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**ACCESS TO SANITATION AND SAFE WATER:  
GLOBAL PARTNERSHIPS AND LOCAL ACTIONS**

**Institutional reform of water services providers  
in South Africa**

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*The Strategic Framework for Water Services, approved by Cabinet in September 2003, sets out a policy framework for the institutional reform of water services provision. This includes a motivation for reform, as well as the objectives, principles and approach for the reform process. The Institutional Reform involves various national investigations and studies that need to be undertaken to improve decision making concerning regional institutional issues. Government has established the National Institutional Reform Task Team as a high-level policy-formulating advisory body to oversee and guide the institutional reform process. Institutional Reform Investigations are under way in the Central Eastern Cape, Western Highveld Region, with an additional six regional investigations planned for the coming year. This paper is aimed at providing an overview of the National Institutional Reform Strategy for Water Services Provision and the institutional reform initiatives that are currently being undertaken by DWAF.*

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## **Introduction**

The mandate for the development of an Institutional Reform Strategy for water services provision is set out in the Cabinet-approved Strategic Framework for Water Services. The Strategy addresses the reform of all water services providers governed by the Water Services Act. This includes both regional water services providers (across water services authority boundaries) and local water services providers (within one water services authority boundary), both bulk and retail water services providers, both nationally-owned and municipal-owned or municipal-run water services providers, both water supply and sanitation services providers, both public and private water services providers. The Study does not address the reform of water resource institutions governed by the National Water Act (for example, Catchment Management Agencies and the National Water Resources Infrastructure Agency).

The Institutional Reform is comprised of three sub-studies; the Governance review, Boundary Study and the Reform Investigation. All these three sub-projects feed information and findings into the National Institutional Reform Strategy that drives the framework within which studies are being carried out.

## **Objectives**

- To ensure the provision of an appropriate level of water and sanitation services;
- Improve the performance of water services providers and to improve the financial viability and sustainability of the water services sector;
- Improve the accountability of water services providers and the efficiency of water use; and
- Use existing capacity, skills and resources in the water services sector in an integrated and optimal way

## **Research methods, data collection and analytical framework**

In this study, materials and information gathered have been more of a desktop analysis with other documentation received via meetings, workshops and other formal gatherings with various stakeholders; particularly municipalities which formed the core of the materials collected. Information was validated with respective owners for proper analysis and decision making process.

The study is ongoing, not completed yet, as there are many formal and bureaucratic processes to be followed before other steps or stages of the project are undertaken; Therefore full findings of the study does not form part of this paper with regard to various protocols that needs to be complied to.

### **Institutional framework in South Africa**

South Africa has nine provinces with a total population of 48.6 million in 2006. All used domestic water services of some kind, but 3.4 million (7%) had no access to any form of formal water infrastructure and a further 4.8 million (10%) only have access to a water supply below RDP service levels. The country has 6 metropolitan municipalities each with predominantly urban populations with over 1,000,000 households being the Metropolitan Municipality of Johannesburg with 1,230,000 households. There are 21 District municipalities: each with predominantly rural populations and small urban populations. The largest district is Greater Sekhukhune with 967,000 households. Local municipalities amount to 127: 58 are over 75% urban; 9 have over 100,000 households; Local municipalities in other provinces are Water Services Authorities; and other also have the water service provider function as well. (DWAF; 2007)

The Water Services Authorities can delegate their Water Services Provider function but cannot delegate their authority according to the Municipal Systems Act of 2000. Water Services provision in South Africa is the responsibility of the local government (municipalities) and there is no uniform vehicle across the country in water service delivery, municipalities use various forms of service providers

### **Key challenges in the South African water sector**

In addition to the above considerations, the sector faces important challenges which make it imperative that the institutional arrangements are optimal. Recent events and initiatives, including the drinking water quality crisis in Delmas, the national benchmarking initiative and various surveys and audits of the status of water services infrastructure assets and their operation, have highlighted the following key challenges which face the water services sector in South Africa leading to the reform of Water services providers:

- National targets for eliminating the backlog in the provision of water and sanitation services have been set (2008 and 2010 for water and sanitation respectively). These are challenging targets which will require increased investment, a rapid increase in capacity and much better use of existing capacity. Providing free basic water in a sustainable manner, particularly in rural areas, is also a significant challenge. (DWAF; 2007)
- There is increasing evidence of widespread poor performance related to the operation and maintenance of water services infrastructure. In some cases this has contributed to the contamination of potable water supplies with associated adverse impacts on public health, including deaths from typhoid.
- Many (if not most) water services providers in South Africa do not provide adequately for investment in the rehabilitation, replacement and maintenance of water services infrastructure. Consequently the average age of the water services infrastructure is increasing with time and the average condition of assets is deteriorating. This poses a significant threat to the future sustainability of water services infrastructure. Rehabilitation costs increase exponentially if these investments are left too late.
- Severe capacity constraints, especially with respect to technically skilled and experienced staff, are experienced by many water services providers. (DWAF; 2007)

The national boundary study has identified what is called the priority areas; based on the intensity of the crisis in such areas with regard to water provision. The reform investigations are currently under way in Western Highveld and Central Eastern Cape. There are other areas which are not as critical as these areas as being revealed by the Boundary study but they would still undergo the reform process as it is a national process.

The Western Highveld and Central Eastern Cape have been very active that the studies have gone to an extent of opting for the appropriate regional mechanism. The results found out so far indicated the only way to achieve effective, efficient and sustainable water supply in these areas would be to regionalize the provision system.

The case in the Western Highveld intensify the regional system because the Scheme was originally designed to operate as a regional system but due to some other reasons; Water Services Authority have been running the system separately and that has created a lot of problems. The challenges are; the way one municipality uses water affects the use in other neighbouring municipality; as it is supposed to be a regional system.

In the Central Eastern Cape; the water services authorities together with one Water Board have agreed to go into a feasibility study of two Regional mechanism options, which through the outcomes of the study, the Institutions will go for the best appropriate model in the Central Eastern Cape.

The governance review provides various governance models that each of the options (regional) would have to be (governed) by one of them. There are five possible ownership models that have been identified to be the best governance models for each option. The options are:

- Municipal Internal or solely-owned Municipal Entity;
- Co-Ownership of Municipal Entity;
- Co-Owned Municipal Entity with National Partner;
- Public Entity with municipal strategic equity partner; and
- Sole ownership of public entity.

The target for the implementation of the reform process is 2013, it was started in 2003 and since then; there have been many delays due to various bureaucratic processes impacting the original timeframes (10 years) and reform could be completed by 2015. The final output aims to achieve Regional Water Service Provision across South Africa. It would be made possible by the outcome of one component of the study (boundary study) which will determine if a Regional entity is possible/feasible based on the existing information and facts supporting the initiative.

### **Process based learning points**

Water services reform is being pursued through a voluntary, bottom-up process (i.e. no national blue print is being imposed on the sector. Reform will proceed on a case by case basis which to an extent gave some lessons on;

- Political commitment – requires a strong political will from all sphere of government to effect the process, there is no policy binding municipalities to partake in the study; it has been a difficult task to bring them on board.
- Time consuming (difficult to have strict timeframes), strict timeframes cannot be adhered to because of bureaucracy;
- Difficult to get information from people in power; there is lack of trust ; officials are afraid that information could be used against them as a municipality

### **Conclusion**

Institutional reform is both complex and contested. Different stakeholders may benefit or lose when significant changes are made to institutions (for example, if new institutions are created, institutions are merged and/or institutions are disestablished). Therefore it is very important that any studies and investigations that underpin decisions to reform institutions are credible and robust, based on sound information and methodologies.

It is the responsibility of the Department of Water Affairs and Forestry as it embarks with the process of institutional reform, to successfully see the process through from inception to completion. The ultimate objective would be to ensure that water service institutions are performing optimally and as intended in South Africa's Constitution and legislation.

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institutional reform, reform investigations, water services, municipal entity

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