

Rural Free Basic Water Under Magnifying Glass

Since the South African government started rolling out its Free Basic Water (FBW) policy in 2001, critics have argued that it is not feasible, especially in poor rural municipal areas. However, a recent study funded by the Water Research Commission (WRC) found that FBW could just work. Lani Holtzhausen reports.

While the FBW policy has been implemented relatively promptly and successfully in most urban areas, implementation in the rural areas has been much more difficult, with many rural villages not yet seeing the rollout of this basic service. In fact, few water services authorities (WSAs), which is the local or district municipality in most cases, have a fully operational policy that is reaching the rural areas.

There are a myriad of reasons for this lack of implementation, mostly to do with varying financial, technical, political and logistical problems at local and district municipality level. In rural areas water provision is generally communal, unmetered and, for the most part, not paid for. Even where rural areas exist alongside more wealthy urban areas, there are only limited opportunities for cross subsidisation – especially as rural consumers are usually connected to stand-alone community-based water systems.

Developing new water systems in the rural areas means more than simply

putting taps in the ground. It implies the development of new institutional mechanisms – local government, private sector run or community-based – able to manage projects and ensure long-term operations and maintenance sustainably.

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But exactly how many people are receiving free basic water? In answer to a question in Parliament earlier this year, Minister of Water Affairs & Forestry, Buyelwa Sonjica, said that about 16 million poor people (defined as households with an income of less than R1 000 a month) are receiving FBW via formal infrastructure. A further four million have infrastructure and, although they do not yet have a

formalised FBW administrative system in place, are getting their water for free.

“There are also an additional two million poor with infrastructure slightly below the basic level who also get their water for free,” said Sonjica. “Thus, about 76% of the country’s poor are getting their water free of charge.”

DIFFICULT BUT POSSIBLE

The WRC study, concluded earlier this year, investigated the present situation with regards to FBW rollout in rural areas. Five areas were scrutinised, uThukela Water Partnership and Vulindlela Water Project in KwaZulu-Natal; Alfred Nzo District Municipality and Ngqushwa Local Municipality in the Eastern Cape; and Nhlungwane Water Project, a small community run scheme in the uMzinyathi District, in KwaZulu-Natal.

Interestingly, several municipalities in the North West and Limpopo provinces were approached with a view to doing comparative case studies

there. None of those with a significant rural population were implementing free basic water at the time of the study.

From the case studies it was concluded that, while difficult, implementing FBW in rural areas remains feasible. A common factor in efficient, cost-effective provision of FBW was found to be the contracting by local authorities not having sufficient own capacity of organisations with the necessary expertise to successfully manage water provision within a budget.

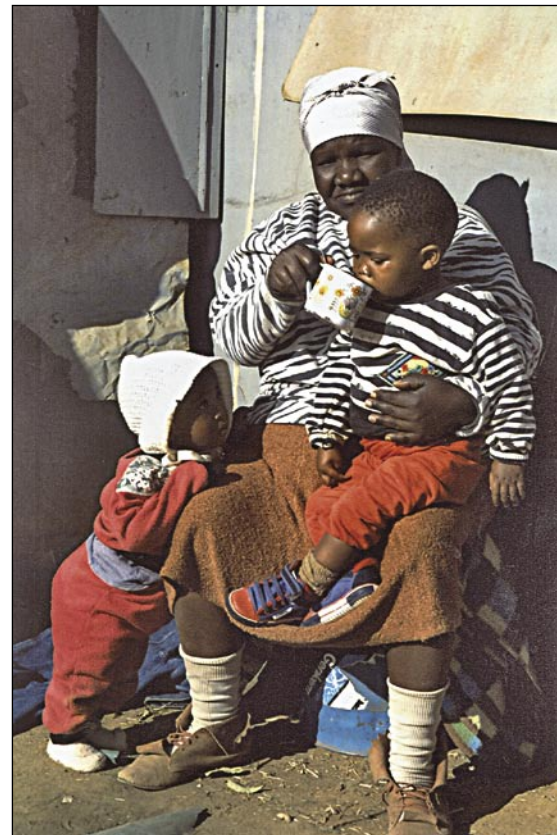
Alfred Nzo District Municipality is one such a WSA that contracts specialist consultants to implement its FBW policy. In fact, it has done so since it started implementing FBW services in 2001. Comments deputy director of water and sanitation, Ernst Zellhuber: "Success is reliant on the involvement of the private sector. It is very unlikely that the WSA has the expertise, or the time to provide the intensive and diverse services needed for the successful implementation of FBW in rural areas. From our experience in the last four years, it has also proved highly cost-effective to employ the support services agents (SSAs)."

SUPPORT SERVICES AGENTS

The project team is quick to point out that contracting SSAs to support the WSA does not infer that privatisation is necessary, only that an independent SSA (public or private) with the necessary expertise appears to be an essential element for reliable and economical provision of water.

The WSA is responsible for policy, contracting the SSA and water service providers, budgets and ensuring all parties are fulfilling their obligations. In turn, the SSAs ensure that daily operation and maintenance of schemes happens, and are responsible for

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community liaison and capacitating, management, and budgets, and regular reporting to the WSA and WSP.

OPERATION AND MAINTENANCE

Implementing FBW certainly does not come cheaply. It is estimated that implementing this policy could cost local authorities about R5,84 per capita per month. This includes operation and support and asset replacement.

One recurring cause for concern was the lack of asset replacement costs in WSA budgeting. This will cause a major problem in the future when infrastructure needs to be replaced. As noted by Jim Gibson of Maluti Water, a SSA to Alfred Nzo District Municipality: "Operation and maintenance is not a project, it is an enterprise. Planning should be done with this in mind, and the different cycles the system will go through must be allowed for."

It was noted that where a WSA had not developed a FBW policy, an *ad hoc*, unreliable operations and maintenance system tended to be in place, with higher costs than encountered where a reliable, comprehensive service was provided. This highlights the need for WSAs to prioritise FBW, regardless of their budget restraints, as FBW-by-default could result in greater expenditure than if the time, resources and budget are allocated for the development of a sound FBW policy and implementation strategy.

How much should be budgeted? While plastic pipes and concrete reservoirs do have a long life expectancy, other items such as valves, meters, pumps, engines and electrical controls are faster wearing. In today's value, an average scheme costs about R1 400 per capita to construct. If 20% of this has to be replaced or upgraded every ten years, that is R280 per capita to be spent every ten years.



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HOW TO IMPLEMENT A FREE BASIC WATER POLICY

The WRC report, *Development of Models to Facilitate the Provision of Free Basic Water in Rural Areas*, makes the following recommendations with regards to implementing FBW in rural areas:

- Undertake a thorough investigation of the status of existing water schemes. The water services authority (WSA) needs to have a clear understanding of how all the schemes are operating, where refurbishment is needed, and where new capital projects are required.
- Once the current status has been established, the budgets and the implementation of institutional arrangements can be discussed. It needs to be ascertained what expertise is available within the WSA, and where expert assistance will be needed to supply water across the entire WSA. It is at this stage that roles and responsibilities should begin to be allocated.
- A WSA should undertake costing exercises for the different institutional arrangements, drawing on the experience of other WSA.
- The WSA needs to determine what can be afforded, what extra income is needed, and where this money will be found. Included in this must be an allowance for asset replacement.
- From the costing, the required percentage allocation from the Equitable Share will be clear, and can be motivated for.
- It is essential that political support and commitment is obtained at an early stage and nurtured throughout planning and implementation.



EQUITABLE SHARE

Cost recovery remains an issue in poor municipalities. Affordability of FBW is therefore determined mainly by the Equitable Share allocations from national government. The study found that at present, ES allocations are insufficient to cover operations and maintenance costs in all but one of the rural areas investigated.

The Free Basic Service grant is determined by the number of people actually being provided with the services. Therefore, as the WSA increases its level of provision, the grant allocation will increase. However, the problem is that different indigence statistics are more difficult to rectify.

National Treasury only supplies grant finances for the indigent households as determined by the latest census statistics. These statistics differ significantly from the indigence statistics used by some of the municipalities in this research. For example, in uMzinyathi District Municipality, census 2001 gives an indigence level of 72%, while the water services development plan for the district municipality gives an indigence level of 93%. This means about 100 000 people are not provided for by the ES.

In summary, the key factors in successful implementation are good planning; the honest assessment of WSA capacity and consequential contracting of experts to fulfil the role and responsibilities the WSAs cannot fill; political support for the FBW policy; and accountability.

To order the report, *Development of Models to Facilitate the Provision of Free Basic Water in Rural Areas* (WRC Report No 1379/1/05) contact Rina Winter or Judas Sindana at Tel: (012) 330-0340; Fax: (012) 331-2565 or E-mail: publications@wrc.org.za

