

**Notes Towards a Water Allocation Reform Strategy for Greater Efficiency and Social
Justice**

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1. Introduction: Social Justice

Current literature focuses overwhelmingly on the political economy of water allocation in South Africa- on the interplay of political and economic structures and processes. In this is reflected the widespread conception among researchers and decision-makers that the central state and markets are the most important actors in the water allocation process. This conception has to an increasing extent been combined with the recognition of the need to expand state institutions with a further view to entering into genuine development-promoting partnership with the citizens and their organisations. In addition, several scholars have argued in favour of various forms of political and administrative decentralization as part of the democratization efforts. Consequently, they concern themselves with local-level political institutions.

2. Different Forms of Decentralization

Four major types are often differentiated in the management of water: deconcentration, delegation, devolution, and privatisation.

- a) Deconcentration refers to the handing over of the responsibility to allocate water to sub-national units within the line ministry of water. This normally implies that the field units and field staff are given some discretion to adjust national water plans and directives to local conditions. But local water management institutions are limited to participation in the implementation of centrally determined water allocation policies.
- b) Delegation is the form decentralization takes when a public enterprise or a semi-autonomous government agency is assigned responsibility for implementing sector investments or for operating public water utilities and services.
- c) Devolution is the transfer of authority and responsibility to regional or local government with their own discretionary authority. Such structures are established as corporate bodies in the legal sense with powers to raise revenue and incur expenditures. They have discretionary authority, with the central government having the responsibility to ensure that these agencies operate within broad national guidelines.
- d) Privatisation narrowly refers to government agencies divesting themselves of the responsibility for project implementation or for providing infrastructure and services.

All in all, two types of agency have been identified. The top-down model in which local water authorities exercise responsibility for project implementation or for providing infrastructure and services. They do so under direction and close supervision. The bottom-up model, on the other hand, requires that local water authorities perform certain functions on behalf of lower levels of government, or even on behalf of user groups. In South Africa, decentralisation chiefly appears in the form of deconcentration and delegation.

The fact that local self-government in the allocation of water has been strictly limited has had important implications for the manner in which allocation has been undertaken. Most important is the tendency to plan and implement allocation processes within vertically integrated processes without any notable horizontal coordination or integration at the local level. It is primarily the water ministry that has been responsible for the planning and execution of water allocation processes. Local water authorities have rarely been effectively involved in the making of policy and setting up of priorities.

Needless to say that greater involvement of local water authorities would give better results than the centrally controlled water management system.

3. Strategies for Decentralisation of Water Allocation

Decentralization should strengthen the mobilisation of water resources and services, and secure a better utilisation of these towards improving water allocation and socio-economic development. The central question is how the responsibilities and tasks can best be allocated between the different water bodies, and between these and the private enterprises and water user organisations.

The following criteria have been used in determining the most appropriate allocation of responsibilities and functions:

- Effectiveness, that is the degree to which the objectives of the National Water Act and National Water Services Act are achieved;
- Efficiency, which basically implies cost minimisation for attaining a high degree of achievement.

Added to these criteria, is the overall constitutional principle of ensuring equitable and sustainable allocation of water. This implies that the most efficient and effective allocation of water should not be in conflict with equity and social justice imperatives. Formulated as a

criterion in relation to decentralisation strategies, it becomes a question of which water bodies are best suited to respond to the demand for social justice, and most capable of organising themselves and their work according to the three criteria.

These criteria are based on two interrelated hypotheses. The first hypothesis asserts that the knowledge of local needs and the responsiveness to local contingencies are, generally speaking, better at local government level than at regional or national level. Further, democratically elected local authorities are in a better position than non-democratic local government institutions to respond to user demands.

According to the second hypotheses, there may be strong reasons for limiting devolution. For example, economies of scale and the lack of sufficient financial, technical, and managerial resources to perform certain functions have to be considered in transferring tasks to local authorities. Finally, there may be tasks which by their very nature are national, such as the development and management of water resources. In other words, a balance is well advised.

4. Caveat

It is evident from the extensive practical experience in South Africa that the whole issue of local self-government is extremely complex. In the last nineteen years, locally elected bodies and local level administration have not always been successful in carrying out their tasks. At times much depends on the local power structure and the kinds of interest that are reflected in the actual mode of functioning of the local authorities. Often, local elites have been able to invade and take over local authorities and force on them a mode of functioning which is in their own narrow interests.

This observation should prompt researchers to formulate more complex decentralisation strategies in the allocation of water. Of particular interest in this connection are notions about pluralism, power, wealth, competition, education, and choice in the whole setting for water management and allocation. The basic idea is to let the line ministry, local water authorities, private companies, trade unions, NGO's, and user organisations work side by side, instead of organising them all within the framework of a single hierarchy.

5. That Nature of the State, Markets, and Society in the Management and Allocation of Water

These remarks are particularly necessary because the literature on water in South Africa has, firstly, been too much dominated by the market profit motive and has therefore been permeated by many hidden agendas, and even unconscious value-judgements and assumptions based on market interests; and, secondly, because the contemporary literature on South African water, with certain rare exceptions, has been predominantly directed at for too narrow a set of economic questions.

What that means is that it is directed largely at those problems and issues that have arisen in the relations between the state and the private sector. The agenda of topics for discussion follows the agenda of state-market partnerships concerning water economy issues. These include issues like the rules of the game in water trading and water off-setting, and the ways water pricing and tariff-determination can be negotiated. Even at their most extensive agendas, the market-driven policies are still far too restrictive and do not really qualify as a proper study of water in a deliberative and participatory democracy. The literature on politics and economics of water reflects the concerns of government and corporations, not the majority of the people. It tends always to overweight the interests of the most powerful sections of society. Scholars who accept this approach thus become the servants of the state bureaucracy and corporations, not pro-poor organic thinkers or critics.

What I am suggesting here is a way to synthesize egalitarian politics and economics by means of structural analysis of the effects of the collusion of government and businesses on the allocation of water. The main problem in attempting such a synthesis lies in the very nature of market-driven economics and politics. Market-driven politics and economics are about the use of scarce resources and unlimited wants. How best to make use of these scarce resources is fundamentally a question of efficiency. But efficiency in itself is not necessarily distributive, in fact, it tends to reinforce inequalities. The question is “What is the most efficient and equitable way of allocation of water?” Supplementary to it are a whole lot of related questions about how markets behave, which government policies on water allocation are best, and how different sectors of government function – always in terms of their effectiveness or inefficiency in relation to social justice. “Market failure” in the promotion of social justice should be the subject of water research.

Our constitutional democracy is about providing public order and the public good. Liberal scholars always recognise the need for a trade-off between order and liberty and between economic growth and social justice – if you want more of the one, you may have to sacrifice

some of the others. But only rarely do they take in the further dimensions of efficiency for social justice – the ability of the sustaining economy to produce the wealth necessary for both order and the public good, economic growth and social justice. If you want wealth and economic growth, must social justice be sacrificed?

What South Africa needs is different. It is a framework of analysis, a method of diagnosis of the state of the nation as it is, affected by political, economic, and social circumstances. This is the necessary precondition for the National Water Allocation Reform Strategy.

I believe it can be done. We have to start thinking about the basic values which our democracy seeks to provide through participation and deliberation as well as the seven freedoms enshrined in our Constitution.

The way water is allocated, how it got to be allocated in a particular way, and what choices this leaves open for the future, these three aspects of the political economy of water are central to the National Water Act and the National Water Services Act. They are derived from the Constitution.

6. Water Democracy and Water Economic Science: Democratizing Water Allocation Reform Deliberation

Reformulating the Water Allocation Reform Strategy brings together perspectives on water management and allocation discourse that have emerged since the democratic transition in 1994 to challenge the dominant instrumentalist approach in water affairs. These notes offer a fresh perspective on an old but troubling problem, namely, that the fields of water politics and water economics have generally been guided by an overly instrumentalist or rationalist orientation that is largely insensitive to social justice. The dominant instrumentalist approach has given rise to a methodological orientation that brings ever more rigorous quantitative analysis to bear on topics of narrower and narrow import, such as water pricing and tariffs determination. In the process, water studies have neglected the basis value issues and social meanings inherent in water allocation and management, and, as a consequence, turned more and more away from the large social, ethical, and political questions that gave rise to them in the first place. As value issues and social meanings are among the essential driving forces of water politics and allocation determination, it is difficult to understand these processes detached from their normative

realities. The consequences of this neglect have, moreover, hobbled efforts to promote more democratic and socially just forms of water allocation.

Water democracy and water economic science are defining values of the Water Allocation Reform Strategy. Although some developmental economists have tried to understand the two as mutually supportive, the tension between water democracy and water economic science has long been a critical theme in modern water scholarship. Whereas water democracy stands for justice-oriented discussion on the part of all citizens, water economic science has always been the domain of knowledge and market elites. Reconciling these differences has never been easy. Instead of arguing that water allocation can be grounded in the scientific pursuit of maximum efficiency, perhaps the most prominent argument, the social justice perspective seeks to understand water science in socio-ethical political perspective. Going forward, we should ask ourselves, To what extent can water economic science be democratized? To what extent can it be used to bolster the argument for water justice? No easy or obvious questions. These are the “front battle lines” of the debates over water allocation.

7. Conclusion

The approach I am proposing to the allocation of water in South Africa, by concentrating on the order-public good and efficiency social justice nexus, and by directing attention to the seven freedoms ought to succeed in highlighting the failures of water allocation strategies in the last nineteen years. It is also more likely to reveal hegemonic constellations and hidden agendas in the discourse on water in South Africa. The failure to do this – which reveals the bias in favour of profit driven markets, is one of the major weaknesses of current water management and allocation mechanisms.

It is impossible to study the history of water allocation in South Africa without giving close attention to the role of power and wealth. What has decided the nature of the mix in the proportional weight given to wealth, order, social justice and freedom is fundamentally a question of power. It is power that determines the relationship between the state, the market, and society.

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This is work in progress

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