VIP) – would also be covered. Any level of service ‘consumed’ over and above this would have to be paid for.

The policy required a national transfer to subsidise the costs of provision to poorer sections of the population: This required municipalities to use their constitutionally mandated equitable share allocations to cover free services.

Much work has been done to properly communicate the original intention of the policy, to help service providers model its implications, and to assist them to set up the necessary administrative and financial systems. In the process, many initial concerns were addressed. By December 2003 an estimated 27,7 million people were benefiting directly from the Free Basic Water policy while others were still receiving free water in areas where no charging system had yet been put in place.

Aside from its direct impact, the policy further focused DWAF’s attention on the need to build municipal capacity, as municipalities are the only structures that can receive and apply regular national transfers, and cross-subsidize within a water account. By implication, the implementation of Free Basic Water meant that greater urgency had to be given to the transfer of DWAF’s operational responsibilities to Local Government.



RESTRUCTURING OF LOCAL GOVERNMENT, 2000 - 2003

In the period between 1998 and November 2000, when the second round of democratic local elections were held, a number of important institutional changes to the Local Government system were introduced.

Firstly, Local Government was re-demarcated in order to address the constraints of certain rural areas. The boundary demarcation process typically merged a number of previously separate councils. The new boundaries are designed to include both rural and urban settlement patterns thus strengthening rural Local Government.

Secondly, the Municipal Structures Act defined a clear set of powers and functions for District Municipalities and for Local Municipalities. While each level of Local Government had their own specific competencies, the Structures Act also envisaged that it should be possible for the Minister of Provincial and Local Government to re-allocate powers to the relevant District or Local Municipality that had the capacity to deal with the matters.

Following a detailed diagnostic analyses of municipalities within each district by the Department of Provincial and Local Government, the Minister of Provincial and Local Government formally published the Authorisations for Water and Sanitation Services with effect from 1 July 2003.

Thirdly, the Municipal Systems Act (Act 32 of 2000) formalised the process by which municipalities select appropriate arrangements for actually delivering services. Specifically, Section 78 (S78) of the Act requires all municipalities with authority over a particular service to follow a step-by-step analysis of the various service delivery options. If the S78 analysis leads a municipality not to opt for an internal arrangement, the municipality may select from a range of external service delivery arrangements. External service delivery options may include another municipality, a water committee or a private company.

The S78 process determines the institutional arrangements to which DWAF will transfer the water services schemes that it is currently operating on behalf of municipalities. To support the process, DWAF together with DPLG, National Treasury and SALGA developed a joint strategy and programme for supporting Water Services Authorities in identifying and deciding on Water Services Provider arrangements. The implementation of the programme was initiated in 2003/04.

Finally, the system of intergovernmental fiscal relations was defined more clearly in an effort to stabilise municipal finances. During 1998, the Department of Finance finalised the formula and distribution mechanism for the Equitable Share of Nationally Raised Revenue (Equitable Share). The Equitable Share is structured as an unconditional transfer to all local councils. The amount is based on the cost to the municipality of providing a package of basic services and the number of indigent households in the municipality.

These restructuring actions paved the way for the development of municipalities that could fully assume their water service delivery responsibilities.



PREPARING FOR THE MUNICIPAL INFRASTRUCTURE GRANT (MIG), 2003 - 2004



One of the most important steps in DWAF's withdrawal from direct water services delivery has been Government's development of a new mechanism for directly allocating national infrastructure funding to Local Government.

Since 1994, DWAF has utilised capital funds, initially from the RDP fund, and later funds from its own budget allocation (CWSS Programme Funding) as well as Masibambane Funding, to directly finance infrastructure development.

Shortly after the 2000 local government elections, government decided to consolidate the various parallel programmes for municipal infrastructure funding into a single Municipal Infrastructure Grant. This would be channeled directly to municipalities according to an allocation formula.

A Municipal Infrastructure Task Team (MITT), supported by a Technical Task Team (MIT3), was established to oversee the consolidation process and six of the eight programmes to be consolidated were wound down as from the start of the 2004/05 financial year.

DWAF will still manage certain funds for scheme refurbishment and for facilitating transfers but its community water supply and sanitation programme (CWSS) should be fully wound up by the end of the 2005/06 financial year.



STRATEGIC FRAMEWORK, 2003

By 2002 it became clear that the 1994 White Paper for Water Services was outdated. It was necessary to put forward a vision for the water services sector in South Africa that took account of progress in the establishment of democratic local government. A Strategic Framework for Water Services was drafted and approved by Cabinet in September 2003.



The Strategic Framework updates the 1994 White Paper. Whereas the 1994 White Paper focused on the interim role of DWAF in the direct delivery of basic services to people living in rural areas, the Strategic Framework maps out a vision for how the water sector as a whole will work in providing water services. It addresses “the full spectrum of water supply and sanitation services and all relevant institutions”. A series of more detailed strategies will be developed including: a national institutional reform strategy; a regulatory strategy; a support strategy; and a monitoring and evaluation strategy.

The Strategic Framework sets a number of specific quantitative targets, gives revised and clearer definitions of basic water and basic sanitation services and provides a conceptual approach to the financing of viable and sustainable service delivery, including investments in infrastructure for both basic service levels and levels higher up the service ladder. It also provides a framework for approaches to planning water and sanitation services; setting minimum norms and standards; regulating service provision; and supporting and monitoring delivery.

Important delivery targets established in the Strategic Framework are:

- an end to the bucket system by 2006;
- an end to the water supply backlog by 2008;
- all assets of water services schemes transferred to municipalities by 2008;
- an end to the sanitation backlog by 2010.

The Strategic Framework confirms that the Department of Water Affairs and Forestry is the custodian of the water resources and overall leader of the water sector. DWAF will no longer normally be directly involved in operating any water services infrastructure or funding any new infrastructure. It will, however, continue to set the policy frameworks and oversee and regulate the activities of all water service institutions.



DELIVERY OVER THE LAST 10 YEARS



Delivery of water services over the last 10 years can be summed up as follows:

Basic water supply

13,4 million people have been provided with a basic water supply through different Government programmes including 10 million people through the Department of Water Affairs and Forestry, between 1994 and March 2004.

Basic sanitation facility

Approximately 6,9 million people have been provided with sanitation facilities between 1994 and March 2004, the majority through housing programmes.

Funding

Government has invested a total of R14,8 billion between 1994 and March 2004 on water and sanitation services; R11,3 billion of which was invested in water supply and R3,5 billion in sanitation services.

During the last financial year (from April 2003 to March 2004) Government invested R1,7 billion in water supply and R0,8 billion in sanitation services.



LESSONS FROM 10 YEARS OF EXPERIENCE: LEARNING BY DOING

Over the past ten years the water services sector has seen many successes, and has faced many challenges. In the process core lessons have been learnt that will benefit the sector during the second decade of democracy.

The primary lesson is that no single institution could have achieved all that has been achieved over the last 10 years. A coordinated effort was required across the whole sector. Since 1994, National Treasury, and the Departments of Water Affairs and Forestry, Provincial and Local Government, Housing, Health and Education have all, together with Local and Provincial Government, held a common vision and shared a common strategy for the implementation of water and sanitation services.

Government has also made ample use of the water boards, the private sector and the NGO community to leverage its capacity. The funding and experience of the international donor community has also been harnessed, focussed and coordinated.

With the demarcation of Local Government completed, the powers and functions assigned, and the consolidation of municipal infrastructure grants almost completed, it is certain that Local Government will in future take their rightful constitutional role as provider of water services. It is equally certain that the other sector partners will be there to support Local Government as they take up their constitutional responsibilities.

A further lesson is that the sector has learnt and developed its capacity through implementation. It did not wait until reform had been completed or even agreed.

The final lesson is that change should be welcomed and not feared. It is evident in revisiting the last 10 years that the sector went through various adaptations. Each was appropriate for its period. When a particular model had served its purpose it was phased out and a new model was adopted.



CHALLENGES FOR THE FUTURE

Although impressive progress has been made in providing basic services over the last 10 years, much remains to be done. There are still substantial backlogs especially in sanitation. Institutional arrangements must still be finalised in many areas if all water and sanitation services are to be sustainable.

The Strategic Framework for Water Services, 2003 establishes 19 key targets that will be used to guide the sector over the coming years. These targets support the provision of access to services, education and health, free basic services and institutional development and performance. These targets highlight the challenges for the future, explain how progress can be measured, establish responsibilities and prescribe timeframes within which each target must be achieved.

There is still much to be done. We have celebrated our 10 years of democracy and are now ready to tackle our new targets, building on the solid foundations that were laid in the past decade.