

**APPENDIX 1 : Minutes of Gap Analysis Workshop I  
(25 June 1996)**

MINUTES OF  
GAP ANALYSIS WORKSHOP  
REGARDING  
THE STUDY ON  
THE EXPANSION OF CAPACITY OF MAGALIES WATER  
REPUBLIC OF SOUTH AFRICA

Workshop held on Tuesday 25th June 1996  
at 9h00,  
Rustenburg District Council, Conference Room

**Attendance :**

J Nunes	RDC	E Loubser	GLS Metro
SC Vogel	DWAF :Mmabatho	L Lloyd	Highveld DC
AS Bezuidenhout	Rustenburg TLC	CH Cloete	Rustenburg TLC
SM Tigele	NWWSA	P McMurray	Biswater / Mand R
JS Coetzer	MW	PA du Plessis	Klerksdorp DC
VR Oppel	MW	P Forsyth	Deloitte
Marc Maleta	Deloitte	S Jazyker	Deloitte
C McKudu	Deloitte	F Mouton	Greater Pretoria MC
H Lombard	Greater Pretoria MC	P Fourie	Brits TLC
D Nwenya	Brits TLC	G v Zyl	Rand Water
H Oberholtzer	Rustenburg DC	V Strauss	EVN
OJ van den Berg	DWAF	P Ramsden	EVN
M Ranamane	DWAF	P Pyke	DWAF
AE Sibani	RDP	Z Mhluli	RDP
Mr Baloyi	RDP	RM le Roux	MW
PT Botman	KDC	VS Mbomvu	Council KwaMhlanga
MG Maluleki	Council KwaMhlanga	SS Mahlangu	Official KwaMhlanga
JD Sibanda	Chairman - RDP Greater Saulspoort	MG Pilane	Dep Chief
CW Browne	Dept Housing - Gauteng	NA Matota	Dept Local Govern. - Northern Province
MSM Motshebi	Eastern Rand DC	MC Penyane	TDC ER
DD Moruapheko	TDC ER		

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**Formal Apologies :**

S Kadowaki	JICA Study Team
L Colvin	DWAF

K Pelpola	DWAF
F van Zyl	DWAF
DE Afrika	MEC, Mmabatho
Mr Dombo	MEC, Northern Province
Mrs K Surtee	Rustenburg DC

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## 1. Welcome

Peter Pyke welcomed participants on behalf of the Department of Water Affairs and Forestry and JICA. He said that the JICA Magalies Expansion project is part of a structured approach to secure water supply and sanitation all over South Africa. The JICA study area overlaps those of the Danida (North West Province) and ODA (Northern Province, Mpumalanga) support programmes, but the work being done is complimentary.

Mr Pyke said that the central task of the workshop was to find the bridge that will span the gap between the present situation and the various development targets to be discussed at the meeting. The ultimate objective is to get water and sanitation to all that need it.

## 2. Setting the Scene

Mr Y Miyanishi thanked delegates for their interest on behalf of JICA, and explained that the Study Leader, Mr Kadowaki, is presently in Japan for further negotiations with JICA. He then provided background to the study, outlining the overall objectives. He also presented the objectives of the workshop itself (copies of the overhead slides used in the workshop are contained in the attached document entitled " Gap Analysis Workshop"):

- \* The presentation of development targets and gaps with reference to
  - the 2nd tier
  - the 3rd tier
  - planning and technical issues
  - financial issues
- \* Examine and test the targets and gaps
- \* Determine the necessary input for further study works

Tim Hart addressed the current status of the JICA Magalies Study (see attached overhead slides). He explained that the process has various stages (situational analysis, gap analysis, strategy and policy formulation, development of a master plan and implementation of pilot projects). The gap analysis is a key part of the process, and comprises various steps:

- \* A summary of the present situation (from the situational analysis)
- \* A summary of development targets
- \* Determination of the gaps between present situation and the development targets
- \* Testing the gaps (the purpose of the gap workshop)
- \* Refining the gaps (the job of task teams to be formed at the workshop)

- \* Confirmation of the gaps (at a second gap workshop)

Mr Hart also outlined the principles and guidelines underpinning the JICA project:

- \* The study has implications that extend beyond Magalies Water
- \* The study has both policy and delivery implications
- \* The study is a process, and the views are those of the study team
- \* Stakeholder participation is sought wherever appropriate
- \* The study seeks to transfer information and technology

### 3. Presentation of Preliminary Gap Analysis Data

#### 3.1 *Second Tier*

Julian Nagy presented gap analysis data relating to the 2nd tier (summary overhead slides are in the attached document. Details of the gap analysis are in the document entitled "Gap Analysis Development Target, Present Situation and Comments on Gap". This is also attached for information). Themes addressed by Mr Nagy included:

- \* Expanded area of supply
- \* Execution of policy
- \* Supply of services (in some areas)
- \* Creation of third tier capacity
- \* Funding of development
- \* Transfer of services

Peter Pyke clarified the roles of Local Water Committees and Local Authorities in terms of the development target of transferring capacity to the third tier. He said that Local Authorities have the primary role in this regard. LWCs will play their part where needed. Where both institutions are present, the LWCs will be accountable to Local Authorities.

#### 3.2 *Third Tier*

Paul Forsythe presented gap analysis material relating to the third tier (summary and detailed information is in the attached documents). The key themes covered were the following:

- \* Roles and responsibilities
- \* Planning
- \* Integration and co-ordination of service
- \* Skills and capacity
- \* Human resource development
- \* Community involvement

### 3.3 *Policy, Finance and Cost Recovery*

Charles McKudu presented the gap analysis findings in the area of policy, finance and cost recovery (see attached documents for details). The themes included in the discussion were:

- \* Policy principles (relating to water supply and sanitation)
- \* Sources of financing for services
- \* Cost recovery
- \* Subsidies
- \* Tariff policy
- \* Payment

### 3.4 *Engineering Issues*

In presenting material relating to technical/engineering issues, Peter Ramsden explained that he would not focus on gap issues, since these are the subject of further study in the context of the JICA study programme. He explained further that the technical investigation already initiated would refine gaps that are identified. The purpose of the presentation was test some of the assumptions that will be taken forward into the technical investigation. The themes covered were:

- \* White Paper development targets
- \* Level of service mix
- \* Range of demand projection
- \* Range of per capita consumption

- \* Demand vs water availability
- \* Integrated water resource development
- \* Water supply infrastructure

Against the background of the presentation, Gert van Zyl asked whether the notion of integrated catchment management was still actively pursued. He commented that catchment management considerations are important in the context of an expanded area of supply for Magalies Water. This issue was held for discussion in the small group sessions.

#### 4. Group Discussions of Issues Arising

Julian Nagy introduced tasks to be tackled by small groups. He explained that planning in the water sector is very complex. The question is where do you start. In this context, the gap analysis is a very useful instrument. It defines the "playing field" in very practical terms, and provides a base for planning.

After discussion it was decided that two groups should be formed. The first would concentrate on matters relating to institutional arrangements and policy and strategy frameworks. The second group would deal with planning and infrastructure issues. The brief to the groups was to:

- \* Discuss the gaps as presented, and give comments and views
- \* Identify the key gap issues
- \* Express views on the work of the task teams that will carry forward the workshop initiative

##### 4.1 *Report Back: Planning and Infrastructure*

The planning and infrastructure group focussed particularly on the gap analysis presented in Section 3 of the attached gap analysis document. Apart from the specific matters summarised below, it was agreed that the analysis as presented formed a sound base for further planning. The following seven themes were selected for special attention:

##### 4.1.1 *Gap: The regulation of infrastructure between catchments*

This was introduced as a new gap issue. Present thinking around the expansion of Magalies Water is only partially based on catchments. This has the potential to make resource management and the regulation of infrastructure more complex.



#### 4.1.2 *Gap: Review of the White Paper development target - RDP minimum level of service by 2002*

In discussion it was concluded that whilst there are sound economic and social reasons for the adoption of a minimum standard (25l per day at no more than 200 metres), current evidence suggests that the proposed implementation time is optimistic. It was pointed out that a number of variables have to be taken into account in determining what is possible:

- \* Population growth
- \* Increased consumption as a result of upgrading and development
- \* More detailed information regarding the number of communities to be served
- \* The implications of other forms of domestic consumption such as animal watering
- \* The implications of the implementation of cost recovery at community level
- \* Environmental requirements
- \* Regulation/non-regulation of illegal connections

Related to the above, the setting of design horizons was identified as a complex yet important issue. In this context, the importance of long term and regionally based planning was emphasised. Often, quick delivery options are short sighted and have very constrained horizons.

#### 4.1.3 *Gap: Integration of water resource and water supply planning*

Group members felt that water resource and water supply planning should be more integrated than at present. Planning roles are not well defined, and more co-ordination is possible. For example, local authorities want to know how they fit into the planning process, and what they are expected to contribute. Further, planning should be validated by potential beneficiaries, and agreement should be reached on the way forward.

The notion of a bulk planning/co-ordination forum was tested among members of the group. Suggestions regarding possible participation were tabled.

#### 4.1.4 *Gap: Planning for upgrading*

Development targets envisage the upgrading of services under certain circumstances (eg. the willingness and ability of users to pay for service upgrading). Presently, there is little experience regarding the technological options for upgrading (and the associated costs), or regarding the ways in which upgrading might be organised and financed at local level.

The gap identified by the group is the resulting difficulty of predicting service mix trends at different urban and rural locations. This has implications for infrastructure planning and for the setting of planning horizons.

#### *4.1.5 Gap: Formulation of an effective cost recovery strategy*

It is well known that many communities have services, but do not pay for them. A basic policy principle (and development target) is that users must pay for water. To bridge the gap is clear that payment must be mobilised. The gap is to find the correct mix of training, negotiation, understanding of local circumstances, incentives, organisational capacity and the legal and regulatory instruments to mobilise payment on a large scale.

#### *4.1.6 Gap: Integration and appropriate timing of development inputs*

Development is often a combination of the right elements and of timing. For example, the implementation of local water schemes has to link (at the right time) infrastructure, institutional and organisational development, and training. In addition, these processes have to have the full support and participation of the local authorities and communities concerned. It seems that the timing issue is not always considered, with the consequence that physical implementation runs ahead of local management capacity, or vice versa. The gap therefore has to do with the integration and appropriate timing of development inputs.

#### *4.1.7 Gap: Clarity on the roles of District Councils in the provision of bulk water*

District Councils clearly have an important third tier role in the provision of water supply and sanitation services. A gap is the lack of clarity regarding the role of the Councils in respect of bulk water. In discussion, it was suggested that the notion of bulk water needs to be more carefully defined. For example, it may well be the case that District Councils could take responsibility for link services. However, it is difficult to be unequivocal on the matter of roles. There will always be a grey area, and roles will have to be negotiated. Often the central question will relate to which organisation can provide bulk with maximum cost effectiveness.

#### *4.1.8 Comments on gap presentation*

The following comments were offered following the presentation of the small group on planning and infrastructure:

- \* From a community perspective, there seems to be potential for conflict over the use of resources. For example a metropolitan authority may draw water from a source close to a village or community, but may be unwilling to serve them.
- \* Rivalry cannot be permitted to dictate the use of water resources. Legal and policy frameworks need to be improved, especially in the context of the new provincial dispensation.

## 4.2 *Report Back: Institutional Arrangements and Policy and Strategy Frameworks*

This group worked directly on the material contained in the gap analysis tables (attached document), and made certain amendments. The summary below refers to the tables, and should be read in conjunction with these:

### 4.2.1 *Table 1; Item 1.1 - Magalies Water*

- \* Point on the financial autonomy of Magalies Water. An additional note to the current situation should refer to the phasing out of operating subsidies for functions taken over from North West Water Authority.
- \* Point on the phasing out of operations and maintenance subsidies. The comment on the gap should make reference to the means - for example job creation to enable users to pay. Also to ways of financing levels of service for which people are willing to pay. This matter should be more fully researched. Other issues of importance include unemployment, the education of users, community involvement in development and Masakhane promotion. A response to the gap might be strengthen DWAF liaison with all district and local authorities.
- \* Point on MWB annual reports. The development target should be to make a concerted effort to communicate with the public served.
- \* Point on representative boards. Gap comment should suggest third tier representation on all boards.

### 4.2.2 *Table 1; Item 1.2 - North West Water Authority*

- \* Present situation for NWWA should note that the organisation is involved in 3rd tier operation and in the provision of bulk water.
- \* Point on annual reports. Gap comment should note the need to make communities more involved and the need for transparency.
- \* Point on NWWA support to small local water supply systems. Gap comment should ask for clarity on the source of subsidisation.
- \* Point on tariff equalisation. Gap comment should note that scope for cross subsidisation is limited.

### 4.2.3 *Table 1; Item 1.3 - Provincial Government*

- \* Point on ensuring the correct functioning of local government. Gap comment should note the need for the definition of responsibilities in terms of the new constitution.

- \* Point on provincial borrowing power for infrastructural development. Gap comment should note the need for a review of the roles of local and provincial government.

#### 4.2.4 *Table 1; Item 1.5 - District Councils*

- \* Point on the provision of water and sanitation services in rural areas. Gap comment should note the possibility of District Councils using Local Water Committees to augment capacity.

#### 4.2.5 *Table 2; Item 2.3 - Integration of services*

- \* Point on the establishment of effective communication. Gap comment should note that this is the responsibility of all tiers of government.

#### 4.2.6 *Table 4; Item 4.6 - Tariff policy*

- \* Point on transferring some functions to the private sector. Gap comment should note the need for a regulatory framework.

#### 4.2.7 *Table 4; Item 4.7 - Non payment*

- \* Gap comment should note the need for legal mechanisms to ensure cost recovery in cases of non-payment. Government policy is needed in this regard.

#### 4.2.8 *Comments on gap presentation*

A number of comments arose out of the gap presentation. The following is a summary of these:

- \* The question of accountability of Boards needs further attention. For example, one might argue that local authorities should be represented in terms of new developments in the water sector, but to whom will they be accountable - to the board or to their constituents? There are several matters to be borne in mind in considering the accountability issue:
  - Water Boards have the potential to deal with matters of service delivery outside of the political sphere. They can be relatively objective.
  - Water Boards are agents of the government. This is a direct line of accountability.
  - There is potential for Water Boards to be more transparent to users.
  - Other models are worth study. For example Eskom works through joint management structures.

Is there merit in looking at different ways of selecting Water Board members? Perhaps they should be elected in some way.

- \* Processes of accountability, transparency and communication in the water sector and elsewhere are not perfect. The critical challenge is to acknowledge that we are all partners with a common task - that of ensuring that water supply and sanitation is available to all.
- \* Much of our discussion is focussed on the organisations that are formally responsible for water delivery. A big gap is in our understanding of the dynamics of communities.
- \* The JICA study is aware of the need to improve our understanding of communities. An in-depth investigation of 30 case-study communities was undertaken as part of Stage 1. This has yielded important results that are of significance to the planning and strategy process. For example, a number of communities have to deal with conflict among structures claiming to represent the people, or to have jurisdiction over the deployment of resources. Hence it is not always possible to assume that elected local government representatives have a fully accepted mandate to plan and deliver water supply and sanitation.

## 5. Prioritising the Gaps

Tim Hart asked delegates to list the gap issues they considered to be the most important. These are summarised in the table below:

CATEGORY	GAP ISSUE
Organisation/Communication	<ul style="list-style-type: none"> <li>* More co-ordination in water sector</li> <li>* More communication</li> <li>* Clarity on roles and responsibilities</li> <li>* Forging partnerships</li> <li>* Involvement of stakeholders</li> <li>* Joint management</li> <li>* Simplify institutional arrangements</li> </ul>
Cost Recovery and Finance	<ul style="list-style-type: none"> <li>* Cost recovery</li> <li>* Entrenching the concept of the economic value of water</li> <li>* Clear cost recovery and tariff policy</li> </ul>
Legal and Regulatory Framework	<ul style="list-style-type: none"> <li>* Policy with respect to regulation</li> <li>* Comprehensive legislation</li> <li>* Clear policy and legal framework</li> </ul>
Service/Social	<ul style="list-style-type: none"> <li>* Effective local government</li> <li>* Building the capacity of District Councils</li> <li>* Identify and solve crisis situations</li> </ul>

## 6. The Way Ahead

Julian Nagy reminded participants that the workshop is the first of two. The second gap workshop will take place on 23 July. He explained the process incorporating the two workshops as follows:

- \* The first gap workshop has had the primary objective of testing and refining the elements of the gap analysis; development targets, current situation and gaps between these.
- \* Task teams are to be formed during the current session of the first gap workshop. Their brief is to further refine the gaps, to rephrase these in operational terms, and to propose strategies to deal with the gaps.
- \* The work of the task teams will be presented at the second workshop, where delegates will confirm the views presented.

In discussion, it was decided that task teams might be formed around the following themes:

- \* Finance and cost recovery
- \* Enabling environment/ roles and functions (incorporating policy, legal and institutional frameworks)
- \* Third tier reform (including capacity and planning)

It was agreed that Magalies Water and the District Councils should be represented on all task teams, and it was suggested that local authorities participate in the first and last of the listed teams. In response to a request for nominations to the task teams, the delegates selected two task team participants over and above those who will be involved ex officio. They are:

- \* Mr M Maluleke
- \* Deputy Chief Pilane

Mr Nagy thanked those involved in the preparation of the workshop for their assistance. He also thanked delegates for attending and for making an important contribution to the gap study.

## 6. Closure

Fanie Vogel closed the proceedings with the following remarks:

- \* Thanks to JICA for investing in an opportunity to assist water delivery in South Africa.
- \* Thanks to participants.
- \* Partnership is at the heart of the challenge we face, especially the partnership between the Boards, local authorities and communities.
- \* There are many tough issues to be tackled, including financing for high levels of service, illegal connections and cost recovery. We should regard these as opportunities and not insoluble problems.
- \* We all lack capacity. Therefore we must use our time effectively, and not duplicate. We should support and build upon the capacity of our partners.
- \* The discussion of integrated catchment management has illustrated the need to look beyond the local, and to see a broader picture.
- \* There is an urgent need for ongoing communication and co-ordination. The level of commitment evident at this workshop is very pleasing.





## **APPENDIX 2 : Gap Analysis Tables**

INSTITUTIONAL ENVIRONMENT TASK TEAM: GAP NUMBER 1

UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 23 JULY 1996

GAP BETWEEN POLICY AND LEGISLATION

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>A White Paper on Water Supply and Sanitation was developed in 1994 to set a new direction for water supply in South Africa. The WP supports the goals and objectives of the RDP and focuses on provision of water to the previously unserved, expansion of the role of Water Boards, capacity building at the third tier, and a much more strategic role for DWAF than hitherto.</p> <p>Legislation governing water supply is chiefly the Water Act of 1956, as amended, with the focus being on bulk supply through financially autonomous Water Boards.</p>	<p>Gap between policy as set out in the White Paper on Water Supply and Sanitation, and legislation governing water supply, particularly the Water Act.</p>	<p>Shifting policy and reinterpretation of the White Paper:</p> <ul style="list-style-type: none"> <li>• Role of Local Water Committees as possible statutory organisations has changed</li> <li>• Role of Water Boards as supporters of capacity building at the third tier is now being reassessed</li> </ul> <p>Difficult to prioritise serving of communities, as required by the White Paper:</p> <ul style="list-style-type: none"> <li>• No market incentives to operate at the community level for organisations functioning according to the legislative requirements of the Water Act</li> <li>• Water Boards not committed to community level support</li> </ul>	<p>Speed up the redrafting and promulgation of the Water Act so that it is supportive of the goals of the White Paper</p> <p>Develop legislation to promote provision of services to communities.</p> <p>Give specific input to Water Law Review Panel on formulation of new Water Act.</p>

INSTITUTIONAL ENVIRONMENT TASK TEAM: GAP NUMBER 2

UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 23 JULY 1996

CLARITY ON ROLES AND RESPONSIBILITIES

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>A particular responsibility is being placed upon Water Boards to take on an expanded role at the second tier:</p> <ul style="list-style-type: none"> <li>• Water Boards generally have more technical and managerial capacity than other water supply organisations</li> <li>• Water supply is not a provincial competence</li> <li>• Water supply and costing should be catchment based</li> <li>• A historic role in bulk water supply</li> </ul>	<p>Lack of clarity on the roles and responsibilities of organisations at the second tier.</p>	<p>DWAF has its particular interpretation of what Water Boards should be doing to support community water supply, based mainly on the requirements of the White Paper. DWAF thinks Water Boards should be highly proactive in taking action to support the third tier. District Councils have altogether a different expectation of Water Boards. They believe Water Boards should have a much more limited and service oriented role and should not encroach on the area of the third tier. The third tier should be allowed to carry out its constitutional mandate of implementing development.</p> <p>These differing expectations being placed upon Water Boards is leading to them being confused as to what they should be doing and how energetically, resulting in a degree of withdrawal from these conflict areas.</p>	<p>Support for Provincial Planning Forums</p> <p>Local level information workshops to tailor expectations of role-players.</p> <p>Provincial or regional workshops involving all roleplayers to clarify roles and responsibilities. Establish what is common across the provinces or regions and work on clarifying the fuzzy areas.</p>

INSTITUTIONAL ENVIRONMENT TASK TEAM: GAP NUMBER 3

UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 23 JULY 1996

CO-ORDINATION AND COMMUNICATION

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>The supply of water involves all tiers of government in order to be effective. In a transforming society communication tends to break down and co-ordination of development is adversely affected.</p>	<p>Lack of co-ordination and communication between the first tier and the second tier - resulting in very differing perspectives as to objectives and methods of building water supply capacity. However, DWAF and Wbs have a good relationship and there is good upward accountability. The communication gap, according to the workshop, is chiefly in downward accountability of Wbs to the third tier and the community.</p>	<p>Failure of institutions to acknowledge the complexity of the water supply sector.                      Central issues are not properly dealt with and side issues become overstated.                      Personalities tend to dominate.                      DWAF develops autocratic approach to problems and requirements of second tier</p>	<p>Need to shift away from the overly technical style of management present in many organisations to a more consultative and human relations oriented one.                      Expose MW more regularly to the process evolving for water supply and the wider development environment in South Africa.                      Leadership training for major personalities at first and second tier                      DWAF to develop a proper communication strategy.                      Make Water Boards more accountable to the community by having more representative.                      Have Wbs present their most important plans to the community.</p>

INSTITUTIONAL ENVIRONMENT TASK TEAM: GAP NUMBER 4

UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 23 JULY 1996

INSTITUTIONAL CAPACITY TO IMPLEMENT DEVELOPMENT PROJECTS

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>Water Boards are being required to put projects in place to provide for basic needs where there is not the third tier capacity to do this. These are not bulk supply projects but rather providing reticulation to communities. As such, they frequently require a great deal of community involvement, as required by the RDP and generally considered important to ensure sustainability. They often take longer to implement and require different project management skills to those necessary to put in bulk infrastructure.</p>	<p>Lack of institutional capacity to implement development projects by first tier when trying to adhere to WP requirements.</p> <p>Financing is the main problem in delivering a higher level of service - people cannot pay upfront and Water Boards are unwilling to borrow without government guarantees. Government will only lend for the basic level of service and will not provide guaranteed funds for anything above this. The gap is therefore not capacity to implement, but in lack of funding for higher service levels.</p>	<p>Key projects not being implemented.</p> <p>Ability of second tier to undertake roles suggested by WP being questioned.</p> <p>Water Boards retreat back to their historic role of bulk suppliers</p>	<p>Help Water Boards more fully understand the responsibilities being placed upon the third tier, particularly in the areas of financial management and cost recovery</p> <p>Leadership development.</p> <p>Government to fund a higher level of service - possible pilot project to test the workability of this.</p> <p>Get private sector involvement and share risk of higher service level.</p> <p>Use community structures to educate communities on realistic service levels - SANCO suggested as particular one.</p>

INSTITUTIONAL ENVIRONMENT TASK TEAM: GAP NUMBER 5

UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 23 JULY 1996

COMMERCIAL EXPERIENCE OF MAGALIES WATER

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>The historic role of Water Boards has been in bulk supply, but they are now being prompted by new policy to get into the retail water sector</p>	<p>MW has commercial experience in providing bulk supply projects and services but is commercially inexperienced in the retail sector of water supply</p>	<p>Lack of confidence in dealing with the retail sector, namely the third tier.</p>	<p>Creation of a service company in the ESA to pool capacity (see recommendations in Financial and Cost Recovery Section)</p>

INSTITUTIONAL ENVIRONMENT TASK TEAM: GAP NUMBER 6

UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 23 JULY 1996

COMMUNITY PARTICIPATION

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>Many communities in the ESA lack the basic level of service as set out in the RDP and projects are focused on improving service levels, as well as bulk supply to communities</p>	<p>Inadequate community participation. MW does not engage with communities and has little capacity to do so.</p>	<p>Cannot implement projects at the retail level                      Cannot develop other types of approaches to water supply such as pre-paid metering as developed by Phalaborwa Water.                      Cannot profile MW to communities on any other issues</p>	<p>Build capacity in community liaison internally within Water Boards, as well as externally within other organisations in order to support Water Boards.                      Involve Wbs in Area Planning Forums.                      Role of Development Facilitation Act to support local level planning.                      Base planning around District Councils.                      Ensure Wbs get support of LWCs.</p>

INSTITUTIONAL ENVIRONMENT TASK TEAM: GAP NUMBER 7

UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 23 JULY 1996

PROGRAMME FOR CAPACITY BUILDING AT THE TIER

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>Some deadlines have been set for the creation of capacity at the third tier - through WP as well as the RDP. This may have created expectations that a full programme of support has been laid out.</p>	<p>Lack of programme or time frame for the establishment of capacity at the third tier. The WB needs such a schedule in order to understand how it may best intervene to build capacity at the third tier.</p> <p>No change management process at third tier - while there is support for Training Boards through Dept of Constitutional Devt, and financial support from DWAF, nothing material has happened. There is currently no programme in place yet, nor co-ordinated plan of action.</p>	<p>It is considered unrealistic for any organisation to expect there to be such a programme or time frame for something as complicated as capacity development at the local level, and this gap illustrates some of the problems MW has in grappling with its new roles as outlined in the WP.</p> <p>However, the problem may lie with the Provincial Governments that has the role of promoting local government. They have probably not communicated the work they are doing and the challenges they face.</p>	<p>MW to research provincial and regional economic development plans to identify any time frames or schedules that it could profitably use in planning its support to the third tier, as well as the provision of its core services.</p> <p>Provincial Departments of Local Government to communicate their capacity building initiatives more widely.</p> <p>Develop specific capacity building programme and don't make it only linked to projects but an overall co-ordinated programme.</p>



INSTITUTIONAL ENVIRONMENT TASK TEAM: GAP NUMBER 8

UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 23 JULY 1996

SOCIO-ECONOMIC CONSIDERATIONS

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>While the WP on Water Supply has attempted to take account of the situation in South Africa there is lingering suspicion that it was formulated by a small group of policy specialists without practical water supply experience.</p>	<p>Policy does not reflect the socio-economic realities present in the ESA. Lack of conducive economic environment for cost recovery - joblessness, poverty and lack of economic base.</p>	<p>Impractical development targets Loss of confidence in planning and lack of effort directed towards planning</p>	<p>Broader based policy formulation, ensuring involvement of implementers. Focus on local economic development. Link water supply to economic development and job creation. Action intentions of White Paper in regard to community development around provision of service.</p>

INSTITUTIONAL ENVIRONMENT TASK TEAM: GAP NUMBER 9

UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 23 JULY 1996

DIFFERENCE BETWEEN RURAL AND URBAN AREAS

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>South Africa has a very distinct difference between the economic processes, life experiences and general opportunities in rural areas, and that which pertains in urban areas.</p>	<p>There is a failure to understand the extent of the difference between the urban and rural areas. Too often the application of approaches and systems used in urban areas have been applied in rural areas and have had a completely different result</p>	<p>Inappropriate application of urban models to rural settings - notably in tariff policy, sanitation guidelines etc.</p>	<p>Ensure that the difference between rural and urban is understood by the policy makers and catered for in any guidelines on water supply and sanitation.</p>

THIRD TIER REFORM TASK TEAM: GAP NO.1  
 UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 25 JULY 1996

INSTITUTIONAL ROLES & RESPONSIBILITIES:

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>There is a wide range of specific &amp; potential roles &amp; responsibilities with respect to water &amp; sanitation services within third tier organisations. The precise nature of these is not always understood or interpreted in the same way.</p> <p>Institutions are now being expected to perform in different ways. However, in many cases a new framework is not in place and they continue to be guided by outmoded legislation.</p> <p>In other cases the relative inexperience of new third tier leadership particularly in former homeland TLCs poses an obstacle to functioning in the area of service provision &amp; cost recovery.</p>	<ul style="list-style-type: none"> <li>Lack of clarity with respect to new roles &amp; responsibilities of third tier organisations expected by DWAF</li> <li>No guidelines for the transition of Local Water Committees vis a vis TLCs in respect of assets and people</li> <li>Inability of DWAF to tailor policy guidelines for specific audiences</li> </ul>	<ul style="list-style-type: none"> <li>There is confusion over roles and responsibilities of various institutions leading to overlaps and duplication.</li> <li>Leadership is not effectively communicating the vision of the Department of Water Affairs to the third tier</li> <li>Communication from the Department of Water Affairs &amp; Forestry is interpreted differently at different levels. For example, the same message regarding filling capacity at the third tier may be understood in one way by Magalies Water, and in another way by District Councils.</li> </ul>	<ul style="list-style-type: none"> <li>Capacity building in all aspects of management at third tier level. (e.g. general management, financial management, cost recovery etc.)</li> <li>Re-examination or development of communications strategy for DWAF.</li> </ul>

THIRD TIER REFORM TASK TEAM: GAP NO.2  
 UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 25 JULY 1996

INTEGRATION & COORDINATION OF SERVICES:

CONTEXT/BACKGROUND	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>Third tier institutions manage a basket of services. Insufficient recognition is given to the complex sets of services and organisational interactions that have to be managed in an integrated way by local authorities.</p> <p>In Boputhatswana services were fragmented and delivered by a range of different agencies. Attempting to integrate these will present a significant challenge.</p> <p>Neither DWAF, nor Magalies Water can lead the process of integrating services since they are sector specific.</p>	<ul style="list-style-type: none"> <li>Capacity to provide integrated &amp; coordinated services is weak in rural areas, in former homeland TLCs, and in certain areas of the former white South Africa where local authority management capacity has been depleted.</li> </ul>	<ul style="list-style-type: none"> <li>Separation of services such as water and electricity means local authorities cannot sanction non-payment for water by cutting electricity supply.</li> <li>Potential benefits provided by economies of scale through integrated services are being lost</li> <li>Services in the former Boputhatswana are provided by a wide range of providers. Integration of these at local level presents a particular challenge.</li> </ul>	<ul style="list-style-type: none"> <li>As core coordinating institutions in the third tier District Councils should lead planning and supporting the integration of services with respect to water.</li> </ul>

THIRD TIER REFORM TASK TEAM: GAP NO.3  
 UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 25 JULY 1996

HUMAN RESOURCE, SKILLS & CAPACITY DEVELOPMENT:

CONTEXT/BACKGROUND	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>Human resource development in the water sector is scattered, haphazard, inconsistent and uncoordinated. This has resulted in training resources not being utilised to maximum potential. In addition, the precise nature of training and human resource needs have not been identified and quantified with respect to water.</p> <p>Systematic underdevelopment of the homelands under apartheid lead to serious distortions in spatial and economic development. One of the legacies of this is that little skills training in water and sanitation has taken place in these areas. Capacity to manage water affairs is low.</p>	<ul style="list-style-type: none"> <li>No skills and training audit has taken place at the third tier</li> <li>Identify sources of training and support (for example, technicians, private sector, public service training boards, manpower centres, etc.)</li> <li>Chronic shortage of capacity in urban &amp; rural management in former homeland areas, &amp; in areas of the former white South Africa.</li> </ul>	<ul style="list-style-type: none"> <li>There is a lack of reliable information on the precise areas of capacity shortage, or oversupply. This means that the most effective ways of improving capacity and performance cannot be devised.</li> <li>Cost recovery campaigns have no impact since ability to administer or collect is very limited</li> <li>Homeland areas will become even more destitute</li> <li>Declining health standards/increase in health risks</li> </ul>	<ul style="list-style-type: none"> <li>Training &amp; skills audit</li> <li>The need to implement coordinated skills &amp; training programmes &amp; to create human resource development plans</li> <li>Financial allocations from central government for training in third tier institutions</li> <li>Identify main focus for training at local level which is relevant to local needs</li> <li>Former homeland TLCs to be prioritised for specific types of support</li> <li>Where possible use Local Water Committees to augment TLC capacity</li> <li>Create a Service Cooperative or company which pools resources between Magalies, District Councils and TLCs to create greater efficiency &amp; effectiveness in water delivery and cost recovery.</li> </ul>

THIRD TIER REFORM TASK TEAM: GAP NO.4  
 UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 25 JULY 1996

PLANNING:

CONTEXT/BACKGROUND	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>Within third tier institutions there is widespread vagueness concerning their precise role in development planning. This is compounded by a further lack of understanding of the planning role of fellow organisations. In addition, there is no development framework in South Africa with which third tier institutions can meaningfully engage.</p> <p>The Development Facilitation Act may assist in encouraging local authorities to plan in a more systematic manner.</p>	<ul style="list-style-type: none"> <li>• Poor understanding by third tier institutions of their role in development planning</li> </ul>	<ul style="list-style-type: none"> <li>• Without planning there can be no development.</li> <li>• Without planning there can be little sense of development direction</li> <li>• The impact and implications of the Development Facilitation Act will only be felt once the Act is properly in place.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a planning framework with which third tier institutions can engage and work around.</li> <li>• Water planning champions at third tier, possibly at District Council level with support from DWAF &amp; MW.</li> <li>• Monitoring &amp; evaluation procedures should be put in place to assess the success of projects.</li> <li>• Local authorities should exploit the Development Facilitation Act as an opportunity to identify water development projects and plan around these.</li> <li>• Direct links should be drawn between water service provision &amp; the Development Facilitation Act.</li> <li>• Existing provincial and area planning forums should be utilised to their maximum potential</li> </ul>

THIRD TIER REFORM TASK TEAM: GAP NO.5  
 UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 25 JULY 1996

COMMUNITY INVOLVEMENT:

CONTEXT/BACKGROUND	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>In the past community engagement has sometimes been a cynical exercise or a matter of simply going through a required but essentially meaningless process. Sometimes community involvement served a political purpose, sometimes it was done for political correctness, or for RDP requirements.</p> <p>International evidence indicates that service provision in poor communities will fail if communities themselves are not involved in elements of project planning, design, finance, construction and maintenance, with women taking the leading role.</p>	<ul style="list-style-type: none"> <li>Community involvement should be as close to community self-interest as possible.</li> </ul>	<ul style="list-style-type: none"> <li>Failure to recover costs</li> <li>Conflict between community organisations in struggle for legitimacy</li> <li>Community participation becomes discredited</li> </ul>	<ul style="list-style-type: none"> <li>Need for focused management of community involvement by third tier institutions in order to achieve specifically defined outcomes.</li> <li>Community representation on boards &amp; forums</li> <li>Local authorities should always be considered as the development agencies through which communities are approached.</li> </ul>

THIRD TIER REFORM TASK TEAM: GAP NO.6  
 UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG, 25 JULY 1996

GUIDELINES FOR TRANSFER OF ASSETS RESPONSIBILITIES TO THE THIRD TIER

CONTEXT/BACKGROUND	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>The Department of Water Affairs and Water Boards sometimes are in the position of running water supply and sanitation functions at local level.</p> <p>In terms of the White Paper on Water Supply &amp; Sanitation, this role is a temporary one which is filled only until capacity is developed at the third tier.</p> <p>The transfer of human, technical and financial resources and assets between tiers of government is a complex task for which there are few guidelines</p>	<ul style="list-style-type: none"> <li>Guidelines for the transfer of human, technical and financial resources in the water sector to the third tier.</li> </ul>	<ul style="list-style-type: none"> <li>Clarity should be established on the implications of handing responsibilities to third tier institutions</li> <li>It will be important to distinguish between policy and guidelines which may be associated with the policy. These guidelines will assist first, second &amp; third tier institutions in interpreting policy.</li> </ul>	<ul style="list-style-type: none"> <li>In the short term existing institutions and forums should be used for consultation &amp; communication between institutions engaged in the transfer of resources and assets</li> </ul>



FINANCE AND COST RECOVERY TASK TEAM: GAP NUMBER 1  
 UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG 23 JULY 1996

**INSUFFICIENT CAPACITY:**

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>A White Paper on Water Supply and Sanitation was developed in 1994. The WP set forth the direction of water supply in South Africa and supported the goals of the RDP including the provision of water to previously unserved areas and capacity building at the third tier. The WP also promoted the expansion of the responsibilities of the Water Boards.</p>	<p>The Gap between the objectives of the WP on water supply and sanitation and the current availability of technical capacity at the 2nd and 3rd tiers to carry out the WP objectives is significant. The Gap exists with respect to personnel and capital capacity such as computers.</p>	<p>Insufficient capacity to perform the following functions.</p> <ul style="list-style-type: none"> <li>• Accounting</li> <li>• Billing</li> <li>• Internal controls</li> <li>• Customer relations</li> <li>• Personnel (Training)</li> </ul> <p>The weakness in these functions will inhibit the institutions from achieving the WP goals such as cost recovery. Three options are available to the water and sanitation institutions in the expanded service area.</p> <ul style="list-style-type: none"> <li>• Establish a service co-operative that will allow the pooling and efficient use of existing capacity.</li> <li>• Engaging private sector providers.</li> <li>• Developing internal capacity.</li> </ul> <p>The opportunity to adopt any and all of these recommendations should be available to the institutions.</p>	<p>The following is a brief description of the issues and characteristics surrounding a service co-operative.</p> <ul style="list-style-type: none"> <li>• Would be developed primarily from the capacity of existing operationally viable 2nd and 3rd tier institutions.</li> <li>• Would be required to provide services at cost to all institutions in extended service area.</li> <li>• Substantial economies of scale would be achieved by providing an efficiently managed capacity pool.</li> <li>• Any dissatisfied client institutions would have the option transferring the service in house or engaging private sector provider.</li> </ul> <p>Client institutions would have seat on service co-operative Board of Directors.</p>

**ROLES AND RESPONSIBILITIES**

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>Through the historical transition currently underway in all South Africa, the roles and responsibilities of the institutions are changing and expanding constantly.</p>	<p>The roles and responsibilities have not been clearly identified and assigned through the transition and in the long-term. Lack of communications is contributing to this Gap.</p>	<p>This has created a condition in which there is a lack of:</p> <ul style="list-style-type: none"> <li>• Accountability</li> <li>• Internal controls</li> <li>• Common goals</li> <li>• Initiative</li> </ul> <p>Accountability and clear and achievable goals and targets are lacking.</p>	<p>A Team Building /Management Development seminar should be organised for high level officials of the various 1st, 2nd and 3rd tier institutions.</p> <p>Several high level meetings should be held in which the roles and responsibilities of the various institutions should be established and assignment of those roles and responsibilities agreed on.</p> <p>An open environment of productive communication must be established between all parties. Co-operation must start at the top and filter down.</p> <p>Clear goals and targets related to the transition must be assigned and the tools required and incentives provided to a specific individual to encourage efficiency, collection and better service</p>

ECONOMIC VALUE OF SAFE WATER

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>Safe water is regarded by many end users as a free public good that must be provided by the government. In the situational analysis, it was discovered that 68% of the water customer respondents in NW and 78% in Mpumalanga receive water without paying. The reasons for not paying for water include:</p> <ul style="list-style-type: none"> <li>• Poor quality of service</li> <li>• "Have never paid"</li> <li>• "Water belongs to the community" or "is a gift from God"</li> <li>• Inability to pay due to very low income</li> </ul> <p>The number of non-paying customers is rapidly increasing as enforcement becomes less likely and as billing capacity continues to deteriorate</p>	<p>A Gap exists between policies based on the concept that safe water has value (must achieve cost recovery) and the actual perception of many end users that water is simply there.</p>	<p>The following are the implications.</p> <ul style="list-style-type: none"> <li>• Inability to achieve full cost recovery</li> <li>• Heavy subsidisation required</li> <li>• Long-term sustainability of water service is questionable</li> <li>• Increase in the illnesses attributable to unsafe water</li> <li>• Reduction in quality of life</li> </ul>	<p>The Task Team feels that the responsibility of delivering the message regarding the value and importance of delivering water and sanitation lies with the local authorities (grass roots). Substantial support (financial and training) must be provided by the government, 1st and 2nd tiers.</p> <p>A full effort marketing campaign setting forth the implications must be undertaken. The campaign must go hand in hand with capacity to bill and collect equitably.</p> <p>Service co-operative (described above) and private sector resources should be used in implementing this recommendation.</p>

**POLICY & LEGAL FRAMEWORK**

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>The Task Team expressed a concern that the government does not have clear, achievable or acceptable policies and legal frameworks necessary to undertake the transition currently underway.</p>	<p>A Gap exists between and within existing policies and legal frameworks. Specific areas in which a Gap exists are discussed in the recommendations column.</p>	<p>Inability to implement policies without violating other policies. Reduces the perceived value of all policies and legal framework.</p>	<p>The following are the areas in which Gaps were specifically identified and recommendations discussed.</p> <ul style="list-style-type: none"> <li>• Ability to enforce payment and achieving full cost recovery.</li> <li>• Achievability and acceptability of RDP goals regarding minimum standard. The RDP should be revised to enable home delivery of water.</li> <li>• Allowing and encouraging institutions to borrow on their own account (empowerment)</li> <li>• Policy to fully subsidise, through tariffs or taxes a limited amount of water to poor households.</li> </ul> <p>Policy assigning responsibility for providing service and collecting tariffs to the TLC/TRC's.</p> <p>These gaps and recommendations apply to all levels and tiers.</p>

OVERSTAFFING & UNDERSTAFFING BETWEEN INSTITUTIONS

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>Considering the magnitude and importance of achieving full cost recovery, all tiers have a responsibility to operate efficiently.</p> <p>Total staffing level in 1995 was 2,461 people of which 1,348 (55%) and 686 (28%) were employed by NWWA and KwaNdebele respectively.</p>	<p>Overstaffing and understaffing by the various institutions co-existing in the extended service area.</p>	<p>Inefficient deployment of human and other resources exists across all three tiers.</p> <p>Additional pressure on achieving cost recovery.</p>	<p>Undertake an overall audit of skills and personnel and redeploy employees based on needs.</p> <p>Establishment of a service co-operative to pool and efficiently employ capacity.</p>

**COST RECOVERY**

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>Existing policies require full cost recovery of O&amp;M for minimum standard service as set forth in the RDP. Policies require full cost recovery including recovery of capital for all services that exceed the minimum RDP standard.</p> <p>The situational analysis determined that the over all cost recovery ratio of the all institutions in the extended service area was 82%.</p> <p>O&amp;M cost recovery achieved by the 1st tier in the ESA was 22% by the 2nd tier was 76% and by the 3rd tier was 89%.</p>	<p>Inability to achieve full cost recovery</p>	<ul style="list-style-type: none"> <li>• Requires the subsidisation of operating costs.</li> <li>• Redirecting funds from other government functions such as education and health.</li> <li>• System degeneration over the long term.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a service co-operative described above</li> <li>• Utilise private sector to increase efficiency.</li> <li>• Establish incentives for cost recovery and service provision</li> <li>• Develop a 2 part tariff that includes recovery of O&amp;M and capital expenditures</li> <li>• Establish a Kiosk System</li> <li>• Two year moratorium for illegal connections.</li> <li>• A study to determine the actual cost of achieving full cost recovery in the individual institutions should be undertaken</li> </ul>

**INSUFFICIENT CAPITAL RESOURCES**

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>The projected average capital cost of providing water to each household as recommended by the Task Team is Rand 1.700 per household.</p>	<p>Insufficient capital resources at the 3rd tier level.</p>	<ul style="list-style-type: none"> <li>• Inability to implement RDP minimum standard.</li> <li>• Limitations on new development</li> <li>• Limitation on instituting the O&amp;M capacity (described above)</li> </ul>	<p>The Task Team discussed the possibility of dividing this cost between various parties including customers, Water Boards, Central Government, foreign governments, NGO's.</p> <p>A separate revolving fund could be established to lend money to consumers. As payments are received they are loaned back to new customers. This can be facilitated by instituting a 2 tier tariff structure to recover O&amp;M and capital costs.</p> <p>The Task Team feels that established policy of only providing funds to institutions that collect tariffs should be abandoned with respect to start-up or seed money required in establishing new institutions. Strict controls should be instituted on these funds.</p>

FINANCE AND COST RECOVERY TASK TEAM: GAP NUMBER 8  
 UPDATED GAPS AFTER SECOND CONFIRMATION WORKSHOP, RUSTENBURG 23 JULY 1996

UNAUTHORISED CONNECTIONS

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<p>A historically poor water delivery service exists in many urban and rural areas within the extended service area.</p> <p>There is also a limited technical and professional capacity within certain of the existing water delivery institutions in the extended service area.</p>	<p>Inability to control the misuse and abuse of the water system as demonstrated in the number of unauthorised connections.</p>	<p>Widespread and rapidly increasing unauthorised connections.</p> <p>Significant implication for cost recovery strategy.</p>	<p>The alternative actions available with respect to unauthorised connections include:</p> <ul style="list-style-type: none"> <li>• Authorise existing unauthorised connections through a moratorium</li> <li>• Authorise, standardise, regulate and meter existing unauthorised connections and future connections undertaken directly by the customer (privatise and regulate the connection function)</li> <li>• Enforce prosecution</li> <li>• Other?</li> </ul>



**APPENDIX 3 : Minutes of Gap Analysis  
Workshop II (23 July 1996)**

## 1. WELCOME

Mr Nick Fenner of Magalies Water welcomed delegates. He reflected on a water conference that he had attended in Toronto. There a key theme had been the question of national resources. Mr Fenner expressed the view that a theme of this workshop might be the need to work together toward the development of the water sector in South Africa.

## 2. CONTEXT OF THE JICA STUDY

The JICA Team Leader, Mr S Kadowaki, welcomed delegates on behalf of the JICA Study Team. He reminded delegates of the overall objectives of the JICA Magalies Study. These are:

- To formulate an overall and strategic framework/master plan for the appropriately phased, long term, sustainable development of water supply infrastructure (and the development of sanitation) including appropriate second and third tier support, in the extended supply area of Magalies Water (MW). A priority programme up to the year 2002, and an extended programme up to 2015 should be included.
- To conduct a feasibility study for priority projects to be selected from the strategic framework/master plan to promote water supply services in the study area and to consider sanitation options; and
- To share technology on planning methods and skills with the counterpart personnel of Magalies Water and the Department of Water Affairs and Forestry (DWAF), and other participating organisations.

Mr Kadowaki noted that the expansion of the capacity of Magalies Water was more complex than simply extending an existing supply area. There are many institutions and actors that will have to play key roles and co-operate in ensuring that water services reach users in the extended supply area. In this context, he requested constructive inputs from workshop delegates.

## 3. OBJECTIVES OF THE WORKSHOP

Mr Y Miyanishi of the JICA Study Team outlined the objectives of the gap analysis process of which the present workshop is a part:

- To determine the gaps between the capacity and readiness of water sector actors and infrastructure in the extended supply area, and the mandate and challenges posed by seeking to extend supply in terms of policy.
- To determine issues that require particular attention.

Mr Miyanishi explained that the Gap Analysis had followed a particular process, in which the first

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gap workshop had served the purpose of confirming development targets and the assessment of the current situation. Task Teams had been formed at the first workshop to refine this material, to develop the gap descriptions and to explore policy and strategy options. The second gap workshop would focus more specifically on the gaps, and on actions that might be taken to address these.

The objectives of the Second Gap Workshop are the following:

- Presentation of Task Team findings
  - Institutional environment
  - Third tier reform
  - Finance and cost recovery
- Confirm gaps and agree implications
- Explore ways to tackle gaps
- Look at next steps

#### 4. PROGRESS TO DATE

Tim Hart of the JICA Study Team reviewed progress to date. He summarised the challenge being faced by Water Boards in terms of the new water supply and sanitation policy in terms of a diagram (see document entitled "Expansion of Magalies Water - Gap Analysis Workshop (2)"). He explained that Water Boards were being asked to extend supply and to support the third tier in the short to medium term, and to return to their core business in the long term. The core bulk business will serve a wider group of customers in the long term, and this market may continue to expand. These challenges have implications for organisations like MW, both in terms of the manner they organise themselves, and in terms of the relationships they form with others in the water sector.

Mr Hart then outlined the JICA study process, explaining the link between the Stage 1 Situational Analysis, the current Stage 2 Gap Analysis/Policy and Strategy process, and further Study activities. These links are outlined diagrammatically in the attached Gap Analysis Workshop (2) document. The gap process, and particularly the activities linking the two workshops, was also explained diagrammatically. In conclusion Mr Hart drew five principles underpinning the JICA Study (and the workshop) to the attention of delegates:

- The study has inward and outward impacts
- The study has policy and delivery implications

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- The study has a Magalies Water focus, but the broader water sector context is very important
- Participation and partnership are regarded as key facets of the project
- The JICA Study is a process. The views expressed at the workshop are derived from the process and should not be seen necessarily to reflect the views of the key stakeholders involved.

In discussion of the material presented by Mr Hart, the following points were raised:

- *The study appears to focus on the North West Province. Why are officials from other provinces involved?*

In response, it was explained that the extended study area includes portions of four provinces, North West, Mpumalanga, Gauteng and Northern Province. Further, many of the issues being addressed are relevant to the country as a whole. Hopefully many can benefit from the resolutions that are generated.

- *The present workshop is not really a technical discussion. Rather it deals with institutional and process issue that can be exported. This supports the viewpoint expressed above.*
- *It is important that local authority representatives have access to workshops of this kind, because supply of water at local level is their primary responsibility. Water Boards also have key water supply functions, but this is not a role of provincial government.*

The role of Water Boards was elaborated further, as follows. Water Boards are able to manage the supply of water in areas incorporating a number of local authorities. They will also work across Provincial boundaries if necessary. Their operations are based on geographic, technical and economic considerations.

## 5. TASK TEAM PRESENTATIONS

Each of the three task teams presented the outcomes of their deliberations. These are summarised in the attached document "Gap Analysis - Workshop (2)", and detailed in the attached "Gap Analysis - Refinement, Implications, Prioritisation and Recommendation. The presentations dealt with each gap issue under the following headings:

- **Context.** Background to the gap, capturing the present situation and the development targets.
- **Gap.** The identified gap between situation and targets.

- **Implications.** The possible outcome if the gap persists, and the implications for solutions.
- **Recommendations.** Actions and processes that might be mobilised to address the gaps.

### 5.1 INSTITUTIONAL ENVIRONMENT TASK TEAM

This Task Team placed its work in the context of the following institutions: National DWAF; Regional DWAF; Water Boards; Provincial Government. A summary of the presentation is contained in the table below:

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<ul style="list-style-type: none"> <li>• New policy direction set by White Paper</li> <li>• 1956 Water Act still the chief legislation</li> </ul>	<ul style="list-style-type: none"> <li>• Defining and regulatory legislation for institutions is not a reflection of policy</li> </ul>	<ul style="list-style-type: none"> <li>• Shifting policy and reinterpretation of the White Paper</li> <li>• Difficult to prioritise service to communities</li> </ul>	<ul style="list-style-type: none"> <li>• Speed up new Water Act</li> <li>• Identify legislative incentives' measures to promote provision of services to communities</li> </ul>
<ul style="list-style-type: none"> <li>• MW given new roles and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of clarity on roles and responsibilities of 2nd tier organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Differing expectations of roles and responsibilities of Water Boards</li> </ul>	<ul style="list-style-type: none"> <li>• Support Provincial Planning Forums as venue to debate these roles</li> <li>• DWAF to engage MW on more bilateral basis</li> </ul>
<ul style="list-style-type: none"> <li>• Effective water supply involves all tiers of government</li> <li>• Coordination and communication difficult in transforming society</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of coordination and communication - leading to different perspectives on objectives and methods to build water supply capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Limited acknowledgement of complexity of water supply</li> <li>• Side issues overstated</li> <li>• Personalities can dominate</li> <li>• Top down approaches encouraged</li> </ul>	<ul style="list-style-type: none"> <li>• Emphasis on consultative and human relations oriented management</li> <li>• More exposure of Boards to development environment</li> <li>• Management development</li> <li>• Review DWAF communications strategy</li> </ul>
<ul style="list-style-type: none"> <li>• Water Boards required to fill weak third tier capacity</li> <li>• RDP and community projects more complex and time-consuming</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional capacity to implement projects on basis of WP guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Possible project delay</li> <li>• Expectations of 2nd tier not always met</li> <li>• Water Boards lose motivation in new role</li> </ul>	<ul style="list-style-type: none"> <li>• Help Water Boards tailor targeted support, esp in areas of cost recovery and financial management</li> <li>• Develop support networks</li> <li>• Management development</li> </ul>

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CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<ul style="list-style-type: none"> <li>• Historic role of Water Boards in bulk supply, and commercial experience in this sector</li> <li>• Now encouraged to act in the retail sector</li> </ul>	<ul style="list-style-type: none"> <li>• WB commercial experience in bulk but less familiar with the retail sector</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of WB clarity and confidence in dealings with retail sector</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of a service cooperative to pool capacity between institutions</li> </ul>
<ul style="list-style-type: none"> <li>• Many communities lack RDP level of service</li> <li>• Project deal with bulk supply and improving service levels</li> </ul>	<ul style="list-style-type: none"> <li>• Water Boards have limited capacity to involve communities</li> </ul>	<ul style="list-style-type: none"> <li>• Difficulty with implementation of project at retail level</li> <li>• Difficulty in implementing alternative approaches</li> </ul>	<ul style="list-style-type: none"> <li>• Build capacity in community liaison and use different actors for different types of liaison</li> </ul>
<ul style="list-style-type: none"> <li>• White Paper and RDP have set deadlines for creation of capacity</li> <li>• Expectations of a full programme of support</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of programme and timeframe for the establishment of capacity at third tier</li> </ul>	<ul style="list-style-type: none"> <li>• Role of Provincial government unclear and unintegrated</li> <li>• Third tier capacity building complex and not solved in short term</li> </ul>	<ul style="list-style-type: none"> <li>• Water Boards and government departments to exchange information on provincial and regional economic development plans</li> <li>• Provincial departments of Local Government to communicate their initiatives</li> </ul>
<ul style="list-style-type: none"> <li>• Despite support, the perception exists that the White Paper is short on implementation experience</li> </ul>	<ul style="list-style-type: none"> <li>• Policy does not always reflect the socio economic realities of the ESA</li> </ul>	<ul style="list-style-type: none"> <li>• Impractical development targets</li> <li>• Loss of confidence in planning</li> </ul>	<ul style="list-style-type: none"> <li>• Broad based policy formulation ensuring the involvement of implementers</li> </ul>

Comments and questions raised following the presentation were as follows:

- *Has the study considered the role played by LWCs, or is the focus only on Water Boards?*

The Third Tier Reform Task Team looked in more detail at the LWCs.

- *The study may place too much emphasis on the lack of capacity. It should also consider the capacity available at third tier level.*

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- *The JICA Magalies study is a good example of a change management process at second tier level. It will assist in catalysing change at this level. By contrast, the transformation need of the third tier are not being addressed.*
- *The politicisation of water is a matter that will have to be addressed. Service delivery has to become the emphasis.*

**5.2 THIRD TIER REFORM TASK TEAM**

The Third Tier Reform Task Team indicated that their findings were based on research among District Councils, TLCs, Tribal Authorities, LWCs, RDP Committees, NGOs and Capacity Building Consultants. The presentation is summarised below:

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<ul style="list-style-type: none"> <li>• Upheaval of transition</li> <li>• Institutions required to perform differently</li> <li>• New policy and legal framework not in place</li> <li>• Relative inexperience of some third tier actors</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of clarity re roles and responsibilities expected by DWAF</li> <li>• No certainty regarding changing roles of LWCs in relation to TLCs</li> <li>• Difficulty faced by DWAF in tailoring specific guidelines for TLCs</li> </ul>	<ul style="list-style-type: none"> <li>• Confusion</li> <li>• Leadership not communicating vision effectively</li> <li>• Communication from DWAF interpreted differently at different levels</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity building in all aspect of management at third tier level</li> <li>• Re examination of DWAF communications strategy</li> </ul>
<ul style="list-style-type: none"> <li>• Third tier organisations have to manage a complex basket of services</li> <li>• DWAF and MW not able to lead the integration process</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of integrated and coordinated services is weak in some areas</li> </ul>	<ul style="list-style-type: none"> <li>• Separation of services further weakens local authorities</li> <li>• Potential benefits of economies of scale lost</li> </ul>	<ul style="list-style-type: none"> <li>• District Councils to lead coordination and integration of services at third tier</li> </ul>
<ul style="list-style-type: none"> <li>• HR development in the water sector is scattered and uncoordinated</li> <li>• Precise training needs are not known</li> <li>• Homelands are products of under development</li> </ul>	<ul style="list-style-type: none"> <li>• No skills and training audit</li> <li>• Identify sources of training</li> <li>• Chronic shortage of urban management capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of reliable information on capacity shortage and oversupply</li> <li>• Cost recovery campaigns have limited impact</li> <li>• Increasing health risks</li> <li>• Homelands more destitute</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and coordinated skills and training programmes</li> <li>• Govt allocations for third tier training</li> <li>• Homeland TLCs prioritised</li> <li>• LWCs to augment capacity</li> <li>• Create a service cooperative</li> </ul>

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CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<ul style="list-style-type: none"> <li>• Widespread vagueness over precise roles in development planning</li> <li>• No easily accessible development framework</li> </ul>	<ul style="list-style-type: none"> <li>• Poor understanding by third tier organisations of their role in development planning</li> </ul>	<ul style="list-style-type: none"> <li>• No development targets and sense of direction</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a planning framework relevant to the third tier</li> <li>• Water planning champions at third tier</li> </ul>
<ul style="list-style-type: none"> <li>• Community involvement sometimes routine</li> <li>• International experience indicates the importance of involvement</li> </ul>	<ul style="list-style-type: none"> <li>• Community involvement is not seen as directly related to cost recovery</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to recover costs</li> <li>• Conflict among community organisations in struggle for legitimacy</li> <li>• Community participation discredited</li> </ul>	<ul style="list-style-type: none"> <li>• Focused management of community involvement around defined outcomes</li> </ul>

The following comments were offered following the Task Team presentation:

- *The question is often asked regarding the length of the so-called "transition" period. The first critical horizon is the next set of elections. If delivery has not taken place on a significant scale before then, the implications for local government could be very serious indeed.*
- *The emphasis on homeland areas diverts attention from TLCs and rural areas in the former RSA that also have serious capacity problems.*
- *The notion of a service cooperative is interesting, but even this institution will have to be managed. Hence the capacity issues identified elsewhere will apply in this areas as well.*
- *Community involvement is clearly very important. However, it is not reasonable to expect full and effective participation if our quick-track development imperative fails to ensure functional and sustainable projects and processes.*
- *The Development Facilitation Act could well act as the catalyst to integrate water into broader planning processes. The water sector should give attention to the potential of the DFA.*



**5.3 FINANCE AND COST RECOVERY TASK TEAM**

The Finance and Cost Recovery Task Team began their presentation by defining certain key terms. These included capital costs, O&M costs, tariffs, internal control, financial management and capacity (details in the attached Gap Analysis Workshop (2) document). The presentation dealt with seven gap issues:

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<ul style="list-style-type: none"> <li>White Paper sets forth broad goals regarding 3rd tier capacity building, expanded Water Board responsibility and WB assistance to 3rd tier</li> </ul>	<ul style="list-style-type: none"> <li>WP objectives not met by technical capacity (eg personnel capacity and capital capacity)</li> </ul>	<ul style="list-style-type: none"> <li>Lack capacity in accounting, billing, customer relations, personnel, internal controls</li> <li>Limited cost recovery as a result</li> </ul>	<ul style="list-style-type: none"> <li>Pool resources in a service cooperative</li> <li>Use the private sector</li> <li>Develop internal capacity</li> </ul>
<ul style="list-style-type: none"> <li>Transition is changing roles and responsibilities of institutions</li> </ul>	<ul style="list-style-type: none"> <li>Roles and responsibilities not clear</li> <li>R&amp;R not assumed or assigned</li> <li>Lack of communication contributes to gap</li> </ul>	<ul style="list-style-type: none"> <li>Lack of accountability, internal controls, common goals and initiative</li> </ul>	<ul style="list-style-type: none"> <li>Team/ management development</li> <li>High level meetings on roles and responsibilities</li> <li>An environment of productive communication</li> <li>Clear goals and targets with tools and incentives</li> </ul>
<ul style="list-style-type: none"> <li>High level of non-payment, linked to perceptions of poor service, historical non-payment and water belonging to communities</li> <li>Billing capacity continues to deteriorate</li> </ul>	<ul style="list-style-type: none"> <li>Gap between policy view that water has value and actual practices</li> </ul>	<ul style="list-style-type: none"> <li>Inability to achieve cost recovery</li> <li>Subsidisation</li> <li>Sustainability questionable</li> <li>Increase in water related illnesses</li> <li>Reduction in quality of life</li> </ul>	<ul style="list-style-type: none"> <li>Local responsibility for promoting value</li> <li>Financial and training support from 1st and 2nd tiers</li> <li>Marketing campaign linked to capacity to bill and collect</li> <li>Introduce a service cooperative</li> </ul>

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CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<ul style="list-style-type: none"> <li>• Policies lack clarity, achievability and acceptability</li> </ul>	<ul style="list-style-type: none"> <li>• Gap between and within existing policies and frameworks</li> </ul>	<ul style="list-style-type: none"> <li>• Conflict between policies</li> <li>• Policy devalued</li> </ul>	<ul style="list-style-type: none"> <li>• Cost recovery and enforcement</li> <li>• Achievable and acceptable RDP goals</li> <li>• Subsidise limited water for low income</li> <li>• Empower institutions to borrow on their own account</li> <li>• Responsibility for service and collection clearly assigned</li> </ul>
<ul style="list-style-type: none"> <li>• Overstaffing in some institutions, lack of capacity in others</li> </ul>	<ul style="list-style-type: none"> <li>• Overstaffing and understaffing co-exist</li> </ul>	<ul style="list-style-type: none"> <li>• Inefficient deployment of resources</li> <li>• Excessive costs</li> </ul>	<ul style="list-style-type: none"> <li>• Overall audit of skills and personnel, and redeployment</li> <li>• Establish a service cooperative</li> </ul>
<ul style="list-style-type: none"> <li>• Policy requires cost recovery</li> </ul>	<ul style="list-style-type: none"> <li>• Inability in some cases to achieve full cost recovery</li> </ul>	<ul style="list-style-type: none"> <li>• Subsidisation of operating costs</li> <li>• Redirecting government funds from other areas</li> <li>• System degeneration</li> </ul>	<ul style="list-style-type: none"> <li>• Two part tariff</li> <li>• Use private sector</li> <li>• Establish kiosk system</li> <li>• Determine actual cost of full cost recovery</li> <li>• Moratorium on illegal connections</li> <li>• Incentives for cost recovery and service provision</li> </ul>
<ul style="list-style-type: none"> <li>• The RDP has set development targets for the water sector</li> <li>• The costs of providing water to households (even at RDP baseline) are high</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient capital resources at third tier to implement RDP standard or expanded standard</li> </ul>	<ul style="list-style-type: none"> <li>• Inability to implement RDP minimum standard</li> <li>• Limitation on new development</li> <li>• Limitation of instituting O and M capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Soliciting capital resources</li> <li>• Revolving pool fund</li> <li>• Two level tariff</li> <li>• Seed capital for new institutions to build capacity</li> </ul>

Comments following the presentation included the following:

- *The capacity issue is important, but generalisation obscures variability. For example, MW has proved that it has the capacity (HR and technical) to fulfil its present role.*
- *The matter of mobilising new capital deserves a lot of attention. What are the sources, and what are the constraints? What will local authorities need to do in order to access capital, and how can other tiers of government help?*

- *The notion of a campaign to explain and promote the economic value of safe water has merit. However, lessons must be taken from the Masakhane campaign. A national water awareness initiative should not duplicate, but must build on complimentary programmes.*
- *There are still many views regarding the resolution of the unauthorised connections issue. These range between views that promote the legalisation of existing connections and the empowerment of informal contractors to those which simply wish to outlaw all present and future unauthorised connection.*

It is of course certain that the solution will lie in a mix of actions combining empowerment, technical innovation and appropriate enforceable penalties.

- *For effective local development planning to take place, it is necessary to look at the total cost of development. There are often costs that are not considered, and the basic information needed is often not available.*
- *The constitution may guarantee an equitable share of financial resources generated at national level to the third tier. The impact of this on policy and strategy development at the first and second tiers will require analysis.*
- *The mechanisms, levels and criteria attached to staff and financial transfers require attention. For example, it is the view of actors at third tier level that the transfer/reallocation of staffing must imply the permanent transfer of the associated financial resources.*

## 6. REPORTS FROM SMALL GROUP SESSIONS

Three small groups discussed the material presented by the Task Teams. The groups were formed around the three Task Team themes:

- Institutional Environment
- Third Tier Reform
- Finance and Cost Recovery

The small groups were asked to tackle three tasks:

- Confirm the gaps as presented by the Task Teams, and agree modifications and new gaps where these are considered necessary.
- Identify and motivate priority gaps.

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- Propose actions to address the gaps identified (what should be done, by whom, and within which timeframe).

The three small group reports are summarised below:

**6.1 REPORT ON INSTITUTIONAL ENVIRONMENT**

The group gave attention to eight issues:

<b>INSTITUTIONAL ENVIRONMENT</b>	
<b>1. Policy and Legislation Gap</b>	
*	The JICA study should make specific input into the water law review process.
<b>2. Clarity on Roles and Responsibilities</b>	
*	There should be communication among stakeholders at all levels regarding roles and responsibilities. Workshops may be worthy of consideration here.
*	Area level communication should be promoted. Area forums have an important role.
<b>3. Coordination and Communication</b>	
*	In thinking about coordination and communication, it should be recognised that problems associated with these are not universal or uniform. Actions must therefore be carefully targeted.
<b>4. Capacity to Implement Projects</b>	
*	Financing for higher levels of service needs attention. At present few are prepared to pursue this because it is perceived that loans involve high risks.
*	One way forward is to share the risks. Government must determine how much of the risk it is prepared to share.
*	Organisations that promoted non-payment should be given the opportunity to unblock the logjam.
<b>5. Community Participation</b>	
*	Water Boards should invest in staff to promote linkage with communities.
*	Area planning forums should be formed/encouraged/empowered.
*	The role of Water Boards in community participation needs to be clarified. Use of existing structures might avoid unnecessary duplication.
<b>6. Capacity Building at Third Tier</b>	
*	Focussed and coordinated programmes are needed. Linkages and mutual support mechanisms are essential.
<b>7. Socio-Economic Aspects</b>	
*	Holistic development programmes are required to ensure sustainability.
<b>8. New Gap: Recognise the differences between urban and rural situations (eg with reference to tariff proposals).</b>	

## 6.2 REPORT ON THIRD TIER REFORM

This group addressed six issues:

<b>THIRD TIER REFORM</b>	
<b>1. Institutional Roles and Responsibilities</b>	<ul style="list-style-type: none"><li>* In addressing this the emphasis should be on practical guidelines and experience and not overarching policy.</li><li>* District and area-level forums should be used for consultation and communication around roles and responsibilities.</li><li>* It is important to test and understand the capabilities of existing institutions in order to realistically tackle relevant and feasible roles and responsibilities. Simply allocating roles does not ensure that they are accepted or acted upon.</li></ul>
<b>2. Integration and Coordination of Services</b>	<ul style="list-style-type: none"><li>* Local authorities are charged with delivering a basket of services. Forums to discuss the pros and cons of planning and administering these in an integrated manner should be investigated.</li></ul>
<b>3. Human Resource, Skills and Capacity Development</b>	<ul style="list-style-type: none"><li>* The focus on former homeland areas is possibly misleading.</li><li>* Capacity development involves much more than training. Whatever is undertaken in this regard will fail unless it is completely tuned to local needs and circumstances.</li><li>* Wherever possible training efforts should be coordinated, or at least should share lessons and technology.</li><li>* Technical training is a candidate for some rationalisation/centralisation.</li></ul>
<b>4. Planning</b>	<ul style="list-style-type: none"><li>* Activities around the Development Facilitation Act must be communicated. District Councils have a central role in this regard.</li><li>* Attention must be given to the links between the DFA and water supply planning.</li><li>* Do not create new planning institutions - work with those that exist.</li><li>* Planning has to be accompanied by monitoring and assessment. This matter requires attention.</li></ul>
<b>5. Community Involvement</b>	<ul style="list-style-type: none"><li>* Community involvement is a complex matter. It deals with the relationships between communities and other organisations, and relationships within communities. It also has to do with the enabling environment that ensures that community participation is meaningful and effective. Community is best defined by shared interests. Participation must recognise those interests and engage them.</li><li>* It is important to support the role of elected local officials with regard to community participation. However, this should not neglect the role that can and should be played by other community-based organisations (eg civics, tribal authorities, NGOs).</li></ul>
<b>6. New Gap: Guidelines for the transfer of assets and people - especially from other tiers to the 3rd tier</b>	

### 6.3 REPORT ON FINANCE AND COST RECOVERY

Following the discussion of this theme by the small group, the rapporteur presented viewpoints and possible solutions to gap issues under seven headings. The rapporteur indicated that he had interpreted and reworked the group's deliberations for the purpose of presentation.

<b>FINANCE AND COST RECOVERY</b>	
<b>1. Level of Service</b>	<ul style="list-style-type: none"><li>* The gap between RDP standards and aspirations is real and must be addressed. Lack of clear action in this regard may reinforce non-payment</li><li>* A choice has to be made between options: mobilise to meet the aspirations, or put effort into alternative methods whereby basic RDP standards can be upgraded.</li></ul>
<b>2. Formation of a Service Cooperative</b>	<ul style="list-style-type: none"><li>* Local government should lead such an initiative.</li><li>* Service cooperatives should not compromise local authorities.</li></ul>
<b>3. Payment Culture</b>	<ul style="list-style-type: none"><li>* A policy on non-payment is needed (the stick). Intervention may be required initially to enforce policy regarding non-payment and unauthorised connections.</li><li>* Payment will only happen if it is locally driven. Positive incentives like job creation and entrepreneurial opportunities should be balanced with social pressure to pay.</li><li>* An integrated and carefully planned awareness campaign is necessary.</li><li>* Link development to payment wherever possible.</li></ul>
<b>4. Tariff Determination</b>	<ul style="list-style-type: none"><li>* If tariffs are to be seen as fair and equitable, they should be locally generated as far as possible.</li></ul>
<b>5. Integration</b>	<ul style="list-style-type: none"><li>* It is clear that appropriate levels of integration should be pursued in the areas of planning, service provision and funding.</li><li>* Much of the integration should be initiated and driven at provincial and District Council level.</li><li>* The Development Facilitation Act has potential to facilitate integration, through vehicles such as Area Planning Forums and Planning Tribunals.</li></ul>
<b>6. The Way Ahead</b>	<ul style="list-style-type: none"><li>* Pilot projects are necessary, and should be third tier focused.</li><li>* Management assistance is urgently required by local government.</li></ul>
<b>7. Communication</b>	<ul style="list-style-type: none"><li>* An inclusive water sector and development sector communication strategy should be pursued actively.</li></ul>

#### 6.4 DISCUSSION OF SMALL GROUP PRESENTATIONS

- *Communication problems were emphasised by all three groups. Does this imply that they are universal?*

They probably do exist in all areas of the water sector, but they take different forms, and have different implications.

- *With different kinds of communication problems being evident, it becomes very difficult to formulate appropriate strategy? Did the task teams deal with this?*

The task teams did look at the issue of communicating roles and responsibilities. It is probably fair to say that the issue is less that of clarity on roles and responsibilities, and more to do with a lack of communication of what different water sector actors are *doing*.

If this is the case, then the communication vehicle has to be appropriate. We like the idea of interactive forums on roles and responsibilities, where locally-owned solutions can be shared and not simply handed down.

- *It is correct to emphasise the role of Sanco, RDP Forums and other community-based actors. Masakhane is to be revamped with greater community and stakeholder participation. This initiative should also be taken into account when seeking to address water issues like awareness and payment.*

- *The Water Boards should perhaps look at Area Planning Forums as a link with communities. They might be very useful for communication purposes, but also as an institution within which to discuss and mobilise capacity building.*

- *It was suggested earlier that the confusion around roles and responsibilities has to do with the lack of information regarding what different water sector actors are doing to formulate these roles for themselves. A problem is the different ways in which these roles are being interpreted. It will be necessary for organisations in particular areas to get together and to sort through these interpretations.*

- *A balance has to be found between guidelines regarding roles and responsibilities and a process where actors determine and negotiate these roles for themselves. The various Planning Forums could play an important and proactive role in facilitating this process.*

- *Assistance to the third tier from first and second tier government has been proposed. This needs to be thought through very carefully. For example, it would be problematic for central government to end up paying salaries of third tier officials.*

There is no doubt that assistance is needed by some third tier institutions, and that grants in this regard would be useful, whatever the source.

- *Local government is a complex phenomenon, and there are different realities. It is not possible to treat local government as a single body.*
- *This is the case, yet one has the feeling that staff transfers to the third tier do not recognise the different needs.*
- *With regard to staff transfers, the commitment on the part of all actors should be place people where they will be most effective. The "how" has to be negotiated.*
- *It is important that former NWWA staff in the extended supply area are treated according to this principle. The question of appropriate placement might be taken up by the area planning forums.*

## 7. PRIORITISATION OF ACTIONS

Tim Hart introduced the session. He explained that the purpose would be to look at the actions proposed by the Task Teams (and modified by the small groups), and to prioritise them. The problem is to find the most appropriate basis for prioritisation. The Task Teams had discussed the issue of prioritisation and it became evident that there are many ways in which to determine the relative importance of various actions:

- The contribution to "fast track" delivery.
- The contribution to sustainability.
- Reflecting the priorities of diverse stakeholders.
- The most likely to reward effort and collective action.
- The most likely to generate wider positive "spin offs".
- The most likely to become a fatal flaw if not addressed.

It was agreed that the last three criteria should guide discussion at the workshop. The following were identified by delegates as areas requiring priority action:

- *Resolving the debate around the level of service. This cannot be left in a state of flux, because unhappiness can (and already has) result in the entrenchment and extension of non-payment. The choice is to revise policy, or to devise ways to empower those who want a higher service level to take the necessary action. In essence, a view has to be taken whether the resolution of this debate is a standards issue, or a matter of methods to move beyond the minimum standards.*



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- *A key to effective water delivery on the scale required is the solution of the cost recovery problem. Once payment starts, the incentive to provide services is there. This is the foundation from which development and delivery proceed. The challenge is to find the right mix of incentives and enforcement. The difficult issue of enforcement has to be faced sometime, but incentives must also receive attention. For example, linking payment to development, or equalising tariffs. Further, strategies to address non-payment should focus on the people who are not paying. In this respect some form of social pressure might be most effective.*
- *The tariff equalisation issue is complex. It may encourage payment in some situations, but if consumers feel they are not getting the service others are receiving, it may act negatively. Further, tariff equalisation may conceal the true value of water in some local situations.*
- *In cost recovery and in other aspects of water delivery there will be different solutions for different communities. This is where pilot projects may be very important - a means to test and refine local solutions. It is also important that relevant ideas and experiences should be recorded and shared. Processes to facilitate this should be investigated and implemented wherever relevant.*
- *Support to local government in the service delivery process is very necessary. However, there is a danger of creating too many organisations where the capacity already exists.*
- *One of the incentives attached to water services is the possible creation of jobs.*
- *There are cases where communities have agreed to pay for water, but for reasons which have emerged later, have changed their minds. The level of service issue plays a role here, especially where consultation has been inadequate. Thorough consultation coupled to a written commitment or contract might be the right combination.*
- *We should be careful not to generalise or exaggerate the non-payment issue. There are communities that are prepared to pay. What they need is education regarding the realities of the supply of services. In some situations prepaid meters have been very effective. The benefit of the system is that it is simple and self-regulating. Evaluations of the existing examples should be undertaken and shared with others grappling with ways to collect payment. It should also not be assumed that prepayment is the best solution in all situations.*
- *Looking at prepayment is worthwhile, but it would be a mistake to rely on technology. The most important thing is to find out what will make people want to pay. If they want to pay, the cost recovery issue is solved. In many ways we are not close enough to people to ascertain their views. This is a serious weakness.*

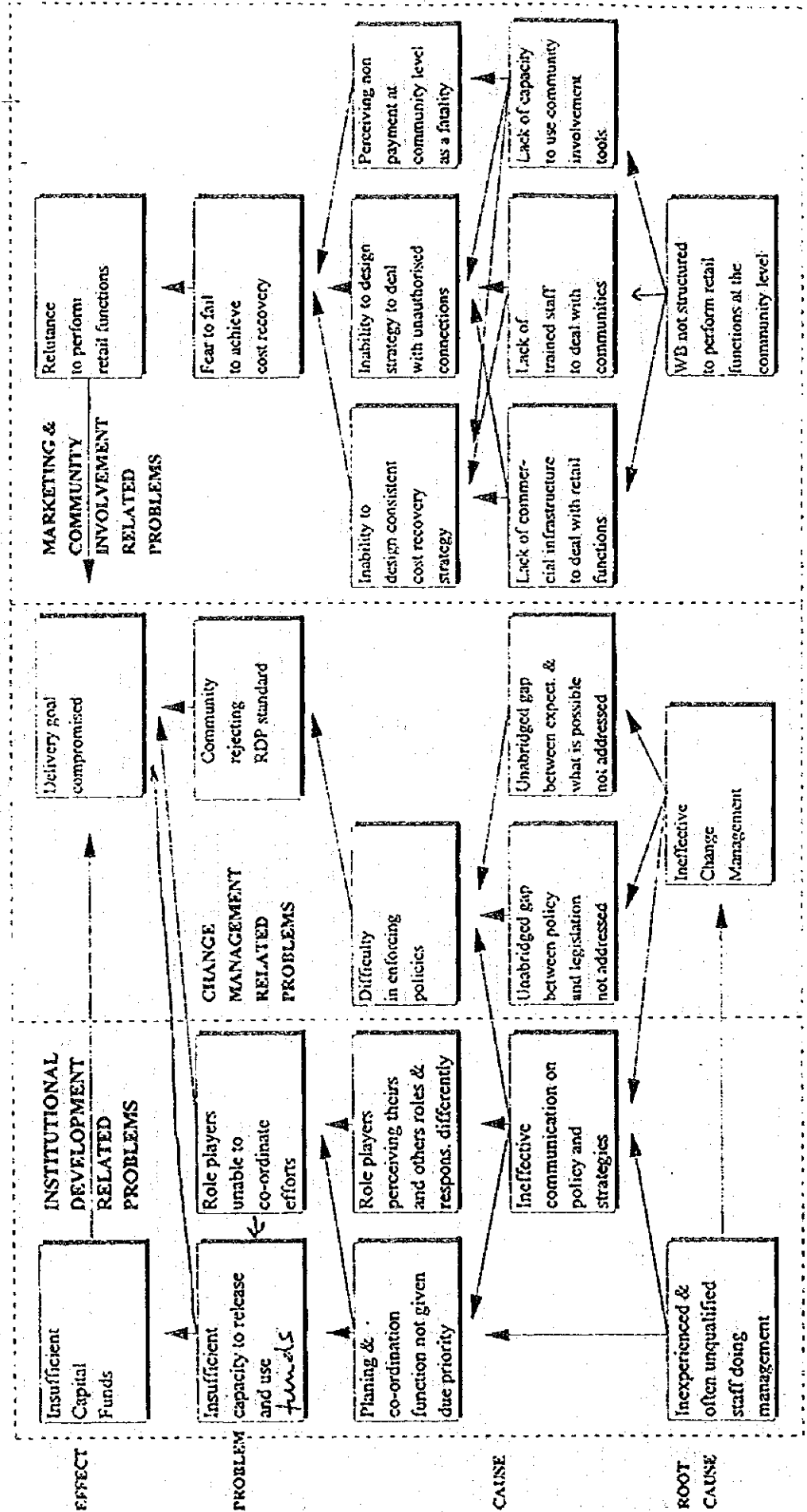
## 8. CLOSURE

Louise Colvin closed the workshop. She thanked participants for their creative contributions, and wished them well.

## **APPENDIX 4 : Problem Tree Example**

# JICA MAGALIES WATER STUDY

## PROBLEM TREE









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