

**Public - Private Partnerships in Rural Development:  
An Analysis of Emerging Relationships in Water Provision in  
South Africa**

by

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## **DECLARATION**

This dissertation represents original work by the author and has not been previously submitted in any other form to another university. Where use has been made of the work of others, it has been duly acknowledged and referenced in the text.

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## **ABSTRACT**

South Africa has one of the highest levels of inequality in the world, and the government has attempted to redress extensive material, social and political deprivation. It has been confronted by the tension between the need for rapid delivery of essential services and the aspiration for people-centred development. Limited resources and insufficient capacity have led the state to contract out service provision to the private sector. There has also been a shift toward self-sufficiency which has placed pressure on service users to manage their own development. 'Public-private Partnerships' have come to be a common feature of many development projects.

These partnerships must be understood in relation to prevailing conditions within South Africa. Extensive poverty, social turbulence, an unaccountable state bureaucracy particularly in local government, and vested interests which do not support the goals of redistribution envisaged in the constitution all exist.

Public-private partnerships are relatively new to South Africa. Four issues were raised about these relationships: Will they lead to the promotion of efficient and effective service delivery? Do they promote good governance? Is there a specific role for NGOs in public-private partnerships and finally what are the conditions for genuine participation by local communities within public-private partnerships?

A study of public-private partnerships in the water sector, involved in the Community Water Supply and Sanitation Programme was undertaken. A variety of research methods, notably formal and semi-formal interviews and focus group discussions were employed to explore these relationships. Fieldwork was conducted between November 1998 and January 1999. The research involved familiarisation with new South African policy legislation which is set to alter the entire institutional environment. The study also drew upon international literature in order to assess the influence of global changes upon the water sector in South Africa, and also to locate the forms of water service provision within broader theoretical contexts.

The key organisations which were investigated, and those which played a role in the Community Water Supply and Sanitation Programme were: the Department of Water

Affairs and Forestry; the Mvula Trust, a large national non government organisation (NGO); various water committees supported by the Mvula Trust; and the Build, Operate, Train and Transfer (BOTT) consortia, which are joint ventures between the Department of Water Affairs and Forestry (DWAF), private firms and the Mvula Trust.

Turning first to the question of the efficiency and effectiveness of public-private partnerships in service delivery, the findings of this study reveal that there are gaps in service delivery in the water sector which are not being filled by public-private partnerships. Poor performance by project managers, cases of exploitation by project and training agents of community organisations, and insufficient accountability (especially on the BOTT projects) towards the water users, are widely in evidence. Key leadership and managerial functions within these ventures are missing. The findings of the study reinforce the need for the state to play an active role in managing and leading public-private partnerships.

The second issue concerning the relationship between public-private partnerships and good governance, reflects confusion in state priorities. The Water Services Act stipulates the importance of local government managing water service provision. Yet public-private partnerships currently bypass this level of governance.

Turning to the third issue of the role for NGOs in public-private partnerships, it could be argued that like other NGOs in South Africa Mvula has to deal with various contradictions. In many ways it operates as a parastatal, not as an NGO. Mvula is dependent on the state for funding, the recent funding crisis has highlighted the dangers of such reliance upon the state, and Mvula can be criticised for being short sighted and too trusting. It has also meant that Mvula has had to adopt DWAF's policy objectives which differ markedly from those of the Trust.

At another level, though, Mvula's ability to introduce innovative approaches to water service delivery and to influence policy on water service delivery proves that there are ways in which state and non-state actors can engage in useful relationships.

The debate about participation has also been woven into the discussion about public-private partnerships. The basis for public-private partnerships in South Africa has been that local communities would manage their own development processes. Radical participation has been entrenched both in the constitution of SA and in the goals of the RDP. Yet none of the actors (even the Mvula Trust) promote radical participation. At best a watered down version based on community consultation was applied, although in numerous projects participation was token.

For the foreseeable future participation will remain a central element of service delivery. Service providers will have to allocate more resources and time toward supporting community organisations to manage their own development. This in turn will increase the costs of service delivery. In the long term these functions should be handed over to local government, in order that rural dwellers may concentrate on their livelihoods. The most critical project in the next ten to fifteen years will be to build strong local government. The biggest challenge will be to change the organisational mindset of these presently conservative and weak structures.

A theme, which has underpinned this dissertation, has been the debate between efficiency and equity. Questions remain as to whether it was possible to reconcile these perhaps conflicting goals. In essence: was it possible for public-private partnerships to deliver basic services, both speedily and by redistributing resources to the poorest. This research has found that public-private partnerships in the water sector have failed to excel with either of these goals. The Mvula trust is concerned with the participation of the poorest, yet these projects are much slower than the services provided by the BOTT consortia. The BOTT consortia are able to undertake rapid service delivery although there is limited involvement by local communities, which in turn threatens the long-term sustainability of the BOTT projects.

The lessons to be learnt from this case study are that privatisation and the contracting out of state services need to be accompanied by the simultaneous development of strong institutions. These include NGOs, CBOs, private contractors and local and national state institutions.

## GLOSSARY AND ACRONYMS

BOTT	Build Operate Train and Transfer
CBO	Community based organisation
CWSSP	Community Water Supply and Sanitation Programme
DCD	Department of Constitutional Development
Demand driven processes	Development which is defined and driven by the beneficiaries.
DWAF	Department of Water Affairs and Forestry
GEAR	Growth Employment and Redistribution
ILO	International Labour Organisation
IMF	International Monetary Fund
ISD	Institutional and Social Development
LDA	Local development agency
NGO	Non government organisation
PA	Project Agent. This is usually an engineer who is appointed by the community. The project agent is supposed to support the committee through out the process. A contract is signed between the community and the project agent.
PDC	Previously disadvantaged consultant
PPP	Public-private partnerships
RCF	Regional Consultative Forum
RDP	Reconstruction and Development Programme
Regional Council	This is the third tier of government in the rural areas. In other provinces in South Africa they are known as district councils except in KwaZulu-Natal they are Regional Councils.
RWSP	Rural Water Supply Programme
Supply driven processes	Top Down, Agency Managed Project.
TA	Training agent. This is the social consultant, this may be a private contractor or an NGO.
Water Board	A parastatal which provides bulk water supply services
Water Committee	The representative body of a given community who undertake to manage and administer water projects on behalf of the community.
WSA	Water Service Authority. This organisation manages and regulates the provision authority.
WSP	Water Service Provider. This organisation implements water supply schemes.

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# **1. INTRODUCTION**

## **1.1 OVERVIEW**

The shift in the world order has led to a change in the relationship between the state and the market. The collapse of the centrally-planned economies, the increase in the number of totalitarian regimes in developing countries and the subsequent withdrawal from aspects of the welfare state have eroded international faith in the ability of the state to protect its citizens and maximise economic growth. Further globalisation has undermined the state's ability to manage domestic markets, which have become increasingly susceptible to the whims of transnational corporations.

In the face of state failures, pressure has been placed upon the state by the international funding community to engage in partnerships and contracts between the state and the private sector, and similarly between the state, NGOs and localities. These partnerships are based on the assumption that private firms, NGOs and the intended beneficiaries have skills and resources which surpass those of the state. These partnerships are known as public-private partnerships ( PPPs).

This dissertation seeks to discover under what conditions public-private partnerships can deliver and fulfil developmental purposes such as:

- a) Do they lead to the promotion of efficient and effective service delivery?
- b) Do they promote good governance?
- c) What is the specific role of an NGO in a PPP?
- d) What are the conditions for genuine participation by local communities?

## **1.2 THEORY OF PUBLIC -PRIVATE PARTNERSHIPS**

### **1.2.1 Definition**

Public-private partnerships entail relationships between government institutions and non-government bodies. These non-government entities may be private firms which have a market orientation, or they may be voluntary organisations. These partnerships are justified according to different ideological tenets, a key factor in which is the role of the state.

Hemson has analysed the trends in infrastructure delivery in South Africa, and suggests that the increasing trend of contracting out of state services to the private sector has resulted in “governance by contract” (Hemson, 1998). Processes are occurring which have implications for governance and poverty alleviation, and which perhaps have not received sufficient attention by the academic community. This oversight has meant that certain practices are being applied uncritically.

Of particular interest to this discussion are the contracts governing public-private partnerships. A broader examination of these contracts could show politicised processes and activities that may be hidden by narrow, technical interpretations. An analysis of the outcomes of these contractual relationships allows one to understand the relative power of the contracting parties and the corresponding legal implications of the contract.

There is much debate about where the spheres of the market, state, household and society lie.

The debt crisis in the early 1980's, the collapse of the Soviet bloc countries and the increasing political instability in Africa resulted in criticism of the state's role from all sides of the political spectrum. These criticisms are summarised below:

- Neo-liberal criticism pointed to the corrupt and inefficient state bureaucracies. The state came to be seen as predatory, political systems promoted rent seeking while politicians were protecting their own private interests (Mackintosh, 1992).
- Critics from the left pointed to the state being used as a tool for the promotion of the interests of local capital, and those of powerful elites. This school argued that the basic needs of citizens were not being met.

### **1.2.2 Efficiency perspectives on public -private partnerships**

Neo-liberal policy reform measures advocate 'the roll back of the state', whereby the state becomes more efficient, and its credibility with the market is restored. The mechanism for attaining this end is for the state to engage in public-private partnerships. One of the main proponents of this approach is the World Bank.

The poor performance of third world countries during the 1980 led to the imposition of structural adjustment policies advocated by the World Bank and the International Monetary Fund (IMF) in these states. The main outcomes of structural adjustment resulted in pressure on the state to reduce social spending and to increase levels of privatisation.

The social effects of structural adjustment policies and programmes have been well documented, (see Berg, 1986, Callaghy, 1991 and Ravenhill, 1986).

Rather than the rising tide of the market lifting all boats, structural adjustment appeared to torpedo particular groups, especially the poor and vulnerable, below the water line. These effects also have serious political consequences that undermine the reform process.( Munro et al, 1998: 1)

World Bank orthodoxy in the past has advocated a purely regulatory role for the state. Yet in opposition to the well-worn arguments promoted by the World Bank of advocating

privatisation in the face of the state inadequacy, Torp and Revke offer the following argument:

Although the World Bank's view of denationalisation is predicated on the grounds of economic efficiency, the underlying ideological arguments in favour of denationalisation should not be underestimated, giving credibility to the often expressed view that the Bank sees privatisation as a goal in itself rather than strictly as a means to improve economic efficiency. (Torp and Revke, 1998: 77)

The authors indicate that if this is the case, then privatisation in the World Bank's view becomes a universal panacea, regardless of the specific context in which developing countries find themselves.

World Bank orthodoxy, however, is shifting. The Vice President of the Bank conceded that much of the World Bank doctrine, as defined by the Washington Consensus, was overly simple. Using the basic economic indicators of inflation, money supply growth, interest rates, budgets and trade deficits, economists could "fly into a country... and make policy reforms in the space of a few weeks" (Stiglitz, 1998: 8). Stiglitz tempers the Bank's hard line on privatisation and state minimalism. While the World Bank remains in favour of privatisation, he argues for greater sensitivity about the "sequencing and scope of privatisation" (Stiglitz, 1998: 19). Where the Washington Consensus was premised on a non-interventionist state, the new orthodoxy acknowledges that the state has a significant role to play, and the emphasis has turned toward the appropriateness of state intervention: "...the central question should not be the size of the government, but the activities and methods of the government". According to Stiglitz, "the government should serve as a complement to markets, undertaking actions that make markets work better and correcting market failures... but once it has performed its catalytic role, the state needs to withdraw" (Stiglitz, 1998: 20). The acknowledgement that government policy needs to both facilitate the market and strengthen the state is seen as the only real innovation in Bank-driven ideology (Munro, et al. 1998: 4).

### **1.2.3 Equity perspectives on public-private partnerships**

In their critique of the World Bank report of 1997, Munro et al argue that in orientating the state toward the market, the Bank does not consider that in “actual states the orientating principle is (and cannot but be) society...[and] ...that state society interfaces go unexamined”. This has serious implications for countries in transition and which are encountering social conflict (Munro, et al, 1998: 7).

In his argument against the policy of state minimalism, Streeten argues that markets are value-free institutions which can work for good or ill. However, certain conditions need to be met in order for markets to work efficiently and equitably. This suggests that a strong role for the state is required in order to ensure that markets promote the interests for all citizens.

There is nothing in the nature of free markets that either establishes or maintains competition. On the contrary free markets make for conspiracies against the public...yet the virtue of markets depends on the existence of competition (Streeten, 1993: 1283).

Policy reforms advocated by the left focus on popular participation and the strengthening of democracy. These strategies focus on devolving power to localities: “ at the heart of Africa’s development challenge is the way in which rural institutions engage with the state to effect a transformation of rural livelihood systems” ( Thomas-Slayter, 1994: 1483). One could extend this statement further to argue that in fact the development challenge is for all locally-based community organisations, both rural and urban, to engage with the state in order to transform livelihoods. Civil society is seen as having a central role to play in this regard.

Central to achieving this objective are mechanisms for assuring accountability to the public. Accountability...is shaped by the relationship between the national

government and local groups and the willingness and capacity to find new ways to bring local people into decision making processes (Thomas-Slayter, 1994: 1485).

#### **1.2.4 Summary of the Efficiency and Equity Debates**

The debates over the role of the state can be classified according to equity and efficiency models. The neo-liberal (efficiency) theorists argue that states lack economic credibility, and all reform activities should be directed towards the state regaining this credibility. Equity theorists hold that states are no longer legitimate democratic institutions, and therefore policy measures should be about strengthening the democratic state. Munro et al ( 1998) suggest that policies which strive to obtain both may be contradictory. These debates link directly into theories of participatory development. From a neo-liberal perspective, shifting the responsibility of service delivery to local communities is the most efficient utilisation of scarce resources. From an equity perspective, participation of marginalised local communities in development processes essential in ensuring the just allocation of resources. The points will be addressed later in this section on participation.

### **1.3 NON-GOVERNMENT ORGANISATIONS IN PUBLIC-PRIVATE PARTNERSHIPS**

#### **1.3.1 Theoretical concepts of civil society**

There has been a renewed interest in the concept of civil society, both in development discourse and policy . Current theories on civil society have been influenced by the changed status of the nation state. As discussed earlier, there are perceptions that the state can no longer fulfil its obligations towards its citizens. One of the disturbing features of current debates on the role of civil society is the broad consensus it has drawn from all parties in the political spectrum, notably that civil society should become the protector of the public good.



The different ideological perspectives lay claim to this concept and make use of it in a number of ways, to the point where it has several definitions and has become meaningless. Concepts such as public good, popular participation, and even human rights may take on different meanings. Allen articulates a concern shared by many theorists about civil society

It is diffuse, hard to define, empirically imprecise, and ideologically laden...Its popularity and continued employment rests on its ideological underpinning, notably on claims that civil society is necessarily distinct from the state, in opposition to the state, and the source of (liberal) democratic values and pressures. ( Allen, 1997: 329 see also Wallace, 1997 and Stewart, 1997)

The World Bank, for instance, argues that where states are weak and have a low capacity to deliver public goods they should rescind the responsibility of service provision to civil society. This institution indicates that civil society has a role to play in social welfare provision, especially in the context of social safety nets. These ideological claims are seldom critically examined by users, and as a result many myths and expectations about the potential of civil society to replace the state have arisen. Reitzes argues that society is not homogeneous. Society is confronted by diverse and conflicting interests, religious intolerance, minority identities etc. Reitzes paints a picture of atomisation and privatisation to the point where there is “ no such thing as society, only individuals” (Reitzes, 1994: 103).

### **1.3.2 Role of NGOs in civil society**

NGOs are considered as central actors in civil society. They are seen to fulfil numerous functions such as: the promotion of economic growth through the provision of services and income-generation programmes; the mobilisation of the poor to ensure social justice; and in challenging the state to work towards a democratic civil society. They may even fulfil a welfare function. However some such as Hulme and Fowler are concerned that

the potential for NGOs to fulfil these functions are exaggerated ( Hulme, 1994 and Fowler, 1992).

The growing interest in NGOs as actors in service delivery has also been accompanied by greater pressure from northern donors for increased accountability by their southern counterparts. As competition for aid grows, NGOs are being forced into viewing development within a cost-benefit framework. Often, however, the costs and benefits of poverty alleviation cannot always be counted on an economic balance sheet.

In order to survive the contract culture, voluntary organisations are forced to behave in a commercially viable fashion, a competitive process which risks driving the smaller, less commercial and more community-based organisations out of the market, leaving the survivors less and less clearly distinguishable from their private sector counterparts ( Mayo and Craig, 1995: 7).

## **1.4 PUBLIC-PRIVATE PARTNERSHIPS IN SOUTH AFRICA**

### **1.4.1 Policy reforms**

South Africa's transition to democracy and its entrance into the global economy has had some distinct variations to other developing economies. Apartheid deprived the majority of the population of both material and political resources. The new government has sought to redress this by the rapid delivery of basic resources in a fashion which allows the poor to define the course of this provision. The values of people-centred development are based upon the constitution and the Reconstruction and Development Programme (RDP). The dominant value of the RDP has been that development should be people-centred:

The RDP functions not as a developmental framework, but as an aggregation of social policies designed to alleviate poverty without impacting on economic policies and practices that reproduce poverty and inequality (Marais, 1997: 10).

In addition to this, South Africa has an extremely progressive constitution in comparative international terms, and one which makes provision for the satisfaction of basic needs.

Article 21 states that:

everyone has the right to sufficient food and water, and ... social security, including if they are unable to support themselves and their dependants, appropriate social assistance. The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of those rights.

The GEAR (Growth Employment and Redistribution) macro economic policy was released shortly after the closure of the RDP ministry. The government maintains that GEAR will achieve job creation and redistribution, thereby fulfilling RDP objectives. Through the mechanisms of tight fiscal stance, wage moderation, greater industrial competitiveness, efficient service and delivery and the expansion of private sector investment, it is envisaged that economic growth will increase. One of the striking features of GEAR is its emphasis on the reduction of the government deficit. South Africa appears to be following a self-imposed structural adjustment policy.

There has been a policy shift toward self-sufficiency: service users have had to accept a greater burden of responsibility for accessing and maintaining public services. The state is increasingly taking a regulatory role, and civil society and the market are being asked to assume a prominent role in service delivery. One new institutional arrangement has been the growth of public-private partnerships.

The years immediately before and after the 1994 elections saw the rapid formulation of national and provincial policies. These policies were often ambitious and visionary. The

years between the first and second democratic elections saw the government under pressure to fulfil its 1994 electoral promises. This has led to an exacerbation of the tension always present between the rapid delivery of services premised upon relationships with the private sector, and the slower process of people-centred development.

#### **1.4.2 Privatisation versus partnerships**

The state faces two choices for service delivery between privatisation, or the contracting out of work to the private sector. Privatisation can entail a diverse range of policy options, from divestiture, the sale of public assets to the deregulation of the economy, which entails the transfer of decision making on economic matters, such as prices and import decisions, from the state to the market (Torp and Revke. 1998). Contracting out entails the transfer of management functions onto the private sector while the state retains ownership of the asset (Torp and Revke. 1998, and Hemson. 1998). Contracting out processes are those that are of direct interest to this study.

Torp and Revke (1998) indicate that privatisation has two goals: public finance rationalisation; and the improvement of economic efficiency. The private sector is seen to be able to produce goods and services better and more efficiently than the public sector. The key to these assumptions lies in the hypothesis that privatisation leads to freer competition.

#### **1.4.3 Institutional context**

As indicated earlier, South Africa is in a paradoxical position. The government has made extensive promises for the provision of basic needs for all of South Africa's citizens. However the various departments have limited both fiscal and human resources to meet these promises. Increasingly, various line departments including local government are turning to the private sector to ensure rapid service delivery.

Constraints within local government are particularly acute. It is this tier of government which is meant to be in the position to deliver services and to promote popular participation. International literature suggests that the democratically-elected local councillors of local government structures should be much closer to the electorate than national and provincial authorities. However in South Africa, effective local governance is constrained by inefficiency and corruption inherited from the previous regime.

Staff members are not aligned to the new purposes, there are outdated systems and structures, and middle management is ill-equipped to meet the new challenges. Change processes which have been initiated have been poorly managed. (Pieterse, 1997: 17).

A distinction must be made between the local government institutions of rural and urban areas. Currently, urban local government is located in the local councils ( sometimes transitional), while rural local decision making is located at the regional council level. This affects the delivery of services. In KwaZulu-Natal, for instance, a large proportion of low-income households are located in the rural areas. The legislation for local government in KwaZulu-Natal makes no allowance for rural government structures at a primary grassroots level, as it is felt that poor rural areas lack resources to implement functions of local government independently (Barnes and Munro, 1997). Many of the seven regional councils in the province cover wide geographic areas in which there are great disparities in income and resources.

Under these conditions, where local government is restrained from actively pursuing its development objectives, public-private partnerships have become a very attractive mechanism to “unlock investment capital from the private sector and to raise efficiency and effectiveness” (Department of Finance as cited by Hemson, 1998: 14).

Local government is not only about poverty alleviation...it is also about institutionalising democracy and civil rights at a local scale. It is in this latter

regard that the fundamental issues of democracy enshrined in the constitution of South Africa remain unevenly incorporated into the local government framework (Parnell and Pieterse, 1998: 17).

There is the danger that public-private partnerships will remove direct local government involvement with the citizenry as private firms become the face of service provision. Commercialisation has redefined social relationships. Where once individuals were perceived as citizens with basic human rights, they are now defined as customers, or in other words, people who engage in temporary contractual relationships ( Hemson, 1998).

#### **1.4.4 NGO - State relations in South Africa**

South African NGOs see themselves as important constituents of civil society. Earlier in this section, some of the debates on civil society and its role in relation to the state were discussed. While there is strong criticism about the use of this term in development discourse, Reitzes indicates that in the South African context:

It would be especially invidious to disregard the concept of civil society, especially since few of the conventionally accepted democratic pre-conditions for its existence have yet been realised, and it is precisely in the light of a commitment to the tenets of modernity that the construct of civil society is highly significant (1994: 104).

South African NGO's have had to undergo a difficult re-orientation process. Many were active participants in the liberation struggle, essentially working as anti-governmental contestants. Now they have had to learn new roles as service providers or social watch dogs. Many NGOs have found the re-orientation from an activist to a developmental position too difficult, and some have closed.

The new South African government has allowed for interesting partnerships between the state and civil society to emerge. This has been precipitated to a certain extent by funding cuts, as many northern donors have channelled more of their finances through the democratically elected government.

Donors and the state have also demanded stricter reporting procedures and management structures. Whilst formally the struggle years were sometimes characterised by 'lax management, accounting and reporting systems', stringent reporting mechanisms have now forced NGOs to focus their resources in a strategic fashion to ensure that limited funds can effect the greatest impact (Marais, 1997: 92). Greater procedural demands however have diverted attention from the NGOs' core purpose of poverty alleviation, as

NGO's now spend more time meeting the needs of their funders, and less in meeting the needs of their constituencies.

A new source of state finance is the State Tender System, through which NGOs engage in state contracts. NGOs are having to compete for contracts with the private sector. There are concerns that NGOs will direct their energies into the state's objectives rather than focusing on their own priorities. Nevertheless, the fact that other sources of funding having declined has led to an increased number of NGOs taking this route (Case, 1998).

#### **1.4.5 Concluding comments about public-private partnerships**

Stewart argues that the space where the state, market and civil society operate is characterised by crosscutting, shifting and blurred alliances, few of which benefit the disempowered (Stewart, 1997 17).

Streeten observes that the state does not optimise either public welfare or self-interest. It compromises, attempts to resolve conflicts, manages bargaining between groups and occasionally leads (Streeten, 1993: 1290). His point is useful in that it emphasises the need to keep the state present in these debates.

It is more fruitful to think of how to create a political base for efficiency, equity and liberty; how to build up pressure groups, how to mobilise the poor, how to shape reformist pressure groups...Amartya Sen has used the expression "co-operative conflict" for the relations within a family. Similar relations exist within the state and between it and pressure groups (Streeten, 1993: 1294).

It is apparent that PPPs are part of current South African service delivery. The question now remains as to whether public-private partnerships are able to reconcile the possible tension between economic growth and poverty alleviation. The next section on participation allows for a deeper analysis of the efficiency and equity problem.



## **1.5 PARTICIPATION**

### **1.5.1 Definition**

An outcome of the efficiency and equity debate has been renewed interest in participatory development, as local urban and rural communities are bearing greater burdens of managing their own development projects.

A comprehensive definition of participation is supplied by the ILO:

The most widespread and most practical interpretation concerns participation as an essential input to make development more efficient, more sustainable and better targeted at the poor. The most ambitious interpretation concerns participation as a basic human right and thus as an end in itself, linked to the notion of political empowerment and organisation of poverty groups and previously excluded classes, thus enabling them to improve resource access and distribution in their favour, to organise for self development initiatives and collective bargaining, and to play an active role in the wider economic and development process ( cited by Lund, 1998:4).

The definition above identifies two broad approaches to participation. The first is the narrow, project-specific application, which ensures the acceptance and involvement of beneficiaries. The second is concerned with justice and equity. The varied usage and perceptions of the concept of participation weaken its usefulness in development policies and programmes.

The origins of participation derive from revolutionary theories of social change, such as the influences of Paulo Freire and the conception of a conscientised self, and those of Marxism, the idea of emancipation of the oppressed classes ( Rahman, 1995).

Participation also has its roots in classical political theory and the idea of direct people's participation in political governance. Yet participation lacks a coherent political theory for broad social transformation, "without which the macro-level assertion of popular power and release of peoples creativity remain heavily circumscribed" (Rahman, 1995: 25).

The neo-liberalist theorists approach participation through narrowly defined parameters as seen in the first part of the above definition. Rahman argues that it is this conception which now dominates participatory development, while "more radical thinking and action toward empowerment and liberation of people is becoming marginalised" (Rahman, 1995: 26). It is argued that radical participatory methods seek to bring about broad structural change, while the narrower perspectives on participation use people's consent to further existing development goals. It is argued that tension exists between these two approaches.

### **1.5.2 Participation - a management tool for service delivery or a radical development approach?**

In this context it is useful to examine the kinds of relationships emerging between grassroots community organisations and local development agencies (LDAs). These LDAs may be private firms, local government or NGOs. The particular participatory ideologies involved define these relationships.

Rahman draws attention to the unequal nature of these relationships. In most instances, the LDA's have financial, technical and human resources, without which the project would fail. This dependence by the community-based organisation on the LDA distorts the relationship and gives the organisation great power over the community (1998: 31). The lines of accountability often exist between the service provider and the funder, rather than the service provider and the community organisation.

Participation is usually premised on concepts such as 'community' and 'community based organisations' but these are faulty presumptions. Participation is based on two assumptions, the first is that 'community' implies a cohesive group of people bound by specific geographical points. So, often for the sake of service and infrastructure development, communities are artificially created according to particular geographical boundaries. Conflict-ridden settlements such as Richmond in KwaZulu-Natal are testimony to these kinds of 'social engineering' practices. Communities cannot necessarily be regarded as homogenous. There are differences such as age groups, gender, and income levels. A variety of vested interests are at play, one of which are the traditional authorities. Traditional leaders act as gatekeepers to activities in areas under their patronage. Traditional leaders have begun to adapt to new dynamics, to work within and possibly even manipulate the systems of democratic governance. Rahman argues that participatory development does not challenge these interests, and may in fact co-opt elites into programmes to ensure sustainability (1995).

The second assumption that often exists is that popular grassroots organisations are representative of the broader community. The multitude of development associations, forums and committees which have emerged are more a testimony to the desire to access and manage funds rather than to develop a resource in such a way so as to maximise the benefits for a wider community. The technicalities of formal organisations, such as constitutions, democratic procedures, contracts and the residual obligations that they imply are ideas which have to be introduced by project agents. They are often foreign concepts to people involved in these organisations.

In the light of this it must be asked whether democracy and participation are necessary requirements for efficient service delivery. Fox points out that local participation "has increasingly become an article of faith in the development community" ( 1992: 1). Through his analysis of a regional rural membership organisation in Mexico, Fox has challenged normative ideals concerning participation and accountability. The main findings of the study were that accountability and internal democracy are not linear processes, but complex, uneven and vulnerable. High points in the organisation's history

were not necessarily accompanied by accountability and democracy. This raises the question of whether the promotion of participation in poverty-stricken communities is the most efficient mechanism for service delivery.

Furthermore, participatory approaches may have negative impacts on communities, who not only have to form working committees and workshop solutions to problems, but also are expected to manage and participate in the project. “Is this empowerment? Or perhaps, provocatively, is it cumulative community exhaustion?” (Eberhard, 1992). For rural dwellers:

where land is little, cash is short, distances are great, the hours of the day for productive activities are limited to daylight, services are far, and roads and telecommunications are poor , there is a high price tag attached to ‘participation’ (Lund, 1998: 8).

### **1.5.3 Concluding comments on participation**

The discussion on participatory development has highlighted a central paradox in current development discourse, that of efficiency versus equity. The approaches required to further the goals of efficiency and equity are markedly different. Yet these concepts are inter-dependent. Radical empowerment seeks to redress structural inequality and thereby attain an equitable and just society. Empowerment is a process which may span decades. This is at odds with the genuine attempt to satisfy basic needs, which efficiency measures attempt to address. South Africa is caught between the need to deliver effective and efficient development products and to promote broad societal reforms.

High levels of inequality undermine attempts to redistribute goods and services to the poor as resources usually fall into the hands of elites. Paradoxically, people cannot be effectively mobilised without the corresponding satisfaction of basic needs. To this end a necessary requirement for the transformation of civil society and the democratisation of

political society lies in the existence of a strong, legitimate, authoritative state, which can play the role of moral regulator and, up to a point, material provider (Reitzes, 1994: 113).

As the state attempts to straddle the oft-opposed ideals of efficiency and equity, private and non-profit organisations may be called in to fill some of the gaps in implementation. Streeten calls for a multidimensional approach to development. This dissertation seeks to examine whether the partnerships in infrastructure programmes are able to be aligned to the dual purposes of equity and efficiency in which the strengths of each partner can be harnessed appropriately. It will do this by the analysis of relationships in water delivery.

## **1.6 THE COMMUNITY WATER SUPPLY AND SANITATION PROGRAMME**

The first reason for the choice of the water sector is that water is a basic human need, and water service provision is a fundamental requirement for the survival, growth and development of communities. Many South Africans who reside in rural areas do not have access to clean and safe sources of water, and water service provision interfaces directly with poverty issues. Water service delivery is based on sets of contractual relationships both at a national policy level and at a local level, and recent policy directions have led towards water service provision essentially being managed by contract.

The Department of Water Affairs and Forestry (DWAF) is the second factor guiding the choice, as DWAF has embraced the contractual approach. It has also shown itself to be a relatively flexible ministry, open to innovative policy ideas and development approaches. The first Minister boldly and publicly announced his implementation goals for service delivery. These factors have resulted in DWAF developing interesting and unusual relationships with non-state actors. This study provides the opportunity to learn about new forms of public-private and private-private relationships.

Through DWAF, the South African state has encouraged the formation of consortia of private firms in order to fast-track bulk service delivery of water. A three-cornered relationship operates: the state department DWAF; private engineering firms comprising

the consortia; and the Mvula Trust. The Trust is private, in the sense that it is non-governmental, yet it is an NGO with different value commitments from those held by the private market sector. The concern of both DWAF and the consortia is not so much that end users manage the process, rather that water services are delivered, i.e. an efficiency approach. Yet the concern of the NGO Mvula Trust is in community management. Both Mvula and DWAF are involved and are contractually bound to the consortia, and the experiences that have emerged out of the 'partnership' promote an understanding of how contracting operates in South Africa.

## **1.7 BROAD OUTLINE OF THE DISSERTATION**

Chapter Two will outline the methodology of the research. The third chapter then describes the Community Water Supply and Sanitation Programme (CWSSP). Summarised descriptions of the key players are provided along with an overview of the main contractual relationships.

Chapter Four provides a critical review of the contractual relationships between the state, private sector, voluntary sector and community organisations. Chapter Five then examines the internal organisational dynamics of community water committees, dynamics which may support or hinder genuine participation are then examined.

Chapter Six will reflect on the main findings of the research according to the four questions posed at the beginning of this chapter and are repeated again:

- a) Do public-private partnerships lead to the promotion of efficient and effective service delivery?
- b) Do public-private partnerships promote good governance?
- c) What is the specific role of an NGO in a public-private partnerships?
- d) What are the conditions for genuine participation by local communities?

## **2. METHODOLOGY**

### **2.1 INTRODUCTION**

This study has sought to examine some of the dynamics in the institutional relationship between stakeholders responsible for water service provision. The key organisations that play a role in the CWSSP are: DWAF; the Mvula Trust, private sector engineering firms and the CBOs in the form of water committees.

The research was started by familiarisation with new policy legislation which is set to alter the entire institutional environment currently determining water service delivery. It was also important to draw upon international experience in order to assess the influence of global changes upon the water sector in South Africa, and to locate the forms of water service provision within broader theoretical contexts. A wide variety of research methods were then employed to explore these relationships.

### **2.2 A REVIEW OF THE DOCUMENTATION**

The following documentation was drawn upon:

- Theoretical works that have a bearing on the application of the public-private partnerships were considered. Of relevance were: approaches to governance, particularly theories supporting privatisation; civil society; the relationship between civil society and CBOs; and participation as understood and practised both in South Africa and internationally.
- In addition to academic articles, reports and evaluations documented by NGOs, private contractors and government institutions were drawn upon. Particular use was made of the 'Guidelines for Project Agents and Training Agents of Water Projects'

by the Mvula Trust ( 1997). Also of interest was an 'Evaluation of some Aspects of Mvula's Participation in BOTTT' by Karen Bakker ( 1998).

- The policy and legislative environment was analysed, notably government policies and bills on water and sanitation provision. The Water Services Act of 1997 was given special attention, as it is the first piece of government legislation which offers explicit information about roles and responsibilities of organisations in terms of water service provision.

## **2.3 FIELDWORK**

### **2.3.1 Interviews**

Interviews were conducted with key informants (a list of informants can be found in Appendix Six). In total 21 interviews were conducted over a two month period between November 1998 and January 1999. Interviews lasted on average between 45 minutes and 1 hour. The researcher made use of taped recordings in conjunction with hand-written notes. Permission was always sought before the interview was recorded. Interviewees were drawn from National, provincial and local government, private planners, NGOs and water users.

### **2.3.2 Focus group discussion**

A focus-group discussion was held with water committee members forming part of the Regional Consultative Forum (RCF) Water Caucus. This organisation draws representatives from all of the seven regional councils in KwaZulu Natal. Twenty people participated in the session. A translator was present throughout the meeting. Due to the size of the group, four breakaway groups were formed, in which participants discussed the topics outlined by the facilitator. Findings were reported in a plenary session.



### **2.3.3 Group Meetings in Mvusane**

Several group meetings in Mvusane were attended:

- The initial community meeting, in which a local councillor announced to the Izimpongo, Nyimbithiwa and Imbileni wards within the Mvusane Tribal Authority, that a water project would commence in the area. The project was called Ubuhle Buyeza Water Project.
- A meeting between BKS Engineering and the Ubuhle Buyeza Water Project, during which project planning documentation and the project agreement was presented to the newly formed committee.
- An operations and maintenance meeting for the Zamimphilo Water Committee.

## **2.4 THE RESEARCH PROCESS**

### **2.4.1 Research on public and private partners in the water sector**

This institutional study sought to understand and interpret the relational dynamics between organisations operating in the water sector. A study of this nature was heavily dependant on interpreting inter-institutional dynamics, the contexts within which they operate and their impact on poor communities. This has not been an easy process. Booth indicates that there is a gulf between “localised micro-studies and the kinds of understanding of larger structures that are needed to place them in their proper context” (Booth, 1993:60).

## **2.4.2 Understanding and incorporating participatory processes**

The sequencing of the research was a vital element in the design of this study particularly, with respect to the work with water committee representatives. Water projects have three stages. The first is the planning stage, which is followed by the implementation stage, and then finally by operations and maintenance. In all of these stages water committees play a central role. It was seen as necessary to understand the dynamics of water projects in all three stages:

- The attendance at meetings at key points in the Ubuhle Buyeza water project afforded insight into the planning phase of water projects and the relational dynamics which occur at the planning level.
- The Regional Consultative Forum Water Caucus, supported by water committees currently in the implementation phase of water projects, and thus participants in the focus group session, spoke freely about their relationships with technical and project support agents. Group participation was very high, and women were outspoken both in plenary and breakaway sessions.
- The Zamimphilo Water Project is a project which has been completed for over two years, and the concerns of this water committee are directed at operations and maintenance issues.

## **2.5 CONSIDERATIONS FOR PARTICIPATORY RESEARCH.**

The goal for this project was to gain insights about the CWSSP in an open and iterative process.

At the heart of all good participatory research and development lies sensitive interviewing. Semi-structured interviews can be defined as guided conversation in which only the topics are predetermined and new questions or insights arise as a result of the discussion (Pretty, Guijt, Thomson and Schoones, 1995, 73).

This method was broadly adopted for all the key informant interviews. One has to be cognisant of not engaging with individuals as an expert, and thus alienating the interviewee from the research. In cases where language was a barrier, an interpreter, respected in the community, was employed. In these instances, the researcher's role was that of an observer, which in turn allowed for very important insights that might not have been gleaned if the researcher had played a primary role in the interview.

## **2.6 LIMITATIONS TO THE STUDY**

As an explorative piece into the entire CWSSP, the parameters were very broad. This precluded in-depth studies into the relationships and partnerships identified. Time constraints also limited further research into the BOTT consortia and the interface between established and emerging consultants.

The water sector is currently in a state of flux. Many of the relationships identified within the study are likely to change in the next two years. Policies which are currently only in the pipeline will be implemented shortly. Thus the institutional framework presented in this study has a very short life span.

Costs limited site visits to one community, Mvusane. This research has been influenced by the findings from the Zamimphilo Water Committee. In-depth analysis from other communities may bring to light different dynamics. For instance, Mvusane is a relatively peaceful community. Water service provision in communities where there is conflict may have a different set of dynamics.

Qualitative research based on key informants and focus groups was useful in understanding and interpreting relational dynamics. This type of research could not assess the quantitative impact of water schemes on the provision of water, or its impact on poverty alleviation.

### **3. A DESCRIPTION OF PUBLIC-PRIVATE PARTNERSHIPS IN THE WATER SECTOR**

#### **3.1 INTRODUCTION**

The Community Water Supply and Sanitation Programme (CWSSP), managed and funded by the Department of Water Affairs and Forestry (DWAF), is a large programme which contains different policy objectives. The main policy objective of interest to this study is an approach to water service delivery which favours community-managed service provision.

DWAF has contracted out the responsibility for this initiative to the Mvula Trust, an NGO which focuses on rural water supply and sanitation. Mvula in turn has developed relationships with communities which require basic water and sanitation provision. This relationship is also contractually based. A community elects a water committee which represents the interests of the broader community, and in order to access certain technical and social services, the committee then employs consultants.

This chapter describes the project process of the NGO-managed rural water supply programme and its link to the state managed CWSSP. The different sets of contractual relationships are defined, and an overview is given of the main institutions which drive these programmes. It provides technical background information for Chapter Four, which then analyses the relationships between these different stakeholders.

#### **3.2 DWAF AND THE COMMUNITY WATER SANITATION AND SUPPLY PROGRAMME**

In 1994 the Department of Water Affairs and Forestry was given a ten year mandate by cabinet to address the backlog in water supply and sanitation services, and RDP funds were channelled to DWAF for this purpose (Bakker, 1998). Under the apartheid regime,

water affairs were managed in a department of irrigation, managing irrigation and conservation. The new DWAF has now evolved into a ministry responsible for all aspects of water (1998).

The White Paper on Sanitation stated the Department of Water Affairs and Forestry’s commitment to address the backlog in sanitation within five years, rather than the ten year mandate given by the Cabinet (DWAF, 1997b: 25).The CWSSP forms the basis of the South African government’s proposed water service delivery throughout South Africa. All budget allocations for the CWSSP are allocated from the RDP Budget, and so far there have been four rounds of funding for the CWSSP. Table 2 shows the state resources allocated to the CWSSP over a four year period.

**Table 1. State budget allocations for the CWSSP, 1994 to 1998**

RDP Number	Year	Number of Projects	Budget Allocations (R million)
RDP 1	94/95	12	R 282
RDP 2	95/96	306	R 605
RDP 3	96/97	370	R 950
RDP 4	97/98		R 1 000
TOTAL		688	R 2 837

The twelve projects in the 1994/95 budget were Presidential Lead Projects, high profile development initiatives personally ‘owned’ by President Mandela in the RDP Office, and announced during, or soon after, his inauguration. The R950 million, or nearly one billion Rand, allocated in 1996/97 is from a total state spending of approximately R160 billion, and compares to the approximately R12 billion allocated to health, and R16 billion to education.

Early on, DWAF started suffering serious disbursement backlogs, caused by insufficient departmental capacity and bottlenecks in the state tendering process. DWAF started on the path of contracting out work to water boards, NGOs and private sector contractors.

Mvula Trust, already working in partnership on policy development, became a major implementation agent. The need to speed up delivery led to the establishment of the BOTT – Build, Operate, Train and Transfer – a joint venture between DWAF and specially formed consortia of private organisations, about which more will be said later.

### **3.3 MVULA TRUST AND THE RURAL WATER SUPPLY PROGRAMME (RWSP)**

The Mvula Trust is a Section 21 company, or a not-for-profit organisation. It was founded in 1993 by a number of South African non-profit funding institutions who were concerned about the lack of affordable and safe water services in disadvantaged communities. The 1993 Trust Deed gave the Trust a mandate for operations for four years, with start-up-capital in excess of R100 million (Mvula Trust, 1996). Mvula operates in the four provinces of South Africa which have the largest rural populations, and the deepest poverty: the Eastern Cape, KwaZulu-Natal, Mpumalanga and the Northern Province.

Mvula Trust identifies itself as the grant financier, facilitator and monitor of the Rural Water Supply Programmes (RWSP). The Trust has also undertaken other activities including policy development and loan financing for higher levels of service and capacity building of local-level agencies (Palmer, 1998).

In 1995 Mvula Trust signed an agreement with DWAF to collaborate on rural water and sanitation supply. The Trust, whilst maintaining its policies and procedures, works on behalf of the DWAF. The DWAF has assigned 10% of its allocation of RDP 2 and 3 funds for the Mvula Trust for implementation. Mvula's other funding partners are the European Union, Ausaid and Irish Aid. In terms of the agreement between DWAF and Mvula, only RDP funds may be spent on the RWSP. External funds are used for policy development and capacity building ( Mvula Trust, 1996).

Three years into operation, an external evaluation was conducted. While some problem areas were identified, the Trust was seen as a highly successful organisation. The evaluators were impressed by its ability to draw upon and to use international experience, and to implement community-driven projects where project funds are managed by communities. On the strength of this assessment the Trust Deed was extended for another four years, after which a second evaluation will be conducted (Mvula Trust, 1997).

The RWSP has been devised and is driven by the Trust and is aimed at people living in marginalised rural settlements who do not have adequate access to clean water and sanitation. The RWSP runs parallel to the government's CWSSP; the distinguishing feature between these two programmes is the size of the beneficiary communities. Most of the projects which fall under the RWSP cater for communities of up to 5 000 people, whilst the CWSSP aims towards bulk service provision. The RWSP is about one tenth of the financial size of the CWSSP, and each programme has separate policies and practices (Palmer, 1998).

The RWSP comprises a series of stand-alone projects in selected rural settlements (Sigwaze, interview). Funding takes the form of a project grant aimed at meeting the most basic level of provision laid down by the RDP. That provision is a communal stand pipe of no more than 200 meters away from a household and yielding 25 litres per person per day (Mvula Trust, 1997a). At November 1998, 267 projects had been funded, 126 of which are completed and 141 of which are in progress. The average per capita cost of each project is R 220.00.

The community is regarded as a service provider which takes responsibility for managing the system:

The RWSP is a community-managed programme where the community plays a direct role in managing the project. They are required to set up a committee... who appoint the project implementing agent and training agent, control the flow of

finance, as sole signatories of their own bank account, and take key decisions during project implementation. Further this committee is required to take ongoing service provision after the project is completed (Palmer, 1998: 4).

It is clear that this is a demand-driven programme, where all initiatives including the proposal for the initial funding come from the community.



### **3.4 TYPES OF CONTRACTUAL RELATIONS**

Different contractual relationships are set up in the RWSP, and in the BOTT programme. Each is dealt with in turn.

#### **3.4.1 The Rural Water Supply Programme**

##### **3.4.1.1 The contract between Mvula and DWAF**

The national office of DWAF holds the contract with the Mvula Trust although the regional offices manage the disbursement of funds and other liaison aspects of the project. The agreement stipulates that the Mvula Trust should assist with policy development and capacity building of various institutions, including local government, water boards and DWAF itself (Gulati, Everatt, Khushlick, 1996). The clause which makes provision for DWAF to fund a series of Mvula projects stipulates that the Trust should bear all risks.

##### **3.4.1.2 Contract between Mvula and the Community**

Mvula has developed a standard contract to govern the relationship between itself and a community - there is no negotiation about the content of the contract (see appendix 1). The Mvula Trust policy document states: "If all conditions of the contract are agreed by the community, both copies are signed by the community representatives." (p14).

Mvula operates according to a clearly laid out project cycle, and the description that follows draw from their project documents, in particular from Mvula, 1997a. Chapter Four examines how the description below is carried out in practice.

Applications are received by the Mvula Trust from communities, who may have in turn sought advice from other institutions. The Trust has a set of criteria which informs its decisions:

- The application must be community-driven rather than driven by consultants.
- The application must have support from the community.
- The project must be cost effective.
- The technology employed should be appropriate to the management and financial capacity of the community.
- Small communities, which are unlikely to form part of large multi-village bulk schemes, should be given preference.
- Needy communities with the poorest level of service should be given preference.
- Government preferences are taken into account (Mvula Trust, 1997a).

The Trust also recommends that local government councillors be notified in the event they have other projects planned for that community. It is also advised that the traditional authority's approval of the scheme is sought.

The feasibility stage follows the application. At the request of the community a project agent, usually an engineer, undertakes research into the feasibility of this project. This is "done at risk by the project agent," and if the project is accepted, costs get reimbursed in the first disbursement of funds. Those projects which meet the Trust's requirements are approved. The Trust has to submit a provincial business plan to DWAF, and to the appropriate regional council, for the release of RDP funds. Only when this business plan is approved are the funds allocated, and the Trust issues a contract to the community (Mvula Trust, 1997a: 13).

ii      *The Contract*

A contract for the project is drawn up by Mvula at its head office. Field staff, together with the project agent, explain the documents to the committee, and once there is agreement the documents are signed.

iii      *The project-planning stage and security commitment*

At this stage the capacity of the water committee is assessed and strengthened. Mvula requires that the community makes a contribution to an emergency fund which will cover repairs and further training if required. This contribution, 8% of the capital costs, is seen as a gauge of the level of commitment for the project based on the community's willingness to pay (Palmer, 1998: 5).

iv      *The construction stage*

Implementation begins using labour-intensive technologies. External labour may be employed when particular skills are absent. There are regular site visits from Mvula Trust.

v      *Completion: Operation and maintenance*

Mvula places the full responsibility for the management of the system onto the community, which is represented by the water committee. This responsibility entails both repairs to the system and the collection of fees. Future support is limited, and water committees are expected to be completely self-reliant.

Table 2 below provides a summary of the responsibilities of the water committee at different stages of the project cycle.

**Table 2. Responsibilities of a Water Committee**

Project cycle	Responsibility of the Water Committee
Pre project stage	<ul style="list-style-type: none"><li>• set up a committee which is representative of the whole community</li></ul>
Pre contract	<ul style="list-style-type: none"><li>• submit an application for funding</li><li>• select a project agent and draw up a contract</li></ul>
Contract	<ul style="list-style-type: none"><li>• understand the terms of reference and sign the contract</li></ul>
Project Planning	<ul style="list-style-type: none"><li>• select a training agent</li><li>• draw up an agreement</li><li>• monitor the work of the project agent and the training agent</li></ul>
Construction	<ul style="list-style-type: none"><li>• financial management including budgets</li><li>• manage the labour</li><li>• acquire materials</li><li>• collect community contributions to the emergency fund</li></ul>
Operations and maintenance	<ul style="list-style-type: none"><li>• Collect the fees from the community</li><li>• Take all responsibility for repairs using money from fees collected</li><li>• take action against those who default on payment</li><li>• account to the community about the water finances</li></ul>

Table 2 shows that the Water Committee is required to take on a wide range of activities and responsibilities. Perhaps the most demanding responsibilities are the management of the budget and the procurement of materials. The Mvula policy document states that the:

“contract signed between the Trust and the community committee obliges the Committee to request the approval of the Trust for any change in the project budget.” (Mvula Trust, 1997 a: 20).

Cost overruns or savings in the budget have to be requested by using a variation order, together with a detailed motivation from both the committee and the project agent (see Appendix 2). Procurement of materials is another area of involvement for communities.

While the project agent may lead this process, community committees are expected to be part of the entire process and to manage the administration. From the Trust's perspective,

“communities should be involved throughout the whole process of obtaining quotes/tenders, and although difficult, they must be encouraged to deal with suppliers to discuss discounts, especially for payment on time” (Mvula Trust 1997b: 3).

The final point to be made is that water committee representatives are considered to be voluntary workers. As far as the Trust is concerned, water projects are primarily focused on sustainable water supply and not on job creation, although labour-intensive technology is encouraged. Any labour employed on the project is paid for, and rates should be negotiated by the community beforehand (see Appendix 3) for a standard employment contract. There is an option whereby people who cannot pay for the water service may contribute labour instead. In some cases, where funding is limited, a community may opt to provide free labour in order to lower the costs of the project. Again, these options are not without problems and will be explored in the following chapter.

#### **3.4.1.3 Contract between the community and private contractors**

This is perhaps the most important contractual agreement which CBOs have to manage. The project agent is expected to work in close partnership with the community. It is the project agents who provide technical, managerial and administrative advice to the Committee, and ultimately they should attempt to transfer these skills to the Committee in order that water projects are sustainable long after the project partners have ended their contract.

To this end the Mvula Trust has a model agreement which it recommends the committee and the project agent sign (see Appendix 4). The Trust does not have any influence over the way this relationship is managed. It is up to the Committee to ensure they receive

satisfactory service, and in turn that the agent is adequately remunerated for services rendered.

### **3.4.2 The Build, Operate, Train and Transfer (BOTT) programme**

BOTT is a contract between DWAF and private consortia for bulk water service provision for the CWSSP.

The elements of BOTT are:

- Build - construction of water supply infrastructure
- Operate - operations and maintenance of projects
- Train - building capacity of communities and local government structures
- Transfer - hand over water supply functions to local government.

Hemson states that consortia do not own the projects. The contract is specifically a management contract which exists until the local institutions have the capacity to manage it themselves (Hemson, interview). BOTT covers the entire project cycle, and according to Bakker, it has the potential of “circumventing the prolonged tendering procedures which characterise DWAF’s direct delivery programme” (Bakker, 1998: 10). Under these tender procedures, an implementing agent is chosen. This implementing agent undertakes to pay the appointed consultant, once the necessary work has been completed. The whole process is highly unusual, and has been described as “new, innovative and South African.” (Hemson, 1998: 17)

BOTT contracts have been awarded to specially created consortia in four provinces: the Northern Province, Mpumalanga, KwaZulu-Natal, and the Eastern Cape.

#### **3.4.2.1 The BOTT contract with consortia**

Hemson (1998) indicates that a number of public-private partnerships have arisen in the departments of Housing, Transport and Public Works. The most extensive BOTT contracts, however, have been those initiated by DWAF.

The BOTT contract covers the entire project cycle. Within the agreement, a range of contractual options are possible, from service contracts through to operation and management contracts, lease arrangements, and concessions. Ownership remains with the state, as does all liability and risk.

#### **3.4.2.2 The Mvula contract with BOTT**

The Mvula Trust has got involved in the BOTT programme with two consortia, one in the Eastern Cape, called AmanzAbantu (translated as Water of the People), and the other in the Northern Province, called Metsico. Mvula assumed contractual responsibility for Institutional and Social Development service provision in the Eastern Cape, and for Institutional and Social Development management in the Northern Province.

The legal status of the Trust precludes its capital investment or shareholding in a private company. As a result, Mvula was given a non-voting seat on the board of directors of both consortia. The problems which arise from the Trust's different legal status to that of other partners in the consortia are dealt with in the next chapter.

## **4. AN ANALYSIS OF CONTRACTUAL RELATIONSHIPS IN THE WATER SECTOR**

### **4.1 INTRODUCTION**

This chapter will analyse the main relationships at play in the Community Water Supply and Sanitation Programme. The relationships are complex. A summary of the main legislation will be provided and the intended roles of each of the stakeholders, as laid down in the legislation, will be discussed.

The key organisations and agencies which will be analysed are:

- The Department of Water Affairs and Forestry (DWAF), which is currently both the custodian of all water resources and is responsible for the management and provision of water services.
- The Build Operate Train and Transfer (BOTT) consortia operating in the provinces of KwaZulu-Natal, Eastern Cape and Northern Province.
- The Mvula Trust.
- Several Water Committees supported by the Mvula Trust.

There is a funding crisis in the province of KwaZulu-Natal, and in June 1998 all funding for water projects was suspended. Projects which are in the planning stage have been suspended indefinitely. Those projects which were in their final stage of completion will re-commence in the next financial year (Sigwaze, Interview) This critical incident is used to scrutinise the power relations between partners.

The role of the contract in determining power relations, as well as the usefulness of the contracts signed in meeting organisational and project objectives will be assessed.



## **4.2 THE POLICY AND LEGISLATIVE CONTEXT**

The Water Act of 1956 simply did not provide a framework for the provision of water supply to rural households at all. In the past, water provision was the responsibility of the water boards in conjunction with the town councils for the urban areas. In the commercial farming areas it was under the jurisdiction of the joint services boards. Each of the ten former homelands had its own approach to water service delivery. As a result there was no coherent policy on water provision. The system was, and still is, characterised by an unequal distribution of water services in favour of white urban areas, with the former rural homelands left without adequate water and sanitation.

State policy on water service provision has been expressed in the White Paper on Water and Sanitation Policy and this policy has guided RDP and DWAF funding for this sector. Key tenets of this policy are:

- Water provision is a basic human right.
- As part of the “some for all” policy, individuals should receive basic government subsidised services. This policy was a tactical decision, premised on limited available resources, where the minimum service was defined as a stand post service which renders the minimum of 25 litres per person per day within 200m from individual households.
- Consumers should pay for operations and maintenance and, at higher levels of service provision, a percentage of the capital costs.
- Consumers should manage their own water services (White Paper on Water and Sanitation Policy, 1994: 8).

Several items of legislation promulgated in the past five years have had a bearing on the nature of water service delivery and the responsible institutions, in particular the National

Water Bill (1998), the Water Services Act (1997), the Local Government Transition Act (1993) and the Municipal Structures Bill (1998).

#### **4.2.1 The role of national government in water resource management**

The National Water Bill specifies that the national government is the custodian of the nation's water resources. As the custodian, the national government needs to ensure that the management and use of water resources are based on the criteria of public interest, sustainability, equity, efficiency, basic needs and the requirements of the environment. A distinction is made between the development and management of water resources on the one hand, the and provision of water services on the other. While the responsibility for the development and management of water resources lies with the national government, the responsibility for water supply and sanitation services provision lies with local government (Milton and Chetty, 1998 cited in McKeannie, 1998).

#### **4.2.2 The role of local government in water service provision**

The Water Services Act of 1997 makes a distinction between water service authorities (WSAs) and water service providers (WSPs). WSAs have statutory authority to ensure that water services are provided, while WSPs are the bodies responsible for service provision direct to the customer. WSAs are "any municipality including a rural or district council (regional council in KwaZulu-Natal)" (Local Government Transition Act, 1993). This act will only apply to local councils once there is sufficient capacity to fulfil these responsibilities. The provincial office of the Department Of Water Affairs can only delegate this responsibility if it is confident that local government can fulfil its responsibilities (Department of Water Affairs, 1997: 10).

The local government, be it regional councils or town councils, has several functions or roles: WSA; bulk water service provider; WSP; support providers to other WSPs; and a

project implementing agent. The regional council does not have to take up all these responsibilities, but can delegate responsibility to other agents.

### **4.3 THE CONTRACTUAL RELATIONSHIP BETWEEN DWAF AND MVULA TRUST**

#### **4.3.1 An organisational profile of the Department of Water Affairs and Forestry**

As indicated earlier, the DWAF under the old regime used to be the Department of Irrigation, whose focus was the provision of water services to white commercial agriculture. DWAF has therefore had to develop anew both an implementation and an administrative capacity to manage its new responsibilities.

The department has a difficult organisational structure, and this impacts on contracting. There are four divisions: Planning; Implementation; Operations and Maintenance; and Institutional and Social Development (ISD). Each division is managed by a director who reports to one chief director. Rob Dyer describes DWAF's structure as being comprised of 'different little empires'. The Chief Director does not have an apparatus to ensure coherence in policies and strategies. The strongest department within the water section is Implementation. It has the greatest amount of money, and is managed by engineers. They drive the BOTT process. While the ISD section is regarded as the most developmental, and the one which shares many of the values and commitments of the Mvula Trust, it has less financial leverage. DWAF is thus an institution which contains divergent value systems and development approaches (Dyer, interview)

The development approach of the DWAF reflects these contradictions. Most DWAF projects are top-down agency-managed initiatives. A typical DWAF project usually makes use of an external agent, either a water board or a private consultant, to provide water services on a large scale. Project Steering Committees are temporary structures set up to communicate with the beneficiary community. These committees are made up of

representatives of all project partners, including members of the local community. On completion of the project they are disbanded.

Community involvement has become minimal, and the overriding principle has been for water to be delivered as quickly and efficiently as possible. For example, even the Shumula scheme, which is viewed as one of the better DWAF projects, has not been cost efficient. It has been a financial burden on the Water Board, which maintains this project. The selling price to end users is high, and as a result some users have abandoned the project and have reverted back to their traditional means of water usage (Dyer, interview).

#### **4.3.2 An organisational profile of the Mvula Trust**

The Mvula Trust is an NGO which aims for the delivery of water services to remote poverty stricken rural areas. Mvula seeks to influence state policy and in turn to implement innovative and effective water services.

The Mvula Trust has initiated community-managed water supply projects in areas where there are populations of 5000 people or less. Mvula has a niche in this area of water delivery, while larger state institutions such as water boards concentrate on bulk supply. Mvula sponsors a particular community, assists with the contracting of project agents, and later monitors the progress of the projects. They utilise a local water supply and conform to the standards laid down in the National Water Act, which states that such sources be clean and are reliable. Community-managed water projects are more cost effective than bulk rural water supply schemes, and there is a stronger emphasis on community ownership of such projects (Davids 1998).

Phillip Davids, the Institutional Support Development Manager of the Mvula Trust, describes how local schemes can be upgraded to a higher level of service provision, such as yard connections, at a later stage when people can afford it. He feels that:

South Africans have a very euro-centric approach to water services. We overlook people's ability to survive and devise survival strategies by themselves (Davids, interview).

According to Rob Dyer community-managed water supply is always difficult, and world-wide the success rate is far below 50%. Mvula is seen to be better than average (Dyer, interview). In South Africa one of the likely reasons for the high failure rate of water projects is the complexity of the contractual agreements and relationship between DWAF and the Trust.

#### **4.3.3 Relationship Between the Department of Water Affairs and the Mvula Trust**

The relationship is based on the premise that :

Mvula Trust is accountable to DWAF for the funds (allocated to it) and it must ensure transparency and financial accountability. The Trust also works as a successful independent funding body, defining its own implementation processes. This autonomy allows for customised and community-sensitive projects (Gulati, Everatt, Khushlick, 1996: 155)

An intriguing question is the extent to which the Trust's autonomy is compromised by its close relationship with the DWAF. Three aspects of this relationship deserve closer scrutiny:

- The different values and approaches that each organisation holds, whether these have led to contradictions and how these have been resolved
- The level of dependency of Mvula upon DWAF for funding
- The impact of new legislation upon the Trust.

#### **4.3.3.1 Ideological and value-based differences**

The main difference between these two organisations is their stance on service delivery. DWAF has a more agency-managed approach while Mvula opts for community-managed service provision. These broad policy perspectives in turn affect issues such as the level of community participation in decision making, cost recovery and project sustainability.

Mvula has the dual role of being a both a project implementing agent for the DWAF and an advisor on national policies on water and sanitation provision. At one level Mvula is an employee of the state and has to cede to the department's wishes. At another Mvula is a leader and advisor on national and local water policies.

An interesting example of the functioning of the relationship can be seen in the debate over Mvula's use of the eight percent start-up fund. In the previous chapter, it was shown that Mvula measures the level of commitment of a particular community to a water project by the extent of the community's contribution to this fund. This is linked to Mvula's dictum that community ownership is central to the success of such projects. Yet DWAF has a different approach to water delivery, based on the constitutional principle that access to basic water provision is a human right. It has discouraged this start-up fund on the basis that those that could not raise the money would go without water.

As a result of this contradiction of views, Mvula has amended its policy. It has instead set up an emergency fund which operates on a similar principle to the start up-fund. The emergency fund is used to finance any repair requirements on completion of the project. It appears that DWAF is now changing its policy in projects to include an emergency fund, due to the success of Mvula projects. This is clear evidence of the respect that Mvula has won from the state, and illustrates the influence it commands in the water sector.

The case of this shift and counter-shift in practice indicates a level of flexibility between Mvula and DWAF. DWAF has shown itself capable of intervening in Mvula projects

and at the same time it remains open to change when innovations prove successful. This would suggest that the dual role that Mvula plays in relation to DWAF as both a project agent and policy analyst can work to the advantage of both parties.

#### **4.3.3.2 The dependence of Mvula on DWAF for funding**

The second aspect of the relationship concerns Mvula's dependence on DWAF for funding. In the initial phases of the relationship between Mvula and DWAF, a variety of institutions including foreign donors used to fund aspects of the RWSP. In 1996 DWAF increased its funding to the RWSP by 50%, on the condition that it become the sole funder of this programme. This shift was precipitated by increased capacity within DWAF to manage these projects. At one level it is understandable that the DWAF wished to retain complete financial control and therefore political control over this programme. However, for any NGO, this reliance on one donor is problematic. One danger is that the NGO would have to concede to a donor's ideological and procedural wishes. The second danger is that the organisation's livelihood would be at risk should the funding cease.

The current funding crisis experienced in KwaZulu-Natal highlights the importance of the diversity of funding sources for NGOs. The funding cuts have meant that all projects have had to be halted and no new projects will be initiated by the Trust in 1999. Staff retrenchments have occurred. It has also affected the relationships between the Trust and the communities that it was in the process of funding. Should funding shortages continue, Mvula might have to redefine its role in water service provision.

#### **4.3.3.3 The impact of new legislation**

The third aspect is the impact that new legislation will have on the relationship between Mvula and DWAF. The Water Services Act enforces the decentralisation of water services management and provision to local government level. Once local government

begins to take responsibility for water service delivery, the Mvula Trust will have to negotiate with local authorities rather than with DWAF.

In summary the partnership between Mvula and DWAF appears to be advantageous to both parties. In Mvula, DWAF has a partner which manages efficient and cost effective projects, where new innovations are fed back in water service policy. Mvula in turn has a partner that is benevolent and supportive of its ideas and practices. However the funding crisis and the dependency upon DWAF for continued support indicates that DWAF has greater leverage with the potential to undermine the work of the Trust.

#### **4.3.4 The relationship between local councils and Mvula**

On occasions where local councils and Mvula have shared responsibilities on projects, the results have not been favourable. The Trust is concerned about the differing development ethics which local government and the Trust bring to service delivery. Local government appears to favour bulk supply which is driven by the government or large private contractors. Mvula prefers smaller, more cost effective, community driven schemes.

Cost effectiveness is a key consideration when it comes to service delivery. Local government can appoint water boards or other big institutions, but the cost implications are huge. In many cases local government needs a paradigm shift from the old way of thinking, that is to borrow thousands of rands from international funders to create infrastructure which in the end becomes unsustainable (Davids, interview).

These differing approaches have affected the outcomes of several Mvula projects in the past. In Hopewell, a community in Southern Natal, all funds are managed by the community committee. Funds to the amount of R 27 000.00 went missing and investigations did not locate the perpetrator(s). From Mvula's perspective, the



Committee should then have had to account for the money to the broader community. Before that process could be initiated, however, the Regional Council for that area took an interest in that project and made up for the shortfall. Not only is this case indicative of a lack of communication between Mvula and the Regional Council, it also highlights the differences in approach. For Mvula, the process of the Committee accounting to the community for the mismanagement of the finances is as important as the completion of the water project. As Richard Cross of Mvula Trust indicates, 'We (Mvula) have a sink or swim approach' (Cross, interview). The council, on the other hand, is of the opinion that water is a basic human right, and water should be provided regardless of mismanagement.

Another case illustrating the difference in approaches is the Draycott project in central KwaZulu-Natal. This was initially a very good project; however financial management has since become lax.

We took representatives of the Indlovu Regional Council to this project and explained to them that, should financial systems collapse completely, and the Committee is no longer able to meet its electricity payments, then the Committee will have to explain to the community why the water supply has been cut off. The Regional Council's approach is that water should be supplied regardless (Cross, interview).

While Mvula has encountered similar differences with DWAF, DWAF is also capable of changing policy if better alternatives are available. It appears, however, that rural local councils may not have such capacity, or are as flexible or open to change. While one cannot generalise about the individual relationships between Mvula and local councils, the limited interactions thus far reveal that Mvula appears to be at a disadvantage when it comes to negotiating with the local councils, who are often not open to alternate philosophies. This may constrain the way that Mvula can operate in the future. As Phillip Davids explains:

Mvula had to examine its experiences in the RWSP, and see how this would dovetail with local government and how Mvula could carry on working with water committees and bring them into a partnership with local government. This is a tedious process. There are differences in attitudes between local government and Mvula. (Davids, interview).

#### **4.4 PUBLIC-PRIVATE PARTNERSHIPS: THE EXAMPLE OF THE BOTT CONSORTIA**

##### **4.4.1 The relationship between DWAF and the BOTT consortia**

The agreement between BOTT and DWAF in 1997 was an attempt to speed up service delivery. The expectation was that the consortia would deliver to scale, and render rural water projects sustainable in the long term which would meet DWAF targets. The key issue here is the leverage that both parties have over each other in ensuring the other's adherence to the contract.

Despite BOTT's short term of operation, public criticism has been high. It has cost much more than envisaged, and there is some speculation that the funding crisis DWAF is facing was caused by the unanticipated cost overruns (Dyer, interview). BOTT quotes were higher than other organisations, as a flat rate was charged (Hemson, interview, and Dyer, interview).

BOTT has achieved its goal of speeding up delivery in bypassing the tender system. In the past the process took up to eight months from the point of placing the advertisement to the signing of the contract. To bypass tendering, BOTT instead had to submit business plans for review. However delays in the processing of business plans by the DWAF have somewhat undermined the timesaving achieved in bypassing tender procedures (Hemson, interview).

Other critics have suggested that BOTT does not pay sufficient attention to the beneficiaries. In more than one project in KwaZulu-Natal there has been hostility towards the implementing agents. Many intended beneficiaries have been angered by the non-consultative stance that the consortia have adopted, and there are instances where equipment and infrastructure have been vandalised (Focus Group Discussion).

It appears that DWAF does not have the human resource capacity to inspect or visit the projects in order to monitor the progress. Instead DWAF has to administer projects. Service providers have to submit reports which are then scrutinised by the department. This is a very bureaucratic means of project management, one which leads to low quality work. In addition, project sustainability is an issue. In KwaZulu-Natal there are at least five projects which have been finished, but the taps have not yet been opened because there is no system in place to ensure that adequate management and maintenance occurs.

#### **4.4.2 The role of the Mvula Trust in the BOTT consortia**

Mvula Trust has been involved in two of the consortia, and has had mixed experiences. Three issues have emerged as significant in these relationships: Mvula's legal status as a non profit entity; Mvula's value systems which differ to those of its corporate partners within the consortium; and the relationship that Mvula has with DWAF.

DWAF encouraged Mvula to tender for a sectoral role in the BOTT contract called Metsico in the Northern Province, as Mvula would be able to lend institutional and social innovation and experience to a largely technical venture. Mvula on the other hand was attracted by the potential volumes of work and funding. According to Bakker, the consortia admitted that the close relationship that Mvula enjoyed with the DWAF was a strategic incentive to them to invite the Trust into the venture (Bakker, 1998).

However Mvula was sidelined on leadership of the ISD section. "Mvula is perceived by consortium partners as the Metsico public relations wing..." (Bakker, 1998: 23). Mvula's

development ethos of direct, community-managed delivery is absent from Metsico's thinking. Mvula's relative powerlessness was due in part to its inexperience of such ventures, but a significant issue was also the different organisational values. All the other partners in Metsico were linked with multinational firms; Mvula with its non-profit focus stood in contrast to the other members. It had very little leverage. As a Section 21 company it could not attend shareholder meetings, thus was excluded from a major platform for influence and decision making.

Mvula's experiences in BOTT Eastern Cape have been less problematic. Rob Dyer observes that Mvula Eastern Cape has had to take on a more corporate orientation in its work, yet it has played a relatively minor role in AmanzAbantu. From the consortium's point of view, ISD was a soft aspect of the project and was defined as "getting community acceptance for the project, rather than developing local capacity to manage the water projects" (Bakker, 1998).

#### **4.4.3 Summary**

These indicators suggest the public-private partnership approach to water delivery has potential in theory, yet in practice it has not been implemented effectively. Adequate reporting systems have not yet been devised. It also appears that there is little space for role players who bring alternate values and experiences to the venture. It is therefore clear that the partnerships between private and public entities have obvious power imbalances.

### **4.5 THE CONTRACTUAL IMPLICATIONS OF THE WATER SERVICES ACT AND THE ROLE OF LOCAL GOVERNMENT**

As already indicated, the Water Services Act of 1997 stipulates that over time DWAF will cease to implement water projects, and funding will instead be directed to local authorities. It is envisaged that this transition will take seven years. It is clear that the

Act views options for water service provision in contractual terms. In the light of the previous section on the BOTT consortia, where it was seen that DWAF does not have the capacity to manage this contract adequately, the question must be asked whether the rural local governments would fare any better.

According to the new legislation the Water Services Authority (WSA), a local government function, is in control of all water services within its demarcated jurisdiction. Local government has a number of contractual options regarding the extent of delegation of these responsibilities. It may either retain both management and operational functions or it may engage in partnerships with private stakeholders.

In the past most water service delivery was carried out by water boards, municipalities in the urban areas, and the various homeland authorities. In the rural areas there were structures in place which, aside from a political imperative of gathering intelligence for the Apartheid regime, participated in the bulk provision of water services. These joint service boards (JSBs) have now been transformed into the district councils (regional councils in the province of KwaZulu-Natal). These organisations include both democratically elected councillors and members of the old guard administration. This has meant that while a bottom-up, participative development approach is sought by these councils, the top-down mentality of the old JSBs remains. The regional councils lack institutional and financial infrastructure. Many critics in the water sector are concerned that the inexperience of the new local authorities, their shortage in resources, and their contradictory internal policies and practices prevent these institutions from fulfilling the policies outlined in the Water Services Act.

A case in point is the Utungulu Regional Council on the North Coast of KwaZulu-Natal. The Mvula Trust is attempting to transfer the responsibility for several projects to this local authority, but the Council feels that it does not have the capacity to manage them (Sigwaze, interview). If the regional councils do not have sufficient capacity to manage simple and cost effective Mvula Projects, how will they cope with the bulk supply projects currently managed and sustained by DWAF? (Dyer, interview).

## **4.6 COMMUNITY BASED ORGANISATIONS AND THEIR RELATIONSHIPS WITH SERVICE PROVIDERS**

This section is divided into two parts. The first explores the contract between the Mvula Trust and the water committees, and whether the contract does indeed benefit all parties. The second part examines the relationships between water committees and service providers.

### **4.6.1 Relationship between Mvula Trust and the Water Committees**

The contract between Mvula and a community based Water Committee (see Appendix 1) is a legal document which gives substantial power to the community partner. The contract is an enlightened document which defines the responsibilities of all parties concerned. However there have been some problematic areas which have led to confusion between both parties.

The contract is signed after a feasibility study has been conducted and approved. During that time the committee is formed, and initial training on the roles of committee members is conducted. One of the most important decisions that the community has to make during this period is the type of service that they require. The higher the level of service, for example yard connections, the greater the cost. The decision is based on what the community as a whole can afford. The contract signed thus commits the community to their decision about their preferred level of service provision. As indicated in Chapter Three, the contract signed between Mvula and the committee commits the community to responsibility for the management and maintenance of the project.

The character and tone of the contract is polite, and the language is simple. An attempt is made to explain the processes involved in the project, as well as the roles and responsibilities of all parties. From the Trust's side, many of the values of the organisation are included in the document. Four clauses within the contract which

clearly demonstrate value bases will be discussed here: clauses pertaining to employment; the emergency fund; accountability; and financial control.

#### **4.6.1.1 Employment**

The Trust expresses its commitment to using local labour and confirms its commitment to the “neediest families”. The contract states clearly that the first priority is ‘to assist the community to develop its water resources, with employment provision only a secondary objective’( Mvula Trust 1997 b. w2).

The unemployment rate in many poor rural areas, and especially in those which comprised the ten former homeland areas, is as high as 40%, and even higher in selected areas. The issue of employment in these new service schemes is a potential source of conflict, as expectations of employment creation are usually high. The Trust, both in the contract and in other legal documentation, attempts to clarify its position in order to eliminate unrealistic expectations. The Trust makes a distinction between the voluntary work of the committee and paid labour:

The voluntary status of the committee should be a source of respect and enhance their credibility with participants. If a committee member wishes to be employed by the project they must resign from the committee so that they are not in a position to influence discussions about their wages (Mvula Trust, 1997a: WG6 p1).

Committees are surprisingly accepting of these conditions. In one community meeting where notice was given about a pending water project, some members of the community expressed the hope that jobs would be created. A representative from the development forum was quick to remind people that the goal should be water, and not job creation. In this particular community water was scarce, and people were thus willing to focus purely on water provision (Mvusane community meeting).

#### **4.6.1.2 The Emergency Fund**

Another value upheld in the contract is the policy that up-front contributions to the emergency fund be made. This is a contentious issue. The contract states that contributions to this fund are indicative of the level of commitment to the project. Mvula's view is that the prepayment to the fund assures that:

- there is a real demand for the project,
- the water committee commands the respect of the community,
- the community gains experience of tariff collection during the project,
- the community understands the cost implications of their choice of service, and
- any extraordinary expenses outstanding at the completion of the project can be met (Mvula Trust, 1997a: WG5 p1).

Many communities however resent having to pay for their services. The problem has been further exacerbated when neighbouring communities have been involved in DWAF projects, and up-front contributions have not been required. In one community where people had stopped paying for water service provision the explanation was given "that water was from God", and thus people should not have to pay for it. (Dreyer, 1998).

#### **4.6.1.3 Accountability**

Accountability is a key element of the contract. The presumption is that if communities are committed to projects, and are prepared to take responsibility for the success of the project, then this will lead to the empowerment of committees. This is the cornerstone of Mvula's policy on community-managed projects.

Section 8 of the contract outlines accountability in the following manner:



The committee is accountable to the community. It must make sure that the community is informed about the Project at all stages. This includes informing the community about tariffs to be contributed, labour hiring and training...

The committee is accountable to the Trust for all aspects of the Project. With every disbursement request, the committee must send a written report to the Trust. The report must give details of the progress of the Project, training received, what work has been done, a full financial report ... it is also the responsibility of the Committee to make sure that the Project is completed within the expected time, and it stays within budget. (Mvula Trust, 1997a: w2 p8)

It is interesting, though, that no mention is made of how Mvula Trust is in turn accountable to communities. In section 10.4 of the contract it is stipulated that should the community default on payment during the course of the project, then disbursements made by Mvula will in turn be withheld. There is no clause which identifies what the community should do if Mvula reneges on the agreement.

The current funding crisis in KwaZulu-Natal highlights the problem. The termination of funding from DWAF to the Trust has led to contractual problems with the water committees, because on signing the agreement the Trust undertakes to provide a set amount of funding to the project. The funding crisis has meant that Mvula has not met some of its contractual agreements.

For example the Magodola Damba Nondayana Tribal Authority near Ulundi in KwaZulu-Natal signed a contract with the Mvula Trust. The project was in the early stages of implementation (Reconstruct, 1998). A project agent had been contracted as had a training agent, and four days of training had already been conducted. The community had also begun their contributions toward the emergency fund. All funding for this project was then suspended.

The committee has found itself in a quandary, because as yet they have not informed the community of the problem for fear that the community will think it is being dishonest. They owe R 21 000 to the training agent for the training conducted thus far, and within the committee itself there is much confusion about its contractual rights and obligations.

Word of the funding crisis came from the project engineer rather than the Trust. When a meeting was finally held with Mvula, Mvula explained how DWAF was responsible for the funding crisis. Yet as the chairperson pointed out, “We signed a contract with Mvula not DWAF” (Ntshangase, interview). Ntshangase is of the opinion that people in rural communities are not in the habit of negotiating and asking questions. There was no negotiation involved in drawing up the contract between his committee and the Mvula Trust:

We were desperate for water. Just signing the contract sped up the process. If we could do this again we would make sure that there was a problem clause in the contract. (Ntshangase, interview)

Thus the issue of accountability has not been addressed as a two-way process. This is a serious weakness of the contract.

#### **4.6.1.4 Financial control**

Section 10.4 and section 11 of the contract highlight the financial reporting requirements of the committee to the Trust. Funding disbursements are only made after the submission of reports detailing expenditure. Further, the Trust may visit the project to inspect it, and to inspect the financial records (Mvula Trust, 1997a: w2p10). This clause places the Trust in a powerful position, and the tone of this paragraph is noticeably paternalistic. At one level it contradicts Mvula’s mandate to build and empower rural institutions. But in Mvula’s defence, the contract it has signed with the DWAF means that ultimately Mvula bears full financial liability.

The DWAF does not acknowledge the water committees as legal entities. The contract between Mvula and the community committee places the full responsibility for finances, labour and the procurement of materials onto the committee. Yet, according to the agreement between DWAF and Mvula, the financial risk of financial mismanagement, poor quality work or incorrect procurement is borne by the Trust. Mvula bears the risk for every water project and this may explain why they are so paternalistic around financial accountability.

The Dukusa water project is based near Estcourt in the central part of KwaZulu-Natal. It was initially successful, but problems have emerged. There was a fault in the reservoir. Usually reservoir construction goes out to tender and a professional is contracted in. According to Richard Cross, a regional Mvula engineer, the reservoir in this case was constructed by the community but supervised by an NGO. The NGO performing the technical work did not have a professional indemnity. Mvula has had to approach DWAF for extra funds. There are fears that Mvula may be held liable, and this issue may have to be taken to court (Cross, interview). He points out that whilst Mvula implements projects for about R 235.00 per capita, a water board or DWAF will implement projects for R 500.00 to R 600.00 per capita.

At times there are trade-offs. While Mvula has a cheaper product which in many cases works, on certain projects there will be problems. In the case of Dukusa the community did all the right things. There was sufficient supervision by the training agent, who charged a third of the price of a private contractor. Whether the department will accept this is still in question. (Cross, interview)

This example demonstrates that the contracts between Mvula and the committees are taken seriously. If a negotiated solution cannot be reached for the above case, Mvula may have to seek legal means to resolve this. The situation highlights the dilemma faced by the Trust: if it gives water committees free financial and managerial rein over projects,

project costs are reduced and communities have greater ownership of the projects. But as in the case of Dukuza, the Trust is exposed to greater liability.

#### **4.6.2 Contracts between water committees and service providers**

The other two contracts into which the committee enters are the contracts with the project agent and the training agent. According to the contract between Mvula and the committee, “the Committee shall enter into a single contract with an appropriate Project Agent, who shall provide technical and management assistance necessary and agreed to by the committee”. Another contract is signed between the committee and an appropriate training agent “who shall provide organisational development, financial and project management training and follow up support necessary and agreed to by the committee” (Mvula Trust, 1997a: 8).

The project agent is typically an engineering firm who is primarily responsible for construction and project management. Engineering firms do not have a good reputation in South Africa for people-centred development. The committee, in this instance, is the employer. Mvula liases with the engineer, but does not enter into any agreements with the project agent. The case examples below reflect how problematic these relationships are, and how unequal the committees are to the task of supervising these firms.

The training agents are independently appointed by the committee. Again, an agreement between the two parties is established in which the committee is the employer. Training agents play a critical role in community empowerment and in ensuring a chance of an equitable relationship between the committee and the project agents. While it is promising that the committees, rather than the project agents, select the training agents as this avoids collusion on the part of the project agent, committees still have difficulty in selecting the most appropriate training agent for the task.

Two case stories are described to reflect some of the problems that communities have had in managing the contracts between themselves and consultants.

The Phumzile water project near the town of Nongoma is not currently operational. Whilst the system is in place, the community has not paid its electricity bills and the power has been cut. The role played by the project agent, an engineering firm, has been largely responsible. A map was drawn of the community without any consultation with the community, and thus a large portion of the community was excluded. Once the error was discovered, the excluded area was relegated to a later phase in the project cycle. However this was the area that most needed the water. This engineer was replaced, but there was unhappiness with the second engineer as well. His promises to give higher local labour wages were not fulfilled. Finally, to compound these errors, the engineer, despite being employed by the community, was paid by Mvula and left the project without fulfilling all the tasks (Dreyer, 1998).

The Emmaus water project is situated in a dispersed settlement near Winterton. It is a functioning project, even though the project took two years instead of the envisaged six months to complete. The scheme was poorly designed. The engineer employed by the community built a pump house and filter plant in a river bed. He was under the impression that the river had been empty for a long time and was not warned by the community. During a flash flood the equipment was washed away. Members of the community now regret that they did not raise objections to the design of the scheme from the outset.

These two cases are but a small sample of a very common problem in rural water projects, and common themes can be drawn from these accounts. Firstly, project agents do not recognise community wisdom and thus incur errors in planning which could have been avoided. The second issue is that of adequate supervision. In a focus group discussion with representatives of water committees, all the participants had encountered consultants, both engineers and training agents, who did not complete their work according to the agreements negotiated. This suggests that there is not enough support available to communities to help them manage these relationships. Thirdly, communities have had to choose consultants based on very little information. Often, a number of training agents make presentations to a committee at one time, and the committee has to select the most appropriate organisation for the position. Usually the organisations that

make the biggest promises are those that are chosen ( Motala, interview). This must have been the case in the Phumzile community, where the engineer who offered the highest wages was chosen.

In the focus group discussion on this subject, several participants expressed concern that they did not know enough about their rights in these contractual relations. Furthermore, others asked what were the most appropriate criteria to apply when choosing their consultants for water projects (Focus Group Discussion). The chairman of the Phumzile water committee described himself as being:

Lost between the community, the project and competition between sponsoring organisations, government bodies and services boards (Dreyer, 1998: 57).

These comments reflect a level of confusion amongst members of water committees about issues of contracts. Water committees are expected to manage complex sets of relationships, and are clearly at a disadvantage when it comes to contracting and negotiating with project partners. Many do not have prior experience, and are thus unaware of the potential pitfalls. The contract between the water committees and Mvula Trust is weighted in favour of the Mvula Trust. The final clause in the contract between Mvula and the committees does allow for the agreement to be negotiated. However as a community member pointed out:

We are in such a hurry we just sign, without really understanding what we are signing. (Ntshangase, interview)

#### **4.7 CONCLUSION**

Public – Private Partnerships in the water sector allow for a variety of institutions to play a role in Water service delivery. The relationship between DWAF and Mvula has been long-standing and advantageous to both parties. Mvula brings innovative approaches which are sensitive to local conditions. The DWAF in turn draws on these experiences to strengthen its capacity to meet its policy objectives. This partnership shows how successful PPP can be. Yet Mvula like other NGOs in South Africa finds itself in a difficult position. Mvula is dependant on DWAF for funding, this gives DWAF a certain amount of power over the Trust, and thus its autonomy is curtailed by the constraints imposed by the funding relationship. Mvula's and DWAF's approach leans towards an equity model approach, where justice and community building are emphasised.

New legislation on water service provision promises to devolve control away from DWAF to local councils. Mvula does not have strong relationships with many local councils and may find itself having to compete with other service providers for contracts. In the event of this, Mvula will have to alter its approach in order to compete with other market institutions. In other words, it will have to take more cognisance of efficiency-type thinking.

BOTT was designed to speed up service delivery which it has done. But this has come at a high cost to the development of the capacity of local councils and the self sufficiency of local water committees. DWAF has not set up sufficient controls to monitor and regulate the relationship. The lines of accountability between DWAF and the consortia appear to be weak.

The relationship between Mvula and BOTT is uneasy and unequal. Mvula joined the consortia to increase its work load and to derive income from sources other than DWAF. Again this is a trend that many NGOs are having to consider in order to broaden their income bases. Mvula was ill prepared for this venture. Being a Section 21 company, Mvula could not partake in decision making within the consortia.

In the relationship between Mvula and Water committees, Mvula is a trusted and respected organisation. Mvula places great store in appropriate service delivery and participation of local committees in the implementation of water projects. The aim of the programme is in part to instil democratic forms of governance in local communities. While this is a laudable aim, it was shown that accountability is not a two way process. Water committees are expected to account to the community they represent and to Mvula, yet Mvula does not have a corresponding obligation. This places water committees in difficult situations with their community if Mvula does not meet its obligations, such as funding disbursements or site visits.

The relationship between water committees and project agents such as engineers are problematic. Committees are expected to manage experts. There is a vast gap between



experienced professionals, driven by a profit motive and the inexperienced water committees.

Essentially the water sector like many other service sectors illustrates a tension between the speed of service delivery and the requirements of people centred development. The next chapter will examine the internal workings of two water committees in order to explore the barriers and positive features which promote participation.

## **5. PARTICIPATION - ORGANISATIONAL DYNAMICS IN RURAL WATER COMMITTEES**

The previous section examined how different institutions drawn from the public and private sector entered into partnerships in order to provide rural water systems. Water provision to rural communities is conditional upon community management and maintenance of water services. The next set of issues to be considered in this chapter are the internal strengths and weaknesses of rural community organisations.

A site visit to one water committee was undertaken, the Zamimphilo Water Committee in the Mvusane community. An example of a 'model' committee, Isulubashe Mvuyane, was also used as a point of contrast.

### **5.1 AN MVULA FUNDED WATER COMMITTEE IN THE MVUSANE COMMUNITY - THE ZAMIMPHILO WATER COMMITTEE**

Mvusane is a small community of some 9800 people. It is a widely dispersed settlement in hilly terrain. The nearest town is Eshowe in the Umzinyati regional council, which is within the northern coastal strip of KwaZulu-Natal. Income levels in Mvusane are well below the poverty line and literacy levels are poor.

Mvusane has initiated three water projects, the first of which dissolved. The second project, Zamimphilo is considered successful and was funded by the Mvula Trust. The third project, Ubuhle Buyeza, is still in the planning stage. The funder will be the Umzinyati Regional Council.

The water committee has nine members seven of which are women. Both the positions of treasurer and chairperson are filled by the men. The chairperson is also the local Induna. The community identified water as a need. Each household paid in R 130.00 before the application to Mvula was approved. It took five years before the project began, and the delays were primarily caused by the committee's concerns about issues of

sustainability - whether the community would be capable of maintaining the project once engineers left. It was decided that the community should perform as much of the labour themselves as possible. The community opted for communal stand pipes. An operations and maintenance system was put in place which appears to have prevented the problem of free riders.

On the whole the project was considered a success. The system functions adequately; people are satisfied with the service and pay for it. A system has been developed such that people who cannot afford to pay for the service can volunteer their labour instead. On occasion the taps have been switched off until overdue accounts have been settled.

Several issues emerged as significant in this community and will be discussed below. The first was the role of the traditional authorities. The second was the leadership of the committee, and the third issue was the role which the development forum played in determining the decisions on the water committee.

#### **5.1.1 The role of the Tribal Authority**

The Inkosi is the honorary chairperson of the Water Committee. Reporting systems are in place, in order to update him on progress, and all key decisions which are made. The tribal court is the mechanism which facilitates this process (Chamane, interview).

According to Chamane, the process of democratic governance has put pressure on the traditional system of governance. It is apparent that the Inkosi of the Mvusane community has begun to embrace these pressures instead of resisting them. Women, unusually, are included as council members. They are vocal in meetings, indicating that their presence is not merely token. Another innovation is that within the tribal court development working groups have been set up in which different councillors have undertaken responsibility for locating information and disseminating knowledge about different areas of service provision. This was an attempt by the Inkosi to develop an

enabling environment so the economic and social development can take place (Chamane, interview).

Members of the tribal authority are not averse, however, to using the Water Committee to serve their interests. One of the reservoirs is located on the property of the local Induna, and he and his brother, the chairperson of the Zamimphilo Water Committee, were the first to receive yard connections.

In another instance at a Zamimphilo water committee meeting, committee members were informed that they should make donations to the Minister of Welfare whose house had burnt down. This announcement was made on behalf of the Inkosi. Committee members were expected to pass this request on to other members of the community. Although a benign leader, these experiences would suggest that development in this area may only occur if it is controlled by the tribal authority.

### **5.1.2 Leadership within the water committee**

Decisive leadership is an important requirement for the successful implementation of water projects, especially in negotiations with project engineers. The water committee had some initial difficulties with the engineer, as they did not consult with the community about the position of the reservoir. Apparently the committee would have preferred the reservoir to be in another position. In the end the community had its way, but this was principally due to the intervention of the chairperson.

The chairperson wears several different hats. During the implementation phase of the project he was working with a planning firm which were the project agents for the Zamimphilo Water Project. He is also a Councillor for the Untungulu Regional Council, of the Umlalasi sub region. Finally he is a tribal Councillor. His work both as a tribal Councillor and a local government Councillor means that he bridges the divide between formal and traditional authority. The chairperson admits to finding himself in compromising situations when engineers exploit the communities and he has to step into

protect the communities. This individual has a high profile within Mvusane, and he is an advisor to the Mvusane Working Group. The chairperson of the working group acknowledged that they were very dependant on the chairperson of the Zamimphilo Water Committee ( Luthuli, interview).

Two members of the committee provide strong leadership, and show themselves capable of managing the relationships with their project partners. Yet if these individuals were to leave, the committee would no longer be able to function efficiently. It is also apparent that these leaders have made personal gains by belonging to the committee. This is evident from yard connections and the fact that they are exempt from water shut-offs, their connections being above the shut-off point.

### **5.1.3 The role of the development committee**

In most communities there is an umbrella body, usually known as the development committee. The development committee in this community, the Mvusane Working Group, appears to have a great deal of influence on the key decisions of the Water Committee. The Mvusane Working Group is made up of nine individuals, two of whom are also tribal Councillors (one of whom is a woman). There are six women and three men on the committee. The most powerful roles, those of chairperson and treasurer, are filled by men.

It was the Development committee which chose the project engineer for the water committee. This decision is one of the most important actions the water committee has to take, and in this instance the Mvusane Development committee intervened. The dominance of the development working group in the water projects is a common phenomenon in many communities. As Marais points out, a “social bias of development delivery tends to shift toward groupings that are already plugged into the various development circuits”. Surveys of the make-up of community organisations often reveal that members from sewing groups, sports clubs and agricultural co-operatives, which already have a degree of organisational capacity and cohesion, are preferred in order that

projects can be implemented quickly (Marais, 1997). At one level it makes sense to incorporate experienced people into development projects to ensure efficient service delivery. However in the case of Mvusane, the few people who have skills and experience then dominate all development activity, which stifles the opportunity for other members to participate.

The situation also reflects the extent to which *ad hoc* decision making occurs between influential people in the community, the local government and private contractors with little or no consultation with the Water committee.

The Zamimpilo Water Committee so far appears to be an efficient water project. It is a dry area, and the project has had an enormous benefit to some of the people in the community. Members of the development committee attribute its success partly to the absence of political interests. There was a case during the 1996 local government elections, where a project was initiated with the intention of accruing political support for particular individuals. This project failed.

There is another side however. The involvement of the Traditional Authority ensures orderly compliance to the contract. Yet this level of control over the committee also discourages the development of strong rural institutions based on principles of democracy. The final question would be illustrated by the consequences of the chairperson of the Zamimphilo Committee leaving Mvusane. It is one of the Mvula Trust's concerns: if strong leaders leave the communities, are there then people with sufficient skills and motivation to replace them?

The Zamimphilo water committee example highlights a contradiction between efficiency and empowerment. The processes of participatory development in Mvusane has led to efficient service delivery. But there is doubt as to whether democratic institutions have been strengthened, or whether individuals have been empowered by the project. It may well be that this project has increased the power and authority of the Chief.

Consultation may become perfunctory as projects become routed through gatekeepers who hold the deal together and ensure the compliance of the target community. In poor areas this might at worst strengthen the hand of elites, open the doors to patronage and clientelist relationships and encourage shady insider deals or political manipulation of development activities' (Pieterse. 1997)

## **5.2 ISULUBASHE MVUYANE: A MODEL WATER COMMITTEE**

As a model organisation, Isulubashe Mvuyane displays many features which could be regarded as preconditions to a successful CBO which has the capacity to manage complex situations and relationships. Isulubashe Mvuyane is a water scheme in the village of Smashwini. The nearest town is Vryheid, and Isulubashe Mvuyane falls within the jurisdiction of the Zululand Regional Council. The village consists of 528 households (Ferreira, 1998). The water project has been a success: residents are satisfied with the service, and systems for tariff collection are in place and function adequately.

The committee consists of 22 members. Women are represented on the committee, and there even appears to be a specific portfolio to incorporate women's voices, i.e. that of the female deputy chairperson! The committee appears to have made an determined effort to incorporate the youth. Members from other committees, such as sewing, agriculture and postal associations are included and the tribal authorities are honorary members.

Subcommittees, or stand-pipe committees, have been formed around the individual stand pipes. Committee members are elected, and there are 122 people involved in the management and maintenance of the water system.

Water fees are paid by households at the water office, and administrative staff collect the fees. Thoko Sigwaze indicates that financial management is very good: there is a cash reserve in the bank, and a very sophisticated system of cash flow management is in place (Interview). The committee also sets much store by transparency: the receipt book and

register are available for any one to examine (Dreyer, 1998). If families are in arrears for more than four months, letters are sent out. If there are high levels of non-payment then the valves on both reservoirs are closed and those who have not paid are pressurised by those who have paid to settle their accounts.

Rob Dyer attributes the success of Isulubashe Mvuyane to coherent community relations. It may well be, as Dreyer suggests, that water, being a scarce resource in the area, has led to widespread community ownership of the project. The committee also has good relationships with technical service providers.

On the other side of the coin, they do not have a relationship with the Zululand Regional Council, which in the face of the new water legislation may be a lead to difficulties in the future. Also, there are three dominant people in leadership positions in the committee. Should these people leave the committee, the structure would be substantially weakened. (Sigwaze, interview)

### **5.3 CONCLUSION**

The comparison shows that strong and effective water committees are contingent upon strong leadership within the committee, well developed relationships between water committees and project agents, support from the wider community and the absence of elites.

Two strong individuals, who are also members of the tribal court, dominate the Zamimphilo Water committee. Their leadership has been decisive yet they have acted in their own interests and accountability to the broader community is limited. It appears as if the other committee members role is to ratify the decision and actions of these two men.

In contrast the Isulubashe Mvuyane water committee has a greater number of committee members who all play significant roles in the water committee. An indication of this is



that a subcommittee manages each standpipe, thus the responsibility for maintenance is spread across all members. Finally Isulubashe Mvuyane has been supported throughout the process by a project training agent. Both of the water committees do not have any links to the regional council.

Community-managed projects are cheaper, and more sustainable than the alternative to bulk service delivery. Projects take longer to complete as they rely entirely on the labour of the service users. But the critical factor is the capacity of organisations to manage these processes. Bulk service delivery is effective in urban areas because local government is strong, has sufficient capacity and has the respect of role players. In the rural areas, the opposite is true. Rural governance remains largely in the hands of traditional authorities, and local government will be hard pressed to earn the kind of legitimacy that will allow for efficient bulk service delivery.

In both rural and urban communities, institutions are weak. In urban areas institutions have to contend with a greater number of role players who have powerful vested interests in community development. Rural communities, on the other hand, have limited opportunities to network and to communicate with neighbouring communities. The mere fact that most rural communities do not have electricity places restrictions on the possibility for organisation. High labour migration, low levels of education and the scarcity of strong community leadership are factors that can constrain the evolution of strong organisations.

## 6. DISCUSSION

South Africa is having to deal simultaneously with the difficult multiple tasks of consolidating a fledgling democracy, dismantling the institutionalised racism of the old regime, and instituting economic reforms which will ensure economic growth at the same time as addressing inequality. While some of the political party rhetoric retains a socialist flavour, in fact:

... the state is now seen to be a *brocanteur* (dealer) who mixes and matches different approaches and combinations of delivery ... The interesting question is how the interfaces among the various spheres should be structured, including the relations between community and private sector, private sector and state, and state and community (Pieterse, 1998: 13).

A number of factors over the past six years have led towards the institutional landscape lending itself towards community-managed development. The weakness of rural local government and the absence of a coherent system at local level for service delivery which has meant that individual communities have had to take responsibility for aspects of their own development.

In this study a variety of newly emerging contractual relationships between different stakeholders has been presented. It is too early to assess yet whether the water projects will be sustainable, whether the service providers will be able to recover their costs through water sales to end users, and whether service providers will be able to manage these services. It is impossible to assess the effect of contracting arrangements on rural livelihoods. It is simply too early now, but it is also likely that this will never be able to be done easily. A number of basic services are being delivered to rural areas at the same time, so it is difficult to isolate out the effects of any one of them. All this coincides with a steep increase in the size of state assistance through pensions and grants as a form of household income, and also an increasing unemployment rate.

Four guiding questions were established in the evaluation of public - private partnerships in the first chapter.

- a) Do public-private partnerships lead to the promotion of efficient and effective service delivery?
- b) Do public-private partnerships promote good governance?
- c) What is the specific role of an NGO in public-private partnerships?
- d) What are the conditions for genuine participation by local communities?

## **6.1 DO PUBLIC -PRIVATE PARTNERSHIPS LEAD TO THE PROMOTION OF EFFICIENT AND EFFECTIVE SERVICE DELIVERY?**

Neo-liberal perspectives, particularly those of the World Bank, suggest that private, commercial firms are likely to be more efficient and effective than the state in service delivery. The water sector reflects a systemic move towards contracting out to the private sector in its approach to water service delivery, to the point that Hemson argues that service delivery operates according to 'government by contract' (Hemson, 1998).

Partnerships between the state and private firms are relatively new phenomena to South Africa, and questions remain as to whether these relationships will promote efficient service delivery and whether they are appropriate to the water sector.

The BOTT consortia reflect both state-market partnerships and within the consortia there are a range of joint ventures (private-private partnerships) between different firms. In two of the consortia Mvula is included as a partner, although as indicated earlier, Mvula is not a share holding partner due to its non profit legal status.

### **6.1.1 Relationship between partners within the consortia**

The relationships between the parties in the BOTT consortia are not always smooth. It is a complex relationship, as the three institutions, the state, market and NGO have such divergent values and goals. Mvula's primary focus is poverty alleviation, BOTT has a profit motive and DWAF is concerned about speedy and equitable water service delivery.

It must be asked why a powerful organisation such as Mvula could not have influenced the consortia in poverty alleviation more. Mvula's involvement in BOTT has been described as a public relations exercise, whereby the Trust has been included to legitimate the consortium rather than to influence it. The Trust's lack of decision-making powers within the consortium confirms its token position. It has not been able to nudge the consortia towards pursuing more participative processes, or more equitable outcomes.

### **6.1.2 Performance**

A problem encountered in the BOTT consortia has been the poor performance of some of the projects. One reason for this is the weak monitoring systems presently in place, and another is that the contract between the consortium and DWAF does not link payment schedules to performance ( Swart, interview).

Furthermore there is the perception within DWAF that the private sector is the panacea of development ills. Swart, a consultant for DWAF, indicates that DWAF believes that the private sector would automatically be experts at community water supply. "Yet the private sector needs as much capacity building as DWAF" (Swart, 1998). This would suggest that BOTT has not been as efficient as it could have been, and supports Streeten's argument that the market needs to be regulated ( 1993).

### **6.1.3 Evaluation**

A criticism lodged against the consortia is that they do not approach service provision in a participative fashion. DWAF has been under the impression that the private sector are more efficient than parastatals in the provision of water to rural communities. Yet BOTT has proved to be inexperienced in managing water committees. DWAF has also underestimated its own ability to manage this partnership.

It could be argued that Mvula's exclusion from decision making and the poor project performance are, in part, technical contractual issues, which need to be resolved once contracts are revised. DWAF is aware of the shortcomings of this relationship, and plans to take steps to rectify these issues.

## **6.2 DO PUBLIC-PRIVATE PARTNERSHIPS PROMOTE GOOD GOVERNANCE?**

Equity theorists are concerned that the PPPs are limiting the role of local institutions to govern and manage development processes themselves. Devolving power to the lowest governing level heightens the possibility for the poor to access resources. Yet the state and increasingly local government, have to operate in a complex and turbulent environment:

A turbulent environment, so defined, is a messy and difficult environment to work in. It is subject to constant and unpredictable change, difficult to understand and control, and liable to sudden breaks with past patterns. Working in a turbulent environment poses new and important problems for organisations...-and may involve radically rethinking dominant approaches to our work ( Harding, Cited in Thaw and Peterson, 1997, 7)

In this study it was shown that both the BOTT consortia and Mvula only have distant relations with local government. This is due in part as a result of the inherent weaknesses of rural local government institutions.

There is a strong argument that BOTT contracts have excluded local government as the manager of water projects, and the enormous payments which are made to the consortia could have been allocated instead to local government for capacity building.

The BOTT contracts are seen as a case of crisis management on the part of DWAF, rather than as a long term solution (Hemson, interview). A trade off exists between short and medium term service delivery and long term sustainability. The primary aim of the consortia is rapidly to deliver cost-efficient services. The problem, ultimately, is that the consortium is meant to hand over these projects to local government which in turn should operate and manage them. Due to insufficient capacity, local government has been unable to take on these responsibilities. The private consortia, with their considerable management and technical skills, have not been required to build the capacity of local government. A large number of projects have been completed but are not operational, as there is no built in capacity to manage them. Long term sustainability and the strengthening of local government are thus synonymous.

At one level the Public-Private Partnerships represent innovative approaches to the problems of inertia in local government, but:

At another level they could lead to the atrophy of local self government and local democracy and its replacement by the growth of 'government by contract' in which local government declines responsibility for improving service delivery ... which only legitimises further commercialisation (Hemson, 1998: 18).

Hemson holds that government by contract is the greatest challenge to direct government service provision. Where there are administrative blockages to funding reaching local

government, the answer appears to be to contract out. The overriding value system of such an approach to service delivery is that of profit and not good governance.

### **6.3 WHAT IS THE ROLE OF AN NGO IN PUBLIC-PRIVATE PARTNERSHIPS?**

In the first chapter, theoretical issues about NGO-state relations were explored. South African NGO's have had to re-orientate their approach from activism to social development. The years since the 1994 elections have seen funding shortages, increased competition for available funds, stringent procedural claims by funders. NGO's have begun to turn to the state for funding and contracts. Many NGO's have not made this transition and have ended their operations.

#### **6.3.1 Positive features of the relationship between the DWAF and the Mvula Trust**

Mvula Trust describes itself as a learning organisation which has both developed innovative approaches to water service provision, and has engaged in a series of contractually based partnerships with the state and the private sector. Mvula has been a pioneer in South Africa, with its size and reputation underpinning its leadership role. Mvula has been involved both in government policy formulation and project implementation. The nature of the relationship between the state and this NGO has been described as open and flexible, where both parties benefit. Mvula has received substantial funding from DWAF; any innovations by Mvula in the field in turn inform DWAF policy in a short and direct feedback loop.

### **6.3.2 Constraints to equitable partnerships between DWAF and Mvula**

Yet Mvula is finally at the mercy of DWAF both in terms of money and reputation. The contract between Mvula and DWAF has in turn constrained the relationship between Mvula and the community-based water committees. The contract leaves Mvula vulnerable – while it relies on DWAF as sole funder, the Trust itself must bear any project risks. Mvula has now been severely compromised by DWAF's funding shortage, and has had to close down projects. Mvula appears not to have anticipated such a budget cut-back, and to have operated on the basis of trust in government.

The funding crisis has shown in turn how vulnerable communities are in these contracts, in which there are no clauses to protect the community. In order to eliminate as much risk for itself as possible, Mvula places strict reporting and accounting measures upon the water committees which in turn renders community participation in financial procedures token. This places committees in difficult positions, as they have to account to their constituencies about the choices they have made which, in real terms, are not their own choices, but are those imposed by Mvula.

Different parties to contracted arrangements operate from different value bases, and they have different approaches to service delivery. This can lead to contradictions in implementation, and the danger is that communities receive mixed messages about their rights and responsibilities. In one set of programmes, DWAF proposes the human rights approach to service delivery, where people should not have to pay for the instalment of their services as it is a human right. On the other hand Mvula places the emphasis on community ownership of services, where communities are expected to make contributions toward an emergency fund as an indication of their commitment. Sometimes Mvula projects operate in an area adjacent to a DWAF project - community members have been known to refuse to contribute to the Mvula emergency fund, knowing that their neighbours do not have to make such a contribution for this basic service.



As a learning organisation operating in a turbulent institutional terrain, Mvula needs to be quite strategic about the partnerships into which it enters. Swart argues that in many respects Mvula has had a preferential relationship with DWAF ( Swart, interview). This preferential relationship has come to an end and Mvula may well have been short sighted in not developing relationships with local councils. The contractual relationship between Mvula and the local councils is likely to be far more complex. A consequence of this is that Mvula will have to spend more energy and resources in fostering these relationships, which in turn may lessen the resources and energy it directs toward water committees. As suggested by Mayo and Craig, in order to survive the contract culture, NGO's are beginning to imitate commercial firms to win contracts ( 1995)

#### **6.4 PUBLIC-PRIVATE PARTNERSHIPS - A SUMMARY**

Partnerships between the state and private firms are relatively new in South Africa. Questions remain as to whether these relationships are appropriate to the water sector, whether they will promote good governance or not. It must also be asked whether they provide spaces for societal organisations to engage in equal and productive partnerships.

Turning first to the question of the efficiency and effectiveness of PPP in service delivery, the findings of this study reveal that there are gaps in service delivery in the water sector which are not being filled by PPPs. Poor performance by project managers, cases of exploitation by project and training agents of community organisations, and insufficient accountability (especially on the BOT projects) towards the water users, are widely in evidence. Key leadership and managerial functions within these ventures are missing. The findings of the study reinforce the need for the state to play an active role in managing and leading PPP.

In looking at the relationship between PPP and good governance, there appears however to be confusion in state priorities. The Water Services Act, stipulates the importance of local government managing water service provision. Yet public-private partnerships

currently bypass this level of governance. The irony is that neither the BOTT consortia nor Mvula have developed working relationships with local government. In the future, when local governments do take over water service provision, both the PPP and the capacity of local government to effectively manage will be placed in jeopardy.

Finally, in considering the spaces open to NGOs in PPPs, it could be argued that like other NGOs in South Africa Mvula has to deal with various contradictions. In many ways it operates as a parastatal, not as an NGO. The recent funding crisis has highlighted the dangers of such reliance upon the state, and Mvula can be criticised for being short sighted and too trusting. It has also meant that Mvula has had to adopt DWAF's policy objectives which differ markedly from those of the Trust.

At another level, though, Mvula's ability to influence policy on water service delivery proves that there are ways in which state and non-state actors can engage in useful relationships. DWAF has been open to learning from Mvula, an organisation with a proven track record in community water supply. The following section will examine how evenly participation has been incorporated into service provision in rural areas.

## **6.5 WHAT ARE THE CONDITIONS FOR GENUINE PARTICIPATION BY LOCAL COMMUNITIES?**

### **6.5.1 The relationships between water committees and the Mvula Trust**

A high level of tokenism prevails in community-managed water projects. The contract between community committees states that the committee is the contractor, and has responsibility for four key areas: financial management; managing sub-contractors; the procurement of goods; and liaising with the community. However, the committee is brought into the project after all the major decisions about implementation are made. One result is that they have a poor understanding of the process, and therefore are unlikely to be able to control aspects of the project.

An example which highlights this surrounds financial management. A breakdown of the budget is provided by Mvula, and appears in the contract which is signed by the committee. Mvula is then supposed to facilitate the management of the budget by the committee. However budget management is a complex process, and Mvula is in fact left with a great deal of power over the finances. Committees understandably do not have a real sense of why things cost as they do, as they were not part of the process of designing the budget. In addition, it may well be that Mvula's controls and regulations present blockages to real understanding.

On the positive side, it was seen that some committees did develop skills and experience. They fulfilled their responsibility to collect the emergency fund, to initiate tariff collection procedures, and thereafter manage the funds. This also has given these institutions a level of recognition and legitimacy from the wider community. In many communities these democratic institutions have been accorded value and acknowledgement.

#### **6.5.2 The relationship between water committees and project engineers**

The role of the development expert is problematic. In these relationships the community committees were often in a weaker position than the project engineers, and members from committees expressed their frustrations about this. These relationships are not forged upon mutual understanding and respect, rather they reflect an hierarchical relationship between formal developmental credentials and the knowledge base of local communities ( Parpart, 1996).

It is clear that these experiences where communities have been exploited are disempowering. In some cases they have delayed or halted the project completely. Individuals said that often the contracting experience was very confusing. Being desperate for water, they simply signed the documents without much thought to the future implications – indeed, they could not possibly have been expected to anticipate what the implications were. This is perhaps the biggest flaw in the contracting process: if people

are expected to sign a legal document they should be made aware of their rights. They should also have access to legal advice of a similar quality to that given to other contracting parties.

### **6.5.3 Local government - the missing partner?**

More and more services previously considered to be the domain of government are now being contracted out. What effect does this have on the potential development of local rural institutions? This question is considered with reference to local development committees.

What was missing in this analysis was an assessment of the relationships between local government and local committees. There is currently no relationship between these two entities. It was shown from a capacity point of view, local councils are reluctant to take on added responsibilities. Building supportive relationships between communities and local government is a very necessary step for local development initiatives. Many of the gaps and dissonances within community based schemes, such as exploitation by private contractors or technical project faults, may have been avoided if strong local councils could have supported the process.

### **6.5.4 Participation - a summary**

It must be asked whether the cost and the effort that both individuals within the community and outside agencies place in the development of committees is legitimate and/or an efficient use of scarce resources. It also remains to be seen whether community committees are indeed the most appropriate platforms for promoting local democracy. There are often not strong lines of accountability between the chairperson and the committee, and between the committee and the broader community. Structures such as community committees have also shown themselves to be easily influenced by local elites. The Zamimphilo Water Committee, for instance, is an efficient and effective

organisation from the point of service provision, yet it is not a transparent and accountable institution. This example supports Pieterse's point that development is not necessarily a democratic experience (Pieterse, 1998).

It would be unwise to generalise too much about longer term sustainability from these early initiatives. A few features do stand out, though. At present the management of water services by water committees' is not likely to be sustainable in the long term unless changes are brought into the projects, specifically in terms of increased support to water committees throughout the duration of the project, and in their having access to assistance after completion of the project.

Yet the weakness of rural community organisations, the dominance of local elites, and a lack of a culture of democracy and accountability may further constrain the efforts to entrench participatory development. The important statement made by one key informant is repeated here:

Larger (water) projects require stronger institutions to maintain them, and rural South Africa has very weak institutions. Therefore to spend millions of Rands on infrastructure in deep rural areas where a lot of people are living but there are very few efficient institutions to support and manage them is not worthwhile. (Dyer, interview)

A paradox about sustainability is that there is tension between process and product. Bulk service delivery has the advantage of rapid project delivery, but it may then founder because there is insufficient institutional support. Community-managed projects may take longer to deliver, but being smaller they are easier to manage and operate. They are also cheaper, and they may hold greater potential for meaningful local level participation. However, even the smaller Mvula-funded water projects have shown that sustainability is an issue - some projects have already ground to a halt as a result of end users not paying for the services and elites rendering participatory development irrelevant.

Eberhard questions whether the

universal insistence on community control, involvement and empowerment potentially contradict the development of appropriate models of service provision. This leads to a burden of responsibility placed on poor rural communities, ones that are not required of urban communities (Eberhard, 1992).

#### **6.5.5 Recommendations - short and long term projections**

If community managed water projects are to continue in the short term at least, special consideration should be given to the level of community participation in project management and the kinds of support they require. Water committees have different strengths and weaknesses, and at the moment the same policies are applied evenly to all water committees. Depending on the levels of education amongst committee members and the level of prior experience in development projects, some committees will cope better than others. Some broad areas to reconsider are:

- Community members should be included in the planning phases earlier than is currently applied, so that members have a better idea about the process of water projects and the responsibilities that water committees will have to bear.
- The process of the selection of engineers is currently problematic. Committees are choosing engineers with limited assistance and often fall prey to unrealistic promises. Mvula should take responsibility for choosing engineers, or at least participate in the selection process.
- In as far as financial management for the water projects are concerned at present, the procedures are complicated and paternalistic. Mvula should either remove financial responsibilities from committees altogether, or it should amend the process so that communities have greater control of and responsibility for their finances. This point is

especially significant considering that water committees have to collect tariffs and maintain the system on completion of the project.

- One of the informants (Cross, interview) noted that there was a marked improvement in budget management in projects where there were full-time consultants assisting the committee. He attributed the increase in empowerment to continuous assistance given in the early stages of the process, which helped to build committee members' confidence. This confirms the point that genuine participation is a process, and supporting agencies ought to take greater responsibility in ensuring that committees have access to adequate assistance. Participation is, perhaps by definition, time-consuming. To include people from the beginning, and to ensure that they understand the budget, that they are made aware of their rights and that they have continued support through out the process is a costly exercise.
- Another important area in community development is training. If communities have to manage their own resources, then they require appropriate training. At a Zamimphilo Water Committee meeting members expressed dissatisfaction about the quality of the training they received. Some pointed out that they were illiterate and could not participate properly in the training. The direct consequence of this was that one person who was literate dominated the committee.

In the long term there is a trade off between fast track delivery and building local government capacity. On the one hand the state must take action in securing basic needs for all South Africans. On the other hand this should not undermine local government, which has been identified as the crucial link with rural and urban poor ( Parnell and Pieterse, 1998).

In many respects a fundamental re-conceptualisation of the functions of local government is required. The prevailing perception is that local government should take responsibility for service provision, and this perception limits it to being a contractual authority and not a political institution (Hemson, 1998). Local government needs to take on a role of

developmental governance, promoting the development of local democracy in accordance with the constitution ( Hemson, 1998, and Parnell and Pieterse, 1998).

As previously noted, building the capacity of local government is restricted firstly by contradictory policy measures, notably that of PPP which bypasses local government and serves to deviate resources away from capacity building at local government level toward the private sector. Secondly, the illegitimacy of local councils create spaces for intervention by traditional authorities. Thirdly there are conflicts amongst national line departments, especially between DWAF and the Department of Constitutional Development (DCD) over the jurisdiction of supporting local government.

One recommendation is that the state and policy makers should devise rational systems in order to manage the tensions between efficiency and equity policy objectives. PPPs do have a role to play in Water Service delivery, especially while state capacity to deliver is weak. In the longer term, however, local government capacity to actively manage PPPs needs to be built.

Another recommendation would be to give greater responsibility and resource allocations to local government, which should run alongside capacity building programmes. To this end, the DWAF and DCD would need to set up fair assessment criteria to measure the ability of local councils to carry out their functions.



## 6.6 CONCLUSION

A theme which has underpinned this dissertation has been the debate between efficiency and equity. In the first chapter it was asked whether it was possible to reconcile these perhaps conflicting views of development. In essence: was it possible for public-private partnerships to deliver basic services, both speedily and by redistributing resources to the poorest, i.e. to resolve the tension between process and product? This research has found that public-private partnerships in the water sector have failed to excel with either of these goals. The Mvula trust is concerned with the participation of the poorest, yet these projects are much slower than the services provided by the BOTT consortia. The BOTT consortia are able to undertake rapid service delivery although there is limited involvement by local communities, which in turn threatens the long term sustainability of the BOTT projects.

Several factors account for this failure. The first is the lack of synergy between long term policies to decentralise power to localities, and short term measures which entail extensive private involvement to fast track delivery of basic services. These short term measures are found to undermine capacity building in local government. Secondly, public-private partnerships require extensive monitoring and supervision by government departments, and this calls for resources that the state does not have at its disposal. Finally, community-based organisations are weak and cannot sustain the pressure needed to mobilise people in order to access resources.

These negative factors must be understood in relation to prevailing conditions within South Africa. Extensive poverty and inequality, social turbulence, an unaccountable state bureaucracy, and vested interests which do not support the goals of redistribution envisaged in the constitution all exist. Notions of democracy and rights are weak.

On the positive side though the water sector is supported by innovative and reflective institutions, notably DWAF and Mvula Trust. The early lessons from BOTT evaluations

have been acknowledged by the department, and changes in the nature of the contracts will be made (Swart, interview). Similarly the Mvula Trust presents a unique model of water service provision. In many respects they have created a niche in service delivery and are thus likely to perform this role at least for the next three years, which is the length of their funding commitments.

The future role of PPP is positive. The changed stance of the World Bank on the role of the state and privatisation could lead to a general rethink of the current scale of privatisation toward a more considered and strategic stance, taking into account the advantages and disadvantages of public-private partnerships. This would allow for both state and non-state organisations to act where they are likely to be most effective, and build on their strengths.

The debate about participation has also been woven into the discussion about public-private partnerships. The basis for public-private partnerships in South Africa has been that local communities would manage their own development processes. Radical participation has been entrenched both in the constitution of SA and in the goals of the RDP. Yet none of the actors ( even the Mvula Trust) promote radical participation. At best a watered down version based on community consultation was applied, although in numerous projects participation was token.

For the foreseeable future, the participation of local communities will remain a central element of service delivery. Service providers will have to allocate more resources and time toward supporting community organisations to manage their own development. This in turn, will increase the costs of service delivery. In the long term, these functions should be handed over to local government, in order that rural dwellers may concentrate on their livelihoods. One of the greatest obstacles to effective local governance in rural areas, both now and in the future, is traditional leadership, which resents the authority of local government stretching into tribal areas and undermining their power base.

The most critical project in the next ten to fifteen years will be to build strong local government. The biggest challenge will be to change the organisational mindset of these presently conservative and weak structures, which are under resourced, weighed down by inter-departmental rivalry, operate outdated and inefficient systems and have poorly trained staff.

The lessons to be learnt from this case study are that privatisation and the contracting out of state services need to be accompanied by the simultaneous development of strong institutions. These include NGOs, CBOs, private contractors and local and national state institutions. This should be accompanied by greater co-ordination and co-operation between institutions in order to improve the synergy between partners which will enhance both service delivery and good governance.

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**APPENDIX 1: STANDARD CONTRACT BETWEEN MVULA AND  
THE WATER COMMITTEES**

STANDARD CONTRACT FOR WATER PROJECTS

..... Project : C.1. ....

CONTRACT

between

THE MVULA TRUST

and

.....  
(The Committee)

for

..... PROJECT

The reference number of this Project is C.1. ....

*This is The Mvula Trust's copy of the contract. You must please initial each page and sign the last page in full. Please send this copy back to The Mvula Trust after signing.*

29 January 1996

Mr/Ms .....  
(The Committee)  
(Address)

Dear Mr/Ms .....,

THE ..... PROJECT (HEREAFTER REFERRED TO AS THE  
"PROJECT") (REFERENCE NUMBER C.1. ....): AGREEMENT BETWEEN THE  
MVULA TRUST AND ..... (The Committee)

Enclosed are two copies of the contract for funding the ..... Project.

To show your acceptance of the Project and this contract, please initial all pages of the contract, and sign the last page. The witnesses must also sign the last page. Keep one copy for your records and send the other copy back to The Mvula Trust.

Please read and understand each page carefully before you sign, and do not hesitate to ask questions, before signing, if necessary.

We look forward to working with you in providing the water and sanitation needs your community requires.

Yours sincerely

**PIERS CROSS**  
Executive Director



ANNEXURE A

PROJECT DESCRIPTION

PROJECT : ..... Project

PROJECT NO : C. 1. ....

1. GENERAL DESCRIPTION:

(Name of village, location, number of beneficiaries, description of works to be funded)

Parallel to the above process, capacity building and training of the Committee and operator(s) will occur.

2. IMPLEMENTATION PLAN:

This contract is based on the information given to The Trust by the Committee. The information includes the technical report and the application form.

The Committee confirms that all the above information is correct.

The Committee will develop a plan for the Project called an implementation plan, which shall form part of a Project Planning Report, which will also show:

- 1. a detailed design, with costs for each part of the Project
- 2. how the Project is to be phased
- 3. how much the community will contribute in cash towards their Emergency Fund, with a contribution schedule
- 4. task and/or labour rates and costs and committee costs
- 5. a schedule or timetable for the Project.

All the above must be given to The Trust for approval.

3. BUDGET:

3.1 Capital Budget

The total Project budget for the Project is R.....

The funds can **only** be used for the Project, and only for those items budgeted for. If the Committee wants to use the funds in the budget for other purposes, it must get written permission from the Trust. Please note that you must get this permission **before** you use the money for another purpose.

Please note that the budget is only an estimate. If the project costs are less than the budget shown below, the Trust will pay the actual amount required.

The budget for this Project is as follows:

Materials	Contractors (as applicable)
Labour	Geohydrological Study (if required)
Borehole Drilling and Testing	Reservoir Construction
Construction Machinery and Tools	Pump Installation (include electrical connection)
Transport (Construction)	
Planning and Design, Professional Fees	
Management Support, Site Supervision	
Committee Expenses for Admin.	

Sub-total Capital Cost of Project

- Feasibility Study
- Training in Construction
- Training in Financial and Project Management
- Training in O&M
- Hygiene Education

Grand Total Project Cost

### **3.2 Community Contribution**

In order to show their commitment to the project and to have some money saved up in case of expensive repairs in the future, each household is expected to make a cash contribution. These cash contributions belong to the community and are not payments which are made towards the project implementation.

Two bank accounts are required by the Committee; a current account called the Project Implementation Account and another account called the Emergency Fund (preferably a savings account).

On signing the contract, the community must start paying at least the equivalent of their future monthly tariff into the Emergency Fund, which is controlled by the water committee. It is the responsibility of the Committee, on the advice of its Project Agent, and subject to the approval of the Trust, to decide how much the tariff should be, and to collect the money. By the time the project is complete, this fund should be sufficient to cover the cost of any expensive breakdown or infrastructure replacement.

The Project Implementation Account will receive all disbursements of funds from the Mvula Trust and is for the physical construction and implementation of the project.

It is the community's responsibility to also have an Operation, Maintenance and Repair account for monthly tariffs to be used for normal operation, maintenance and minor repairs.

Disbursement of funds to the project from the Trust will depend on the collection of community contributions to the Emergency Fund, according to a schedule agreed to by the Water Committee and the community before the start of the project. The schedule will form part of the Project Planning Report. It will meet the following conditions:

- The funds collected must be deposited into an Emergency Fund account separate from the project account.
- Records must be kept of who paid and how much.
- Every household that will use the water supplied by the project must make some contribution, no matter how small.
- Each household is expected to pay each month at least as much as they will be paying when they are using the water.

The Trust recommends that the Committee discuss with the appropriate Local Government department the advisability of that department being a co-signatory on the Emergency Fund account.

### **4. LENGTH OF PROJECT:**

This Project is expected to be completed in ..... months starting from the date that the first payment is made by the Trust.

## **5. OPERATION, MAINTENANCE AND REPAIRS:**

All consumers who use the water supply and sanitation facilities that this Project provides will have to pay a tariff (or levy). The tariff money will be used to keep the Project operating and to pay for maintenance and repairs. It is the responsibility of the Committee, on the advice of its engineering consultant, to decide how much the tariff should be and to collect the money.

Monthly water tariff money must be kept in the Operations, Maintenance and Repairs current account. This fund is only to keep the system operating, to pay for routine maintenance and to fund minor repairs.

The Trust recommends that the Committee discuss with the appropriate Local Government department areas of co-operation in the operation, maintenance and repair of the project infrastructure, including possible joint control of the Operations, Maintenance and Repair account.

## **6. LOCAL INVOLVEMENT:**

Where possible, this Project will make use of the labour of people living in the area. It will also use material from the area wherever possible.

Anybody in the community who wishes to work on the Project may apply and will be considered for employment. However, the neediest families in the community will normally be given preference. Please note that The Trust's primary aim is to assist the community to develop its water resources with employment provision only a secondary objective.

## **7. TRAINING:**

The Project should include training for community members. Training should be given in:

1. Bookkeeping, financial control and management, the preparation of budgets and financial statements
2. Committee organisation and decision-making
3. Project Management
4. Operation, maintenance and repairs
5. Health and hygiene education

Training in areas 1, 2 and 3 are important in the early part of the Project and the Committee should arrange that this training take place as soon as possible.



## 8. ACCOUNTABILITY:

The Committee is accountable to the community. It must make sure that the community is informed about the Project at all stages. This includes informing the community about tariffs to be contributed, labour hiring and training. There must be active participation from as many people in the community as possible.

The Committee is accountable to the Trust for all aspects of the Project. With every disbursement request, the Committee must send a written report to the Trust. The report must give details of the progress of the Project, training received, what work has been done, a full financial report, and any other important issues including any problems experienced.

It is also the responsibility of the Committee to make sure that the Project is completed within the expected time, and that it stays within the budget.

## 9. SUPPORT CONTRACTS:

### 9.1 *Project Agent*

The Committee shall enter into a single contract with an appropriate Project Agent who shall provide technical and management assistance necessary and agreed to by the Committee, but overall accountability remains with the Committee. The Project Agent shall be responsible for supervising all construction works, sub contracts, training, bookkeeping assistance and general project management tasks. These services are to be provided in a manner consistent with the guidelines contained in a document available from the Trust called "*Recommended Agreement Between Project Agent and Committee*". The Committee must stay within the budget and within the terms of this contract.

### 9.2 *Training Agent*

The Committee shall enter into a contract with an appropriate Training Agent who shall provide organisational development, financial and project management training and follow-up support necessary and agreed to by the Committee. This training is to be provided in a manner consistent with the guidelines contained in a document available from the Trust called "*Guidelines for Project Agents and Training Agents*" but overall accountability remains with the Committee. The Committee must stay within the budget and within the terms of this contract.

The Training Agent should not be appointed by the Project Agent under a sub-contract, but must be contracted directly by the Committee. This condition will be strictly applied in the case of organisational development training, but when a Project Agent has skills and personnel to carry out other areas of training, technical support and training can be done through the same contract. In this case, the training must be supervised by a suitably skilled and qualified employee of the Project Agent.

### **9.3 Contractors and Suppliers**

Impartial criteria must be applied when selecting contractors and suppliers and the community should be involved in the awarding of larger contracts. At least three quotations should be obtained for all contracts of more than R5,000. The Trust must give approval for contracts of more than R10,000 before the contract is entered into.

## **10. FINANCIAL ARRANGEMENTS:**

The Committee must open a bank account that is used only for this project. A savings account must be opened into which the funds collected for the Emergency Fund are paid.

A cheque account must be opened for the Project Implementation. At least three members of the Committee must have signing powers on the bank accounts. Each time the Committee makes out a cheque or withdraws cash, two of the three people must sign. Any payment of R10 000 or more must be authorised by the Project Agent.

The Committee must make sure that there are proper controls over the funds for this Project. Please note that the Trust will not authorise payment of funds until it is satisfied that the controls are correct and proper.

### **10.1 Cash Cheques**

The Committee may only issue cheques up to a maximum amount of R5 000. Cash cheques for larger amounts require written approval by the Mvula Trust Regional Agents. Payments made from these cash cheques should be supported by vouchers or other records. The amount drawn by a cash cheque for labour must correspond with the amount reflected in the wage register. Cash cheques may only be cashed at the branch where the Committee has its account.

### **10.2 Access to Community Bank Accounts**

The Trust will be authorised by the Committee to receive bank statements from both the project bank accounts. The committee agrees to sign such an authorisation before the project starts.

### **10.3 Suspension of Account**

If the Trust believes that project funds have not been properly used or managed, it may, after discussing the matter fully with the Committee and after explaining its intention and reasons in writing, suspend the project account until these matters have been corrected. The Committee agrees to sign an authorisation to this effect before the project starts.

#### **10.4 Suspension of Disbursements**

If the community has not paid their cash contributions into the Emergency Fund according to the schedule agreed to, the Trust may stop disbursements to the project until these payments have been made.

Disbursements may also be suspended if the Trust is not satisfied with the conduct of the water committee.

#### **11. PAYMENT OF FUNDS:**

The Trust will make an initial payment to cover start-up costs.

The rest of the funds will be paid into the Project's bank account in stages, and only after the Trust has received written reports of how implementation money is being used, and after the agreed community cash contributions have been made to their Emergency Fund. The Trust may also visit the Project to inspect it, and to inspect the financial records.

#### **12. MVULA REPRESENTATIVE :**

The Mvula Representative for this Project is:

Name:

Address:

Telephone number:

Facsimile number:

The Mvula Representative's duties include:

- checking and inspecting the financial controls
- checking and inspecting any payments made by the Committee to support agencies.
- checking and inspecting the Committee's proposal for employing consultants
- checking and inspecting the Committee's proposal for goods and services.
- checking all other spending by the Committee.
- deciding how much money the Committee must contribute towards the operations, maintenance and repair of the Project.
- making sure that the Project is completed and that sub-contractors complete their work.
- monitoring how the Committee looks after the water supply system.

**13. APPROVAL OF LOCAL AUTHORITIES AND GOVERNMENT:**

It is the responsibility of the Committee to get approval from the local authority or government to implement the project. It is also recommended that the Committee discuss with the Local Government their being a co-signatory on the Emergency Fund Account.

**14. AUDITS BY THE TRUST:**

The Trust will be free to look at the accounting books and all other records of the Project. It has the right to do audits on all the Project's financial records, when it wishes. This is to make sure that the money is being used correctly.

If the Trust finds irregularities in the use of the funds, or the Committee does not act in terms of this contract, the Trust has the right to stop all further payments and to end the Project.

**15. LIABILITY:**

The Trust is not liable for any loss or damage caused to any person or to their property as a result of this project being implemented.

**16. CONFLICT:**

The terms of this contract are final. If there is a disagreement between the Committee and the Trust about any matter, the terms of this contract will be binding.

**17. AMENDMENTS:**

The Terms of this contract can be changed by written agreement between the Trust and the Committee.

ACCEPTANCE OF THIS CONTRACT

We, the ..... (the Committee), and THE TRUST have read this contract carefully and accept all the conditions in it, and show this by signing in the presence of the undersigned witness:

For the Trust

PIERS CROSS	EXECUTIVE DIRECTOR	
Name	Position	Signature

Signed at .....on the.....day of.....19.....

As Witness:

Name	Position	Signature

Signed at.....on the.....day of.....19.....

For the Committee

Name	Position	Signature

Signed at.....on the.....day of.....19.....

As Witnesses:

1.

Name	Position	Signature

Signed at.....on the.....day of.....19.....

2.

Name	Position	Signature

Signed at.....on the.....day of.....19.....

**APPENDIX 2**  
**VARIATION ORDERS FOR STANDARD WATER PROJECTS**

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# THE MVULA TRUST VARIATION ORDER (V.O.)

## Standard Water Projects

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A V.O. is required for every proposed increase in a project's **total basic project budget**. The following standard format must be submitted with every application for such an increase. Where this increase is greater than 10% of the approved Mvula contribution to basic project budget, the Mvula Trust Trustees approval will need to be obtained.

**All V.O.'s should contain the following two sections:**

### **Section 1: V.O. Motivation Document**

*This should be concise, whilst informative, taking preferably less than two pages in total, and should include the following:*

**1.1 Project Name**

**1.2 Project Number**

**1.3 Project Description:** *A concise paragraph detailing essential features of the scheme as derived from the project description in the project contract document (ie. project location, number of beneficiaries, source, main system components, etc.)*

**1.4 Progress To-date:** *A brief description of actual project progress to date, as compared to planned. It should further describe the remaining work still to be carried out.*

**1.5 Nature of Variation and Reasons:** *Details of each line item variation requested and reasons for the proposed increase / decrease. MUST include a statement of who is to blame for why the original budget was incorrect and why this current request for VO was not foreseen.*

**1.6 Community Contribution:** *Brief details on nature of and progress on community contributions to-date towards their Emergency Maintenance Fund..*

**1.7 Cost Effectiveness:** *Justify in terms of cost-effectiveness.*

**1.8 Recommendation:** *Mvula Trust Representative's, Programme Manager's & Final Head Office recommendation, outcome if V.O. not granted, why the V.O. should be granted..*

### **Section 2: Variation Order Details**

*As per format on following page.*

**V.O. RECOMMENDATION/APPROVAL:**

**Committee Chairperson:** Name:

Signature:

Date:

**Mvula Representative:** Name:

YES / NO Signature:

Date:

**Projects Director:** Name:

YES / NO Signature:

Date:

**Financial Director:** Name:

YES / NO Signature:

Date:

**Funder's Representative:** Name:

YES / NO Signature:

Date:

**FOR MVULA OFFICE USE ONLY**

Funding Allocation (eg. RDP3): .....

ITEM	APPROVED ALLOCATION	REVISED ALLOCATION	% VARIATION + or -
Total Cap Ex			0.0%
Feasibility			0.0%
Training			0.0%
Total Basic Project	-	-	0.0%
Com'ty contribution			0.0%
MT Contrib to Basic	-	-	0.0%
Inflation			0.0%
Contingency			0.0%
Post Project / O&M			0.0%
MT Admin (12%)	-	-	0.0%
<b>TOTAL MT PROJECT</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

\* where applicable

Processed By Project Administrator	Name:	Signature:	Date:
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## THE MVULA TRUST

# VARIATION ORDER (V.O.) - WATER PROJECTS

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*A V.O. is required for every proposed increase in a project's **total budget**. The following standard format must be submitted with every application for such an increase. Where this increase is greater than 10% of the approved budget, the Mvula Trust Trustees approval will need to be obtained.*

**All V.O.'s should contain the following two sections:**

### **Section 1: V.O. Motivation Document**

*This should be concise, whilst informative, taking preferably less than two pages in total, and should include the following:*

#### **1.1 Project Name**

#### **1.2 Project Number**

**1.3 Project Description:** *A concise paragraph detailing essential features of the scheme as derived from the project description in the project contract document (i.e. project location, number of beneficiaries, source, main system components, etc.)*

**1.4 Progress To-date:** *A brief description of actual project progress to date, as compared to planned. It should further describe the remaining work still to be carried out.*

**1.5 Nature of Variation and Reasons:** *Details of each line item variation requested and reasons for the proposed increase / decrease*

**1.6 Community Contribution:** *Brief details on nature of and progress on community contributions towards*

- a) *their 8% (water projects contracted prior to 1996)*
- b) *their Emergency Fund (water projects contracted post 1996).*

**1.7 Cost Effectiveness:** *Discuss this VO's effect on the cost-effectiveness of the project and in relation to any other Mvula policies affected.*

**1.8 Source of funding:** *Proposed source of funding for the requested budget increase.*

**1.9 Motivation and Recommendation:** *Mvula Trust Representative's justification for why the V.O. should be granted, effect on project if VO not approved, and recommendation.*

### **Section 2: Variation Order Details**

*As per format on following page.*

**APPENDIX 3: GUIDELINES ON THE EMPLOYMENT OF LABOUR  
ON PROJECTS**

# THE MVULA TRUST

## GUIDELINES ON THE EMPLOYMENT OF LABOUR ON PROJECTS

### Introduction

Circumstances will require any guidelines on labour employment to be used flexibly. The main purpose is to help projects to be completed within the budget and avoid conflict by establishing a common standard which is clear to all involved from the application stage of a project.

The main aim of an Mvula Trust funded Water project is to develop a sustainable water supply to the basic RDP standard. The use of labour intensive construction and the employment of community labour and supervisors is a vital part of the project but the creation of paid employment is not the project's main aim.

### 1. THE WATER COMMITTEE:

The water committee works on a voluntary basis as the community's representative and provides overall guidance and direction to the project. The voluntary status should be a source of respect and enhance their credibility with all participants. The water committee may claim expenses incurred on project business such as travel, photocopying and stationery. (See separate *"Guidelines on Committee Expenses for Administration"* Doc.WG-3 in *Standard Forms*). If a committee member wishes to be employed by the project (for example as a supervisor, foreman or bookkeeper) they must resign from the committee so that they are not in a position to influence discussions about their wages. Exceptions may be necessary in cases where there are not enough skilled and/or willing members in a community.

### 2. ADMINISTRATION PERSONNEL AND SUPERVISORS

The administrative and managerial employees needed by the project are limited. The following is suggested :

- I. A supervisor to every 10 to 15 labourers.
- II. Project coordinator/Foreman (or woman) also responsible for the stores. There may be one full time job or the work can be shared between 2 or 3 people on a part - time basis.
- III. Part - time bookkeeper.

As well as normal supervisory roles the supervisors and foremen (or women) are responsible for timekeeping and ensuring that labour productivity is accurately recorded. They are also good candidates to be trained in pipefitting/plumbing and quality control to ensure the quality of the installation is acceptable. Quality is vital. Making requisitions to The Trust for funds is an integral part of the bookkeeper's job.

A suggested maximum daily wage for a supervisor is R25/day for +/- 8hrs work. For the project coordinator/foreman (or woman) a maximum daily wage would be R25/day. If the work is divided between 2 or 3 people they will be paid only for the hours worked on the basis of R25/8hrs or R3/hr. The maximum monthly wage for the foreman (or woman) would be R500 and for a supervisor R400.

The bookkeeper works on a part time basis for either R25/8hrs and will be paid for a maximum of 80 hrs a month or for a fixed sum per month of R200.

The supervisor, foreman (or woman) and bookkeeper must all keep timesheets for the work they do. Part of their job description must be to report to the water committee on a regular basis.

### 3. LABOUR

The payment of labourers must always be related to productivity so that they are effectively working for themselves and not for the Committee. The suggested maximum daily wage is R25/day for a standard task, unless an individual can complete more than one task (based on the excavation of at least 1 cubic metre/day of soft to intermediate soil or 4m of trench, 800mm deep, 400mm wide = 1.3 cubic metres). In situations where very hard digging or rock prevents the trench being dug to 800mm without machinery, the length of trench dug would need to be extended to ensure 1 cubic metre /day is excavated, e.g. 8m/day x 400m wide x 400mm deep.

In some situations where a lot of rock or hard excavation requires the use of machinery or heavy labour it may be more cost effective to use machinery to break the soil rock. Despite the relatively high cost of machinery, the production rates are much higher and often more reliable and easier for the supervisors (and/or water committee) to control than a team of special labourers. Once the rock is broken, trench clearing can again be labour intensive and related to productivity. Another possibility is for the removal of individual rocks by fire/smashing to be negotiated with a labourer, e.g. R50 - 80 per rock.

The collection of bedding, pipelaying, backfill compaction and backfilling can all be easily related to productivity. The rates per metre will be less than for the more arduous work of trench excavation, but the average daily cash wage should still be around R25, reflecting 12m of work completed.

Reservoir construction is not so easy to quantify for productivity related pay on a daily basis. However it is often supervised by skilled personnel from outside the community (either a contractor or consultant's personnel). The leadership abilities of these people are relied on to a certain extent to ensure productivity is maintained. The suggested upper wage limit for unskilled community labour on reservoir construction remains R25/day unless exceptional circumstances demand otherwise. Exceptional circumstances may be long arduous periods of work, such as concrete pours.

A labourer working for 8 hours/day is potentially able to excavate around 2 to 3 cubic metres of soft to intermediate soil a day. This means that labourers on a MT funded project may only need to work for 4 to 5hrs/day to dig their allotted 4m of trench. This is a source of conflict with labourers required to work for 8hrs/day on reservoir construction for similar pay.

Perhaps the easiest way to avoid the problem with contractor built reinforced concrete or community/consultant built ferrocement reservoirs is the phasing of the project - ensuring that all the pipe installation is complete before reservoir construction begins. This should also assist with the reservoir construction as a water supply should now be available at the construction site. Community built brick reservoirs would seem more amenable to productivity related wages, for example, in the manufacture of bricks and the bricklaying. A single fee may be negotiated with a bricklayer for all the brickwork or payment could be per square metre laid. A typical rate might be 10c a brick laid or R30/day for 300 bricks laid.

Labour must be efficiently employed at all times. If for any reason it cannot be, paid work must be stopped until full productivity can be resumed. Situations which may cause work to be stopped are lack of materials or technical assistance, or hard rock needing machinery for removal. The number of labourers employed must also reflect the number of tools available to allow maximum productivity.

**In the initial stages of a project it is advisable to be stricter on labour wages than normally necessary, in order to avoid budget overruns later.**

#### **4. TOOLS**

Tools can either be purchased by the project or a tool allowance paid to each labourer for use of their own tools. A suggested rate is 25c/day/tool to a maximum of 50c/labourer/day. It is simpler if only one supply of picks and shovels is used, that is either the project funds or the labourers personal tools to prevent confusion and argument.

#### **5. TRAINING**

People being trained by the project are not paid a wage during training. Expenses such as travel and subsistence can be claimed.

## THE MVULA TRUST

# GUIDELINES FOR PROJECT OPENINGS

### Actions to be undertaken prior to any project opening

1. Fully investigate and brief the community committee what is entailed in hosting a project ceremony and the amount of work involved - prior to setting dates and assisting with project opening ceremonies supported by the Trust.
2. Ensure there is a strong social readiness for the project opening.
3. All physical work and training should be entirely complete. It is advisable to run a project for at least a month to ensure all services are fully functional before organising a project opening.
4. All work is to be checked personally by a Mvula Representative (MR).
5. The Project Completion Certificate and As-built Drawings must be prepared for committee signature in recognition of taking over the assets.
6. A briefing pack on the project should be prepared and copied for the media and key visitors.
7. A statement on where to from here, including follow-up water or sanitation projects, and operation and maintenance, should be prepared.
8. Detailed directions and accompanying road map from the nearest town to the opening venue should be prepared.
9. The plan for the project opening should be reviewed with the committee, including transport, seating, shade, refreshments, contents and length of the agenda, priorities on the agenda and site visits, etc.
10. Clearance on the overall budget of the project opening needs to be obtained from the Projects Director. (The ceiling on contributions from the Trust to food and refreshments is R1 500, for very high profile events; a contribution of between R 500 and R 1 000 should be the norm).
11. A rehearsal of the occasion should be undertaken prior to the proper event.
12. The following should also be noted in organising project openings:
  - A realistic final date for the project opening must be set well in advance, at least one month after all aspects have been checked and arrangements agreed with the community, to enable guests and other persons involved to make the necessary travel and other arrangements timeously.
  - The person introducing guests should be properly briefed as to who the outside guests are that have actually arrived and what their designations are. (MR should give advice on matters of seniority with regard to visitors)
  - No plaque or dedication should be prepared without prior clearance with Head Office: acknowledgments need to include all financial donors (including the EU, IDT, Kagiso Trust and the Government).

- If in doubt, postpone the project opening until problems are clearly resolved and full preparations for a successful opening are complete.

## Allocation of Tasks

1. Liaison with the committee organising the project opening and for coordinating and liaison with regard to all Mvula inputs. - Regional Co-ordinator. In provinces where there are no MR's, the Projects Division will decide responsibility.
2. Fully investigate and brief the committee what is entailed in hosting a project ceremony and the amount of work involved. - MR.
3. Invitations to Trustees and national personalities - Office of the Executive Director, in liaison with the MR.
4. Information to and invitations to national media - Office of the Executive Director.
5. Invitations to regional media and agencies - MR.
6. All work carried out under the project to be checked personally - MR.
7. Give advice on matters of seniority with regard to visitors - MR.
8. Review "what might go wrong" and making back-up plans - MR.
9. Investigate the relationship between the committee and the community, the standing of the leading committee members, disputes in the community which might affect the ceremony, the relationship between the committee and the implementing agent, and the presence of disaffected members of the community or committee - MR (PDF).

**APPENDIX 4: RECOMMENDED AGREEMENT BETWEEN  
PROJECT AGENTS AND COMMITTEES**



**THE MVULA TRUST**  
**RECOMMENDED AGREEMENT BETWEEN**  
**PROJECT AGENT AND COMMITTEE**

---

**AGREEMENT**

made on the ..... day of ..... 19.....

**BETWEEN**

The ...(Committee)...

Represented by ...(Name)...., in his/her capacity as the Chairperson

hereafter called the **"Committee"**

and

...(Name of the Project Agent's firm/organisation)...

Represented by ...(Name)...., in his/her capacity as .....

hereafter called the **"Agent"**.

**WHEREAS** the **Committee** intends to apply for funding from, or has secured funding from The Mvula Trust, hereafter called the **"Trust"**, for the implementation of

...(Name of Project and Mvula Project Number).....

hereafter called the **"Project"**,

and has requested the **Agent** to provide services, assistance and advice as described in Annexure A, and which services the **Agent** has agreed to provide,

IT IS HEREBY AGREED as follows:

1. The **Committee** and the **Agent** will abide by the Agreement and will always act in an open and transparent manner with each other.
2. This Agreement shall commence upon the signing of the Contract between the **Committee** and **The Trust**.
3. The **Committee** will reimburse the **Agent** for the services provided in accordance with the Principles for payment of Annexure B.
4. The **Agent** shall, at all reasonable times, by prior arrangement with the **Committee**, have access to the Project.
5. The parties shall, in the implementation of this Agreement and in all dealings with each other, observe utmost Good Faith and give full effect to the intent and purpose of this Agreement.
6. At all times the **Agent** shall perform his duties in full consultation with the **Committee**.
7. Should the **Committee** wish to ignore the advice of the **Agent** on important technical matters, the authorisation of **The Trust** should be obtained first.
8. Should either party become aware that the agreed budget is not being adhered to, this party should inform the other, and **The Trust**.
9. In the event of any disagreement or dispute, the parties shall together consult with the duly authorised representative of **The Trust**, and every effort will be made to reach agreement by consensus. Failing this, the said Representative will make a ruling and the **Committee** and the **Agent** agree to abide by such a ruling.
10. The laws of the Republic of South Africa shall be deemed law for the purposes of this Agreement.

IN WITNESS THEREOF the parties hereto have signed in the presence of the undersigned witnesses:

Signed at ..... on the ..... day of ..... 19....

As Witnesses

.....  
.....  
.....  
for and on behalf of the **Committee**

Signed at ..... on the ..... day of ..... 19....

As Witnesses

.....  
.....  
.....  
for and on behalf of the **Agent**

**ANNEXURE A**

**PROJECT DESCRIPTION**

...(Project Description as per Contract between the Trust and the Committee)...

Estimate of Project Duration: ..... months

## RESPONSIBILITIES OF AGENT

The Agent is to provide services as outlined below to each and every sub-project of the Project, separately and individually.

1. Carry out preliminary investigations: general assessment of funding criteria, budgets, technical appraisal of proposed Project, initial feasibility study and feasibility study report.
2. Provide assistance with the completion of application forms to the Trust.
3. Prepare sketch plans based on findings of preliminary investigations, workshop with the Committee, and gain their approval.
4. Preparation of necessary designs and working drawings, obtaining Committee and requisite local authority approvals.
5. Preparation of detailed materials list, schedules of labour force requirements and work programme. Provision of detailed budgets related to this, with key work stages and targets itemised.
6. Assist the Committee in the assessment and evaluation of received quotations for materials and in the timing, policy, etc. of ordering and delivering. Monitoring of timeous delivery of same and advising on the safe storage of same.
7. Provide the Committee with all required technical and management advice in implementing the projects until successful completion, including monitoring of progress, budget and quality control aspects. Comparison with estimates (item 5 above) and recommendations on remedial action where necessary.
8. Assist the Committee in the preparation of progress reports (financial and physical progress) to the requirements of the funding agencies, and also to assist the Committee in the transfer of the report information to the community.
9. Assist the Committee in maintaining appropriate financial and administrative procedures, including ensuring bookkeeping and bank reconciliation are kept up to date.
10. Provide As Built Drawings, O&M Manual and other documents necessary to fully describe the completed works including the community's requirements for operations, maintenance and repair.
11. Assist the Committee in all aspects of their agreement and relationship with The Trust, including the requirements for community level training, in close co-ordination with the Training Agent.

**SPECIAL NOTE : THE RESPONSIBILITY FOR PROJECT IMPLEMENTATION RESTS WITH THE COMMITTEE. THE AGENT'S MAIN ROLE IS TO PROVIDE TECHNICAL, MANAGEMENT AND ADMINISTRATIVE ADVICE TO THE COMMITTEE AND THE COMMUNITY AND IN THE PROCESS ATTEMPT TO TRANSFER THE RELEVANT SKILLS TO THE COMMITTEE AND COMMUNITY.**

ANNEXURE B

PRINCIPLES FOR PAYMENTS TO AGENTS

The services provided in the performance of this Agreement shall be measured on a time basis and compensation shall therefore be invoiced based on market related rates.

All external expenses actually and necessarily incurred by the Agent in the due performance of the duties under the Agreement shall be reimbursed by the Committee to the Agent and shall carry ..... % handling fee.

Travelling expenses incurred by the Agent in the due performance of the duties under the Agreement shall be reimbursed on a R...../km basis.

Reimbursement for services provided and expenses incurred shall cover the period from ..... until full Project Implementation.

The total amounts for reimbursement for services provided and expenses incurred by the Agent, calculated along the principle herein described, shall not exceed the following (VAT inclusive).

1.	Preliminary Investigations, etc.	R .....
2.	Completion, Acceptance and Approvals of Working Drawings, Preparation of Material lists, budgets etc.	R .....
3.	Implementation of Project Based on ..... visits to site over the implementation period.	R .....
4.	Other ..... .....	R .....
TOTAL		R .....

The Agent shall submit to the Committee interim statements for payment of all amounts they consider to be due to them, in accordance with the principle herein described, and payment shall be due within 14 days of submission of the said statements.

A discount of .....% on amounts due, will be offered by the Agent on payments by the Committee within 7 days of submission of the said statements.

Estimate of Project Duration: ..... months

# THE MVULA TRUST

## BUDGET REVISION FORM - WATER PROJECTS

(For changes which do not include an increase in the Grand Total)

Project Name: ..... Project No: C.1.....  
 Project Region: ..... Project Agent: .....

<b>CAPITAL EXPENDITURE</b>		
<b>Contractors:</b>		
Geohydrological study		
Borehole Drilling & Testing		
Reservoir Construction		
Pump Installation (incl. elec. connection if appl.)		
Other (specify):		
<b>Materials:</b>		
<b>Labour:</b>		
<b>Construction Machinery &amp; Tools:</b>		
<b>Transport (Construction):</b>		
<b>Professional Fees:</b>		
Design		
Site supervision		
Project support		
<b>Committee Expenses: for Administration</b>		
<b>Total: Capital Expenditure</b>		
<b>NON-CAPITAL EXPENDITURE</b>		
<b>Professional Fees:</b>		
Feasibility study		
<b>Training:</b>		
Finance / Management		
Construction		
Operations & Maintenance		
Health & Hygiene		
<b>Total: Non-Capital Expenditure</b>		
<b>GRAND TOTAL:</b>		
Cost per Capita		

### RECOMMENDATION / APPROVAL:

<b>Committee Chairperson:</b> Name: ..... Signature: ..... Date: .....	<b>Mvula Representative:</b> Name: ..... YES / NO Signature: ..... Date: .....
<b>Projects Director:</b> Name: ..... YES / NO Signature: ..... Date: .....	<b>Financial Director:</b> Name: ..... YES / NO Signature: ..... Date: .....

Processed By Project Administrator	Name: .....	Signature: .....	Date: .....
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## **APPENDIX 5: MAP OF KWAZULU NATAL**

# KwaZulu-Natal



Locality



Department of Water Affairs and Forestry  
KwaZulu-Natal Region





**APPENDIX 6: LIST OF INTERVIEWS**

## LIST OF INTERVIEWS

- Baskin Julian. 10. 12.1998. Department of Housing in the Durban Metropolitan Council
- Biyela Tryphina 27.1.1999. Vice Chairperson of the Zamimphilo Water Committee
- Chamane Vusi. 21.10 1998. Chairperson of the Zamimphilo Water Project
- Cross Richard 1.12.1998 Regional Office Engineer for the Mvula Trust
- Davids Phillip 1.12.1998 Institutional and Social Development Manager
- Dyer Rob 2. 12.1998 Funding Co-ordinator for Mvula Trust
- Harris Kerry 3.3 1999 Deputy Director for Institutional and Social Development  
Department of Water Affairs and Forestry (personal communication)
- Luthuli Busisiwe 27.11.1999. Additional Member of the Zamimphilo Water Committee
- Majeres J 26. 9.1998. International Labour Organisation. Informal discussion
- Martha Biyela. 27.1 1999. Vice Secretary of the Zamimphilo Water Committee and  
the vice chairperson of the Zamimphilo Garden Committee
- Marx Colin 6.11.1998 Director of the Built Environment Support Group
- Mcanyana Winnie 27.1.1999. Secretary for the Zamimphilo Water Committee
- McKeanne Juliette 11.11.1998 Planner for the Integrated Planning Services
- Motala Shirin 10. 11. 1998 Policy Co-ordinator for the Regional Consultative Forum
- Nduli Israel 27.1.1999 Chairperson of the Mvusane Working Group
- Ntsangase Nasan. 19.11. 1998 Chairman of the Magoda Damba Nondayana Water Committee
- Sigwaze Thoko 30. 11.1998 Regional Co-ordinator of the Mvula Trust in KwaZulu Natal
- Sr. Nzuza. 27.1.1999. Nursing Sister at the Osungulweni Clinic at Mvusane
- Swart Gary 11.1.1999. Consultant for the Department of Water Affairs and Forestry
- Watkinson Eric. 27.11.1998 Department of Economic Development. Durban Metropolitan Council.
- Xulu Theodore. 30.10.1998 Committee Member of the Mvusane Working Group

**Meetings attended**

- Focus Group Discussion 14. 11.1998 Regional Consultative Forum Water Caucus
- Ubuhle Buyeza Water Committee meeting. 26.1.1999
- Zamimphilo Water Committee meeting. 28.1.1999