

Institutional Arrangements for Sustainable Rural Water Schemes

Bethuel Netshiswinzhe, The Mvula Trust

with input from Abri Vermeulen, Department of Water Affairs and Forestry

“In small rural areas it makes economic sense to contract CBOs as WSPs.”

Sustainability issues

Since 1994 the water supply sector in South Africa has provided over seven million rural people with access to clean water. Within this considerable achievement, the pressure to fast track delivery, the changing institutional environment and shifting government policies have raised concerns around the sustainability of completed projects. Initially these concerns centred on cost recovery. However, evaluations conducted within the sector also raise problems such as institutional arrangements, appropriate technology, participatory planning, training and capacity building, participation of women, role of traditional leaders, water as an entry point to development, appropriate levels of service, community-based management, and effective monitoring and evaluation systems.

This chapter presents an argument for the appropriateness of community-based organisations (CBOs) as a preferred option for sustainable institutional arrangements for rural water services provision.

Definition for a CBO as Water Services Provider

This definition comes from the *Draft White Paper on Water Services* (September 2002):

“A community-based organisation is a not-for-profit organisation situated within a defined community that is mandated by that community to provide a specific municipal service to that community on behalf of the municipality, provided that

- (1) all members of the governing body of the organisation are nominated members of the community and are permanently resident within the community;*
- (2) all employees of the organisation are members of the community and are permanently resident within the community; and*
- (3) the area constituting the community is defined by the municipality.”*

Free basic water and projects of The Mvula Trust

Since 1993 The Mvula Trust has completed over 250 rural water projects. Close to 100% of these projects are still being managed by Village Water Committees (VWCs), and are supplying safe water to over 600 000 people – with little or no support from government, and in the context of the government policy on free basic water. When the free basic water policy was announced in 2000, there were concerns that rural schemes would collapse if people stopped paying for water. However, it seems communities adopted a pragmatic “wait and see” approach. They were aware that any attempt to halt

payment, on the assumption that free basic water would be implemented immediately (as of the July 2001 announcement), would be detrimental to their projects. These achievements demonstrate the success of a demand-responsive approach, which puts emphasis on management at the lowest possible level.

Revisiting institutional arrangements for rural water services

In South Africa, responsibility for ensuring the provision of water services rests with local government as the water services authority (WSA). The WSA is the regulator of services, and is responsible for ensuring that services are provided efficiently, effectively, sustainably and affordably. This requires the establishment of appropriate institutional arrangements. For example, operational functions relating to day-to-day provision of water at the local level have to be performed by a water services provider (WSP). A WSP can be the WSA itself, or any organisation or person contracted by the WSA to provide water to consumers.

Currently, VWCs have been functioning as *de-facto* WSPs in the absence of formal contracts. Considerable experience has been developed at local level, and municipalities should take advantage of this capacity. However, emerging evidence suggests that municipalities are reluctant to afford them the necessary trust and support, thereby undermining the potential of CBOs as viable WSPs, especially in rural areas. There is a growing misperception that CBOs do not have legal status and, therefore, there are huge risks in appointing them as WSPs. However, a recently completed study by The Mvula Trust demonstrates that CBOs as Voluntary Associations (with Constitutions) are legal entities. What is required is a clear risk management plan, such as would apply to any WSP a municipality contracts for the provision of services.

There are examples across the country of municipalities sidelining CBOs in favour of centralising the WSP functions, or appointing commercial entities. Many CBOs that have previously managed water supply now risk being disbanded. This, despite huge investments made in building CBO capacity.

Some municipalities, however, are considering the appointment of CBOs as WSPs. There are legislative and policy imperatives requiring municipalities to engage civil society and CBOs, and it is important that municipalities see the benefits that come with using CBOs as WSPs.

Advantages of CBOs as WSPs

Cost efficiency

Many rural municipalities are poor, with no economic base, and characterised by dispersed settlement patterns that make accessibility and service delivery expensive. Using local community-based service providers to deliver and manage services keeps costs down (no huge overheads), and any surplus generated is likely to be invested back into the project or community.

Local economic development

By using CBOs to manage projects municipalities are not only fulfilling their development agendas, but also maximising funds from projects that are spent and retained at local level, contributing to skills development and job creation.

Developmental local government

By partnering with CBOs municipalities begin to embrace and apply the principles of developmental local government, actively involving local communities, not only for consultation purposes, but also in the implementation and management of services.

Community ownership

Community ownership is essential for ensuring sustainability of projects, ensuring increased cost recovery, more effective operations and maintenance, and less vandalism. A sense of ownership develops when people identify with projects, and are involved from planning and implementation to management thereof.

Local solutions for local problems

Local residents understand their environments. Their approach to dealing with problems relates to local conditions and culture. This helps to ensure buy-in and support for intervention measures taken to deal with problems.

Rethinking CBOs as WSPs

For CBOs to be successful, necessary support mechanisms need to be put place. Considerable support is required to develop and build the capacity of CBOs to effectively manage rural water services. It is encouraging that in South Africa there is already a debate on establishing Support Services Agents (SSAs) – municipalities or agencies which can provide specialist support relating to major breakdowns, policy and systems development, as well as an initial mentoring role.

CBOs will have to be formally appointed as WSPs, with clear contracts stipulating roles and responsibilities of all parties involved.

Conclusion

What is required are concerted efforts to both strengthen the capacity of CBOs to deliver, and to ensure that municipalities recognise the legality of a Voluntary Association. In this way municipalities should be encouraged to contract CBO WSPs, so necessary for ensuring that rural citizens of our country have access to sustainable basic services. Investment in this will be earned back easily through cost efficiency, effectiveness and contribution to local economic development.

For more information contact:

- Bethuel Netshiswinzhe, Policy Unit Director, The Mvula Trust (phone 011 – 403 3425)
- Abri Vermeulen, Chief Engineer, Department of Water Affairs and Forestry (phone 012 – 336 6546)

Resources:

- *Community based Organisations as Water Services Providers Pack* (includes Guidelines and Model Contracts), available on the DWAF web site – www.dwaf.gov.za
- *Rethinking Community-Based O&M in South Africa: Lessons from the Field*, The Mvula Trust, 1999
- *Institutional Arrangements for Sustainable Rural Water Schemes* (workshop paper), The Mvula Trust, 2002
- *Enhancing the legal status of Community-Based Organisations as Water Services Providers*, The Mvula Trust, 2002
- *Report on Sustainability Evaluations of Rural Water Projects*, The Mvula Trust, 2000

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