



Lessons from ISWIP (Implementing Sustainable Water Services Institutions Programme)

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THE PURPOSE OF this paper is to document and share the lessons and experiences of ISWIP (Implementing Sustainable Water Services Institutions Programme), focusing on KwaZulu-Natal (KZN), a province located on the east coast of South Africa. Other ISWIP projects elsewhere in the country are also briefly discussed.

Historical Background

In 1994, South Africa had its first democratic election after 46 years of Apartheid (racial segregation). The new negotiated system of Government consists of a national government and nine provinces formed by the amalgamation of the former “white” South Africa and ten “black” homeland administrations. In 1996, the Constitution was finalised and roles and functions were assigned to the three spheres of government, national, provincial and local. After the finalisation of the Constitution in 1996, democratic local government elections were held and for the first time the whole territory of South Africa was covered by municipalities.

Legal Background

The Constitution, 1996, assigns responsibility of ensuring access to water services to local government. The role of the national and provincial spheres of government is to support, monitor and regulate local government.

The Water Services Act, 1997, further defines the municipal functions of ensuring water services provision (“water services” is defined in the Act as including water supply and sanitation). It clearly defines a Water Services Authority (WSA) - the municipality - and a Water Services Provider (WSP). The role of local government is to take on the WSA function. Under this new legislation, the WSA has a governance responsibility, which involves management, planning, regulation and policy development. The actual service provision can be contracted out to a WSP. The challenge for the WSA is to put in place appropriate policy, regulatory provisions and institutional arrangements with WSPs to ensure efficient, affordable, sustainable and economical delivery of services.

The National Water Act, 1998, defines a new way of managing South Africa’s scarce water resources, including the concepts of catchment management and the reserve¹. This act states that water is an indivisible national resource for which national government is the custodian. This has many implications for the water services sector that still have to be investigated and defined.

The Local Government: Municipal Demarcation Act, 1998, provides a legal framework for defining and implementing a post-transitional system of local government. *The Local Government: Municipal Structures Act, 1998*, defines types and structures of municipalities. Three categories of municipalities exist in South Africa after demarcation: Category A (Metropolitan), Category B (Local), Category C (District).

The Local Government: Municipal Systems Act, 2000, defines how local government should operate and allows for various types of partnership arrangements a municipality may enter into to ensure delivery of services. *The Local Government: Municipal Structures Amendment Act, 2000*, places the function of ensuring access to water services (as well as Health and Electricity) at a district level, unless a local municipality is authorised to perform this function.

Background of Local Government in South Africa

Before 1994, South Africa consisted of “white” South Africa administered through four provinces, and ten former “black” homelands, governed by “homeland” governments. “White” South Africa generally had capable and capacitated local governments for towns and cities and easy access to services. The “homeland” governments were centrally administered and most water schemes were developed in an unsustainable manner, mainly to enable the “homeland” governments to try and gain popularity. These areas were traditionally tribal areas until annexed during the late 19th century so there has never been much focus on their development.

In 1996, the transitional system was introduced and for the first time South Africa was covered “wall to wall” with municipalities. The transitional system had various problems, the most obvious being too many structures and too many councillors as well as confusion over their roles, powers and functions.

The New Municipal System

On 5 December 2000, the second democratic local government elections were held to implement the new system. The new system reduced the number of local government structures from 843 to 284 as follows:

- six metropolitan municipalities (Metros - ‘Unicities’ with no sub structures) and 47 district municipalities covering the whole country; and
- 231 Local Municipalities located within the areas of the district municipalities.

A district municipality may typically contain three to six local municipalities. A local municipality usually includes two to three towns as well as surrounding rural areas.

The new local government structures are faced with many challenges, including amalgamation of old administrations (up to nine) as well as the challenge posed by rural areas and parts of the former homelands. There are also major issues regarding the allocation of powers and functions between district and local municipalities.

Background of water services

In 1994, all former homeland water services schemes became the responsibility of the national Department of Water Affairs & Forestry (DWAF) for the interim. These schemes now have to be transferred to WSAs (local government). The Government also embarked on the Reconstruction and Development Program (RDP)² and since 1994, DWAF has overseen the implementation of approximately 200 new water schemes, which also have to be transferred to WSAs.

Background of ISWIP

In a fast developing legislative and policy environment, the challenges faced by local government are enormous. In 1996, DWAF started investigating institutional arrangements for the provision of water services, specifically for the rural context. This was done by means of case studies out of which a policy document, *Framework for the Provision of Water Services in Rural Areas*³ was produced. DWAF felt that this was as far as theory could go and that pilot projects should be undertaken to “learn by doing”. These experiences would then be used to produce further policy and guidelines and would also help to inform local government support strategies. So the Implementing Sustainable Water services Institutions Program (ISWIP) was initiated by DWAF in January 1999. The approach adopted was to support the development of a variety of institutions in selected areas.

The ISWIP projects are located in three provinces, namely: KwaZulu-Natal (KZN), Eastern Cape and Northern Province. They look at establishing both the Water Services Authority (WSA) function within municipalities and the Water Services Provider (WSP) arrangements, focusing on the rural context and Community Based Organisations (CBOs) as WSPs. The projects were selected and conceptualised in consultation with municipalities. ISWIP is not a comprehensive local government support program, nor is it DWAF’s approach to establishing institutions. It is rather a selection of pilot projects aimed at learning lessons.

The following sections will look at ISWIP in KZN. This project has been going for about 18 months, which is the longest of all the ISWIPs, and thus has the most lessons to share. Other ISWIP projects are briefly discussed at the end of the paper.

The ISWIP KZN approach

The transitional local government system in KZN consisted of Transitional Local Councils in urban areas, with Regional Councils covering the rest of the province. The Transitional Local Councils and traditional leaders were represented on the Regional Councils. It was thus clear that the Regional Councils⁴ would be the WSA in rural areas.

ISWIP in KZN was preceded by an 18 month Danida (Danish International Development Agency) funded support program to the seven Regional Councils to create awareness of and investigate the implications of the Water Services Act. This project ended in March 1999, and DWAF felt the best way of implementing ISWIP was to build further on the Danida funded process. The concept was to make an amount (initially R500 000 per year) available over a three-year period to establish the WSA function within the Regional Councils. WSPs would be addressed through a separate “sustainability allocation”⁵.

It is crucial to understand that ISWIP and the “sustainability allocation” worked interdependently as part of a provincial strategy as addressing sustainability issues on existing schemes provides a focus for municipalities, because it is real infrastructure that they need to take over. A team of co-ordinators were appointed in 1999 to co-ordinate, facilitate and monitor the implementation of ISWIP on a provincial basis.

The approach in KZN has been developed through an interactive and iterative process. DWAF required the development of a business plan through which Regional Councils could access funding. Once it became clear that the councils required additional support, the co-ordinators were also given a capacity building and advisory role, providing hands-on support to those councils that required it.

The key components of the ISWIP KZN approach are:

- Access to funding from the DWAF capital funds, utilising the mechanism of a business plan, which could be used for specialists contracted by the councils to perform specific functions;
- Institutional support in the form of the co-ordinators,
- A set of generic formats and tools to assist councils in planning, monitoring and reporting constitute part of the institutional support component;
- A learning network that provides councils with the opportunity to update each other on the progress that they have made and share problems and solutions with their peers.

Key lessons⁶

A review of the programme was undertaken in early 2001 to analyse and document the approach and methodology. Whilst it was considered to be still too early for formal

evaluation and extraction of lessons, it was still important that observations and emerging trends were noted, to assist in formulating other programmes elsewhere in the country. The key outcomes of the review are summarised below.

ISWIP is a process not a programme

Although ISWIP in KZN addresses the WSA function, the form that a WSA should take is not defined, and it is left up to each council to develop this, as best suited to their own circumstances. This flexibility meant that ISWIP has developed primarily as a process and not a programme, with process issues be they political, managerial, institutional or programmatic taking on significant importance. Putting the onus on municipalities to drive their own processes has proved a challenge, however, most have appreciated the flexibility for them to design their own solutions.

A lot of work is required to understand the WSA role

The difficulty for local government institutions to conceptualise the distinction between the governance type role of a WSA from the physical operational role of a WSP is a key issue in implementing ISWIP. This led to initial delays despite much work done in KZN to clarify the WSA role, even prior to ISWIP implementation.

Not all municipalities are the same

The differences between the individual municipalities are stark and warn against simple generalisations in describing the approach taken in the province.

Newer and emerging councils were better at grasping the WSA concept

Interestingly, it is the newer and emerging municipalities starting from scratch, who find it easier to grasp the concept of a WSA performing a governance function as compared to established municipalities who have a history of performing the more traditional WSP function. There are, however, concerns on the part of the municipalities that insufficient attention has been given to the WSP, and that this should be explicitly incorporated into the ISWIP design in KZN.

ISWIP should better integrate into other local government restructuring processes

ISWIP in KZN is not a comprehensive institutional development programme for all municipal functions. It focuses on setting up the WSA function, which is only one aspect of a municipality. Widening the scope of ISWIP beyond water services institutions could mean that the programme loses its focus, and in any case would be outside DWAF's mandate. However, ISWIP should in future better integrate into the range of other restructuring processes already underway. For example, the business plan developed out of ISWIP could be better linked to the statutory planning processes being undertaken by the municipalities.

A national framework for financial reporting is required

Ultimately, a national framework for business plans and reporting requirements should be developed with the Department of Provincial and Local Government and the National Treasury. This would reduce the administrative burden on municipalities to access national government funding.

ISWIP could ensure buy-in from the political sphere

ISWIP in future could focus more attention to ensure that politicians are educated about the role of the WSA to allow greater buy-in from the political sphere and to ensure better alignment with political processes.

ISWIP should better facilitate the development of capacity and sharing of experience within the consultancy sector

A key aspect of the support package are the co-ordinators provided to guide the municipalities. Whilst the co-ordinators have played a valuable role in developing the ISWIP approach, they have often been required to provide support to the councils at both strategic as well as operational "hands on" levels. This means that much of the skills, expertise and experience gained through the programme has not been shared throughout the sector, and further consultancy capacity in this field has not been developed. This may be due to a dearth of such skills in the province, but programme design should in future seek to address this issue as it presents a challenge to sustainability and replicability. Local consultancy capacity should be developed in KZN and other provinces where similar programs may be implemented in order to ensure broader based empowerment, sustainability and replicability of programmes of support.

Although it is still too early to consider it a success, the approach adopted by ISWIP in KZN appears to be delivering tangible results, and has widespread approval from stakeholders. This approach could serve as a model for similar programmes in other parts of the country, although it would have to be adapted to local circumstances. Fortunately, the flexibility of the approach lends itself easily to adaptation. The possible next phase for ISWIP in KZN will take into account some of the lessons mentioned above. The role of the co-ordinators should be revised such that they only provide strategic inputs and training to other professional service providers, who could be tasked with providing direct support to municipalities. The co-ordinators could also be required to provide input into developing DWAF's institutional development programmes elsewhere in the country. This would increase the network of consultants with skills and expertise in such support programmes and ensure that the lessons learnt in KZN are applied nationally.

Other ISWIP projects: Eastern Cape

Two ISWIP projects are currently being undertaken in the Eastern Cape Province. ISWIP1 provides a District Advisor to two District Municipalities, O.R. Tambo and E.G. Kei, which cover the bulk of the former Transkei Homeland. These two municipalities are WSAs, but have very limited capacity and resources, with a high proportion of its population being unemployed. A consultant was appointed in September 2000, after an 18-month consultation, negotiation and procurement process. Phase 1 (planning) ends in August 2001, and the project so far has been too short to really learn significant lessons.

ISWIP 2 is the establishment of a Support Services Agent (SSA)⁷ for the Maluti Magisterial District in E.G. Kei. This area is characterised by rural settlements with basic levels of services. Most schemes have Community Based Organisations (CBOs) operating the schemes, without official status. The purpose of the project is to formalise the CBOs' appointment as WSPs, and to put in place a SSA to perform the functions that the CBOs are not able to do. The project will investigate the procedures and costs of setting up and maintaining a SSA contracted to the WSA. The project is still in the planning phase and implementation will commence in June 2001.

Other ISWIP Projects: Northern Province

Two areas for ISWIP were selected in the Northern Province, being Moletje/Matlala and Mankweng urban areas. A District Advisor was appointed in March 2001 after a 24-month consultation, negotiation and procurement period. The recent demarcation process has, however, significantly changed the project. Mankweng now falls within the Pholokwane local municipality, which also includes Pietersburg, the provincial capital and largest city in the Northern Province, with significant resources and capacity. Moletje now falls within the Aganang local municipality with no capacity or resources. The District Advisor is now working with Pholokwane local municipality to separate their WSA and WSP functions, focusing on the Mankweng area. They are also working with the Capricorn district municipality, which now takes responsibility for the Aganang local municipality, focusing on setting up WSPs in the Moletje area. The project period up to the time of writing of this paper has not been long enough to produce significant lessons.

Mpumalanga

The Department for International Development (DFID) of the United Kingdom (UK) has funded institutions called the Water Sector Support Units (WSSUs) in Mpumalanga and the Northern Province. An ISWIP pilot project of the Mpumalanga WSSU (MWSSU) was initiated by DWAF in 2000. The project is based on ISWIP principles and aims to support all three district municipalities in Mpumalanga to set up their WSA function. Only one of them has so far been targeted, namely Enhlanzeni. The planning phase of this

project is currently being finalised and the project period has not been long enough to produce significant lessons. This project differs from the others in that it is being facilitated by the MWSSU, which has a very good relationship with the Municipalities and is seen as an honest broker that does not favour the policies or views of any particular government department or institution.

Applying lessons from ISWIP

In 2000, the European Union committed another grant to the water services sector in South Africa. This grant has been integrated into the government of South Africa's water services sector program, which is a joint program between DWAF and local government stakeholders with funds channelled through DWAF. For implementation of this program, called Masibambane (Let's work together) Multi Annual Action Plans were drawn up for three provinces: Eastern Cape, KZN and Northern Province. These include significant funds allocated to institutional development and local government support. The lessons from KZN will now be used to help conceptualise institutional development and support programs in other provinces and the other ISWIP initiatives will also be integrated into Masibambane. ISWIP has, therefore, been a valuable learning experience for all sector stakeholders, and continues to provide further lessons.

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¹ The Reserve is defined as a basic quantity of water that needs to be allocated to maintain ecological balance and for meeting basic needs.

² Under the RDP Programme capital funds were set aside for addressing backlogs in services.

³ DWAF, 1998.

⁴ Since demarcation, the regional councils are now called district municipalities.

⁵ The principle behind the "sustainability allocation" is that RDP projects experiencing sustainability problems would be revisited to address outstanding issues, including establishing WSPs.

⁶ This section makes use of the findings in DWAF, 2001.

⁷ A SSA supports a community based organisation to carry out their a WSP function, for example, assisting with major repairs to equipment.