

13. Service delivery solutions for water services (learning from private business)

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ABSTRACT

Part 1 of the paper highlights the work undertaken as part of a World Bank/National Treasury case study of the Mbombela (Nelspruit) Water Concession after 10 years of existence. Part 2 of the paper utilises the writer’s experience in undertaking studies and advising a number of municipalities of varying sizes and types throughout South Africa on the optimum structuring of their water services delivery mechanism. In part 3 the combined experience points to the simple answer of applying tried and trusted business processes to the day to day work of delivering water services. Skilled and experienced staff, good forward planning, realistic budgeting and a focus on collecting the income that is due, all contribute to an efficient and effective service delivery unit. It is further argued that, given the shortage of skilled and experienced personnel and the importance of a critical financial mass, the numbers of water services providers have to be significantly reduced through the creation of well capacitated regional water supply units.

PART 1 – CASE STUDY ON THE MBOMBELA (NELSPRUIT) WATER CONCESSION

The full case study can be accessed at www.ppp.gov.za

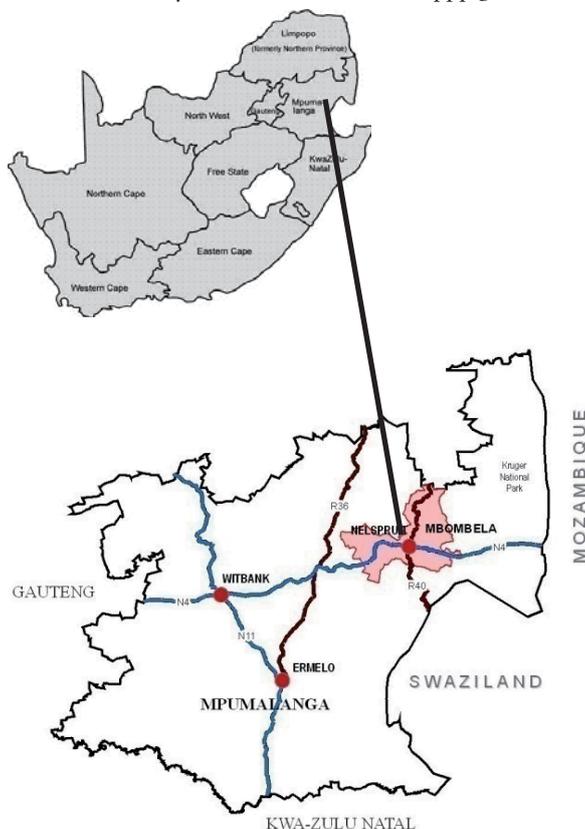


Figure 1: Location of Mbombela

BACKGROUND

In addition to the economic hub of Nelspruit, Mbombela Local

Municipality includes a number of urban and peri-urban areas in the eastern parts of the Municipality. Mbombela, the SiSwati word for “a lot of people together in a small space”, aptly describes some of the areas within the Municipality’s jurisdiction. According to the 2001 census Mbombela had a population of 475,000 whereas the current population is estimated to be approximately 600,000 in 165,000 households.

Prior to 1995 the Nelspruit Town Council served a population of 25,000. The majority of households were in the middle to upper income bracket and received full water supply and water borne sewerage services. In 1995 the Nelspruit Transitional Council was formed. This increased the population that the new TLC was serving from 25,000 to 250,000 and the land area increased eightfold. Many of the new areas had never had the benefit of water and sanitation services and the newly enfranchised groups were expecting an immediate improvement in services. It was estimated in the late 1990s that the total water and sanitation investment required to serve all of Greater Nelspruit’s citizens was R250 million. The Municipality was limited to a capital budget of R25 million per year, was restricted in terms of budget growth and still had to equitably provide for other services and functions. It also faced a situation where none of the usual sources of finance (i.e., budget surpluses, loans, grants, etc.) would offer meaningful and timely assistance to meet its capital investment needs for water and sanitation. In addition, Council had exhausted its capacity to borrow funds to meet its capital expansion needs and significant water and wastewater revenue shortfalls were being experienced because of low rates of payment in the previously neglected areas. Based on the above challenges, municipal officials sought advice from the Development Bank of Southern Africa (DBSA), who work-shopped the principles of levels of service and affordability with the councilors, many of whom were exposed to such matters for the first time. At the same time the concept of providing the required services through a concession contract began to attract attention. With support from National Government, Nelspruit decided to move forward with a concession arrangement to deliver water and sanitation services. Simultaneously, the Dolphin Coast area of KwaZulu Natal made a similar decision. These two municipalities were, and still are, the only two concession arrangements in South Africa for delivering water and sanitation services.

With the assistance of DBSA, a short list of eight potential bidders was prepared for the Nelspruit Concession and the Request for Proposals (RFP) was issued in December 1996. A critical item not included in the RFP was a draft contract: instead, a contract term sheet, which identified the main principles to be applied in the future contract, was included.

Five companies submitted proposals and the Greater Nelspruit Utility Corporation (now operating under the trading name, Silulumanzi) ultimately was evaluated as the preferred bidder and a contract was signed 30 months later in April 1999. Financial closure of the contract was achieved and various other matters were eventually resolved to allow the concessionaire to begin operations on 1 November 1999.

THE CONCESSION’S PERFORMANCE AFTER 10 YEARS

Ten years on, the water and sanitation concession in Mbombela Municipality has been successful in many important areas:

- A stable operator has been established that has exhibited good management and operational capability;



- Virtually every household in the concession area now has some access to water. In 1999 it was estimated that 45% of the then 45,000 households in the concession area did not have access to any water supply. The number of households has now grown to 74,000 of which 94% have some form of access to the formal water system and 88% receive water on a daily basis;
- Water and effluent quality is excellent in the systems operated by the concessionaire. These systems all achieved the Department of Water Affairs' Blue and Green Drop awards;
- There has been continuous investment in extending and upgrading existing infrastructure and the concessionaire has a strong maintenance programme;
- The concessionaire has established very good employee training and development programmes. As a result, personnel are well qualified and competent; and
- Water and sanitation tariffs in the concession area are similar or lower than in comparable municipalities.

CURRENT CHALLENGES

Levels and Quality of Service

Despite the high number of households with access to the water supply system, a large number, about 50,000 households, or 68% of the total number, still do not have water available through their supply system for 24 hours a day, a key contract expectation and one of the major reasons for undertaking this concession. There are primarily two reasons for this:

- Inadequate capacity of the regional Water Treatment Plant to meet the actual demand levels;
- Illegal connections on supply lines that prevent reservoirs from being filled.

The regional Water Treatment Plant was recently transferred from the Department of Water Affairs (DWA) to the Municipality and is still being operated by a Water Board in terms of its previous agreement with DWA. Thus, Silulumanzi receives treated water from this plant for part of its concession area, but does not operate the plant. There is great dissatisfaction in the communities served by the plant (which also includes areas outside the concession), as a result of consumers not receiving a consistent 24-hour water supply as well as on-going water quality problems. The split responsibility between the organisations responsible for the supply of bulk and retail water has resulted in an inability of the parties to agree on the source of, and to accept responsibility for, the problems and to address them adequately. As is the case in many other municipalities, there is the challenge of a treatment plant being adequate for theoretical demand but being totally inadequate for the actual demand as a result of illegal connections, water losses, mis-use and over-use of water.

The extent of illegal connections to pipelines that supply the various reservoirs means that reservoirs rarely have the chance to fill during off-peak times. This is exacerbated by those with connections leaving taps open to collect water whenever a supply is available. The concessionaire has recently established programmes that entail working in conjunction with the local or traditional leadership to educate consumers about the consequences of illegal connections and thereafter finding and disconnecting such connections using local labour. While this is a positive approach it is a concern that this is only being implemented now. This has emphasised the need for stronger contract management by the Municipality, which should have been insisting

that the concessionaire had to prioritise addressing the lack of 24-hour service in these communities from the outset.

Risk Allocation

Parallel with the introduction of the new national policy of 'free basic services' in 2000, the financial basis and risk allocation as contemplated in the original concession agreement changed substantially. Along with this change many customers in the areas without good water and sanitation services were less willing to pay for any services. As a result of the free basic water policy, the concessionaire negotiated contract amendments under which it:

- did not commit further investment of its own funds;
- began to receive operating subsidies as partial payment for unpaid billings as well as capital subsidies for infrastructure investment in previously underserved areas; and
- eliminated two annual payments to the Municipality. It is important to note that the rate of return amount, and basis for its calculation, remained the same.

Although the contract remains a concession, there is little doubt that the concessionaire has reduced and/or limited its risk and responsibilities through the various renegotiations of the contract. The terms of the contract have been adjusted, with the results as shown in Table 1.

Table 1. Shift in Risk Allocation

Risk	1999	2009
Revenue - Collection	Yes	Limited
Revenue - Tariff Levels	No	No
Service Delivery Targets	Yes	Limited
Return on Investment	Yes	Limited
Infrastructure Financing	Yes	No
Infrastructure Construction	Yes	Limited
Political	No	No

However, if the contract management had been more diligent, perhaps the risk allocation would have remained more balanced with the return on investment being adjusted in accordance with the change in risk profile.

Service Delivery before Revenue Enforcement

Before 1994, the bulk of the concession area outside the town of Nelspruit formed part of the territory administered by one of the homeland governments. Where services were provided there was no expectation of payment. In the areas not included in the homeland, the refusal to pay for any municipal or government provided services became a significant form of protest against the apartheid government. There was, therefore, a strong culture of non-payment for water services before the start of the concession.

A primary reason for entering into the concession, however, was to ultimately reverse this culture and to generate a revenue base that could support the development and operation of the water and sanitation systems throughout the entire Municipality, including the peri-urban and rural areas. Contract performance requirements included targets for revenue collection in the areas outside Nelspruit of between 70 and 80 percent, depending on the community.

While the concessionaire has made repeated attempts to address the non-payment issues, little success has been achieved to date. Lack of payment was cited as the reason for not being able to invest more in

infrastructure to reduce the number of customers without a 24-hour water supply. However, the converse was, and still is, also true with customers refusing to pay as a result of not having a 24-hour supply. In this situation, the first priority should have focused on providing the service, and not on enforcing payment by customers or the financial performance requirements of the concession contract.

In this context, it would have been better for the contract to require service delivery targets (e.g., access, 24-hour supply, water quality) to be met in the initial years of the contract, and then the financial and remuneration targets (e.g., collections targets, non-revenue water and return on investment) become requirements for later years.

OTHER LESSONS LEARNED

In addition to the aspects described above, there are several important lessons to be learned from the case study. These include:

- **The Contract:** It is internationally recognized that a strong contract is one of the key foundations for a successful concession. It is now standard practice to include a professionally prepared draft contract with the bidding documents. Unfortunately, the Request for Proposal (RFP) for the concession issued in 1999 by Nelspruit did not include a draft contract; it included only the contract term sheet. As a result, this omission contributed to the very long time from bidding to financial closure (35 months), much of which was required to draft and negotiate the concession contract.
- **Performance Criteria:** The benefit of hindsight has shown that several of the performance criteria in the eventual contract were not sufficiently well defined, including the limits of the operator's remuneration.
- **BEE Requirements:** The Request for Proposal document required each bidder to include a locally based Black Economic Empowerment partner with at least a 10% share in the concession company. This requirement, although well intended, resulted in political interference during contract negotiations (undoubtedly adding to the delay in financial closure). The eventual BEE partner, however, failed to add value to the contract and was clearly not impressed by the returns being received. It was recently bought out of the contract and a replacement partner is currently being sought. The principles of BEE partners are more established now than they were in 1996 but it remains an area that has to be managed carefully.
- **Contract Management:** In the early years of the concession, the Municipality had ensured that a strong, in-house, contract management function was in place. Unfortunately, as the personnel involved left the Municipality, they were not replaced until recently resulting in:
 - the councillors and officials not have a good understanding of the concession contract and the concessionaire's potential remuneration;
 - important performance targets and other contractual requirements not having been sufficiently enforced;
 - the periodic contract renegotiations having substantially changed the risk allocation in favour of the concessionaire.

In addition to the in-house personnel, the Municipality originally engaged outside expertise to help monitor the concessionaire's financial performance and adherence to the contract. Unfortunately, this appointment was allowed to lapse around 2005. Consequently, the concessionaire was in a stronger position to support its own decisions

for operating and capital improvements required to improve service delivery.

It is critical for the Municipality to have officials or advisors who understand all aspects of the contract including the complex financial aspects. The contract management function is required to enforce the terms of the contract, to inform councillors and other officials (who will change over the term of the contract) regarding the status and principles of the contract and to advise them during the regular supplementary agreement processes.

It can take years to develop the level of talent needed for contract management and monitoring. Unless, and until, the Municipality can attract and recruit suitably qualified and experienced persons on to its staff, these skills can be obtained quickly and locally from outside consultants, to provide short term inputs on an on-going basis as required. The use of skilled and experienced financial and technical professionals for a few days per month, if properly managed, can be more cost effective than the full time employment of junior, less experienced, staff.

- **Internal Rate of Return:** The internal rate of return calculation is based on actual financial performance over the full 30 year contract period and on critical assumptions for:
 - normal inflation in expenditure costs;
 - operating and capital costs required to meet service delivery targets;
 - financing; and
 - growth in customer revenue collections.

It is, therefore, essential that both parties understand the rate of return concept and the assumptions that drive the model's rate of return calculations. The lesson from this is that such matters should be kept as simple as possible and, as stated above, that suitable skills are available to the Municipality to monitor and advise on the impact of any amendments to the contract.

- **Dividends:** The concessionaire has not taken any dividends from the operation to date. This makes it much easier for the concessionaire to justify its lack of investment in the operation since 2003 and why resolving the 24-hour service issue and further extensions of services to formerly unserved areas are not financially viable. The concessionaire does, however, expect to start paying its shareholders increasing levels of dividends from the operation in 2011. The issue of a reasonable rate of return may become much more difficult to explain when the level of dividends becomes much larger.

SUMMARY

The Nelspruit water and sanitation concession can be considered a success, but with some significant challenges left to overcome. However, the concession still has 20 years left for implementation and there is ample time to apply the lessons learned during the initial ten years. With the existing strong and capable operator, coupled with an improved contract management capacity by the Municipality, one can be optimistic that the results will be a sustainable water and sanitation concession that can serve as an example for the rest of South Africa and beyond.

PART 2 – SERVICE DELIVERY IN WATER SERVICES

While the concession contract represents a very different institutional model from that used in most municipalities for the delivery of water



services, it does offer guidelines for determining how the municipal departmental model can be improved.

This paper is not promoting the principle of putting every water service delivery unit into a concession type of contract (although in certain cases it may be a viable option) but it is necessary to learn from that form of delivery in identifying the solutions we are seeking.

APPLYING BUSINESS PRINCIPLES

In considering possible solutions to service delivery challenges it is proposed to apply normal business principles. The principle of this approach is that each area of a municipality, like any well run business, has to provide the expected product or service to its customers and be able to balance its expenditure against its income.

Property rates and general charges must be set at a level to cover the proposed spending on roads, stormwater, planning, building control, health, safety and security, community facilities etc.

The tariffs and charges of the trading services such as water, sanitation, electricity and refuse disposal have to be set to cover the proposed spending on each of these services.

Each area must also cover the overheads of the councillors (i.e., the equivalent of the Board of Directors in a business), senior management and the relevant support services. If during the financial year the income is lower than expected then expenditure must be cut to balance the books. If, however, income is greater then there are additional funds available to pay for some much needed extras.

WATER SERVICES

Countrywide, municipal water services, i.e., water supply and sanitation, represent a business with a potential customer base of 13 million (the number of households in South Africa) and a reported turnover of R24 billion in the 2010/2011 financial year. These figures (as reported to National Treasury) represent, by anyone's standards, a large business.

No successful businesses, however, is going to operate with 150 totally independent operations and where the department responsible for expenditure operates independently of the department responsible for income – particularly departments that seldom talk to each other let alone co-operate. Any successful business is, in fact, going to try and group the component parts of its business into profit centres so that it can understand the costs and income potential of each separately. If it is considered appropriate to cross-subsidise one part of a business from another part then at least the true costs are known and understood.

There is still a perception among many councillors and members of the public that water and sanitation is a profitable business and that the surpluses that are generated can be used to pay for other municipal costs. Many municipalities reflect attractive large surpluses in their water budgets. Unfortunately this is far from the truth as these same budgets are totally underestimating the true costs of providing the service and are not stating the true levels of non-payment that are being experienced.

Each trading service must be made responsible for both expenditure and income. The finance department can support and assist in this but the ultimate responsibility for financial management must remain with the person accountable for the provision of the service. This single point of accountability must also apply to the supply chain management process. There needs to be a much higher level of co-

operation between the supply chain managers and the department that will be responsible for the operation and maintenance of the procured item or asset. There has to be a balance between procurement processes and the need to select the appropriate standard of product that might be buried underground for the next 100 years!

STRUCTURING THE BUDGET

A well run business will use its annual business plan and budget to guide and direct its thinking for each year. It is also accepted good business practice not to limit the thinking to a single year but to be planning 2 to 5 years ahead at all times. In the municipal environment, the Integrated Development Planning (IDP) process (including the Water Services Development Plan (WSDP) for water services) is the annual business plan that is required to look at least 2 years into the future and the Medium Term Expenditure Framework (MTEF) requirements bring a three year time frame to budgeting requirements. That, however, is where the comparison to good business practices ends. In the majority of municipalities (and I accept that this is a generalisation with certain municipalities, generally the larger ones, following good municipal / business practices) the IDP is generally a cut and paste of all the mistakes that were in the previous document with estimates of population, households and levels of service still being based on the 2001 census. Also included is a "wish list" of capital projects identified by the ward committees and public meetings. The budgets are the same as last year adjusted by a nominal figure decided by Council and fail to take account of changing circumstances, salary increases awarded to staff, the value of assets (old and new) and the effect of this on maintenance and refurbishment requirements. Tariffs and charges are set using a general percentage increase that Council thinks will not upset the voters but are not based on any calculations to see if these tariffs actually cover the costs involved.

PART 3 – SOLUTIONS FOR SERVICE DELIVERY IN WATER SERVICES

Combining the lessons learned from the Mbombela Case Study (Part 1) and the general experience reflected in Part 2, the following solutions are proposed to improve our water service delivery capability:

ADOPT A BUSINESS MODEL FOR WATER SERVICES

Water services delivery units or departments must be structured on good business principles.

This implies a properly staffed organisation that includes all the skills and experience required for the effective management and operation of the service covering both the technical and financial responsibilities. Councillors have an important role to play in this organisation being the equivalent of the Board of Directors providing strategic guidance, policy direction and support.

A good director, however, knows when to step back and give freedom to the appointed personnel (the officials) to get on with the implementation within the framework that has been agreed.

WATER SERVICES DELIVERY UNITS TO HAVE A MINIMUM CRITICAL MASS

The skills, experience and ability of the managers within a water services delivery department or unit is a critical indicator of the success of that department. There are just not sufficient numbers of experienced personnel in the country to adequately staff some 150 Water

Services Authorities. In retrospect, it is unfortunate that the original thinking behind the Water Services Act, where only the Metros and District Municipalities would have become the Water Services Authorities, was changed through Ministerial proclamation. That would have reduced the number of Water Services Authorities to around 50 and the remaining skills that did exist in the stronger municipalities could have been applied throughout the entire district.

A further important element is the financial critical mass of a water services provider unit reflecting both the income generating potential as well as the ability to afford to employ suitable skilled and experienced personnel. In the Mbombela concession, some 90% of its tariff income is generated by the town of Nelspruit. In the municipality of Kungwini, just east of Tshwane, 90% of its tariff income comes from the eastern suburbs of Pretoria that were thoughtfully incorporated into its area by the Municipal Demarcation Board for this purpose. By contrast, many smaller or more rural municipalities, such as Bushbuckridge (one example out of many), have no major economic generator and are thus highly dependent on equitable share to cover its water services costs.

The core financial basis of a Water Services Authority is critical from several aspects:

- It allows for cross subsidisation between the rich and the poor;
- It reduces the demand on equitable share;
- It generates the finances necessary for the proper operation, maintenance and expansion of the water services systems;
- It creates the opportunity to attract and retain good quality skilled staff due to;
- Its ability to pay attractive salaries and benefits;
- It is more attractive in terms of managerial and technical challenges;
- It is likely to be located in larger economic centres which make it a more attractive location providing schools, shopping, entertainment as well as the possibility of jobs for other family members.

STAFFING STRUCTURE

The staffing structure of the concessionaire in Mbombela provides important indicators to what is necessary to run an effective water services organisation including all the billing, collection and financial management aspects.

To serve some 75,000 households it has a staffing component of around 3 staff members per 1,000 households and it employs 8 to 10 professionals - engineers, technicians, scientists and accountants. These employees are responsible for areas such as general management, operations, capital projects, forward planning, developer management, scientific services, customer management, financial management, etc. Experience shows that where this type of structure is not in place, it will not be possible to support the full level of service expected of a water services provider.

BUDGET STRUCTURE

An exercise has been undertaken to compare the published financial reporting for water services in Johannesburg Water and Cape Town with the Silulumanzi concession.

This was undertaken to identify the relativities of cost elements in a well run water services provider unit that would then give guidelines for use by other authorities. The comparison was based on the operating costs excluding bulk water purchases and the allowances

for bad debt or non-payment. It is interesting for us as engineers to understand that the financial reporting of bad debt is a provision for amounts that will never be recovered (in these cases it ranged from 6% to 18%). For the practical determination of a cash-based budget within a single financial year, however, an appropriate allowance for non-payment could be in the range 30% to 100% depending on specific circumstances.

Table 2: Percentages of Elements Making up Internal Operating Costs

	Low	High	Comment
Staff Costs	26%	41%	Higher figure includes Finance Dept
General Expenses	10%	17%	
Repairs and Maintenance	10%	16%	
Other Expenses	9%	37%	
Depreciation	6%	24%	Higher figure difficult to justify
Interest Charges	12%	14%	

An analysis of the 2007/8 financial information gave an indicator of between R965 and R1,382 annual expenditure on the water and sanitation department's operating costs per household excluding the cost of water purchases. An interrogation of these numbers would appear to indicate that the higher end of the range represents a higher percentage of full service customers.

Where information was available, the split of these totals between water and sanitation ranged from 74:26 to 62:38. As a current guideline for non-metro municipalities it is suggested that figures of R800 per household per annum for water supply and R400 for sanitation can be used as an initial guideline to determine an indicative operating budget exclusive of water purchases and bad debt provision.

SERVICE DELIVERY BEFORE REVENUE ENFORCEMENT

The first responsibility in terms of service delivery is for the Water Services Authority to clearly establish and agree with the community what levels of service are going to be provided or made available to each area. This has to be based on a number of factors including:

- Practicality - are we able to provide that level of service in that area?
- Affordability - can the community afford that level of service and can the municipality afford to supply (subsidise) it?
- Priorities - achieving national targets in providing basic level of service to all rather than higher levels of service to some.

One of the clear lessons coming out of the Mbombela concession, as well as experience elsewhere, is the importance of making sure that the appropriate quality of service is being provided before enforcing billing and credit control. Would you pay your municipality for a water supply that was only available at certain times during a week and which may look discoloured or have a peculiar smell?

The priority must therefore be to firstly deliver the specified service and only then to implement revenue collection systems. Once implemented, however, it is critical to enforce whatever payment requirements or supply restrictions that are applicable to the delivered level of service. Law enforcement in respect of water and sanitation services may sound a strange idea but it is a necessary process and only properly empowered law enforcement officers may enforce the bylaws of the municipality. We do, however, have to ensure that the necessary bylaws are in place in the first instance

EFFECTIVE MANAGEMENT

Good business management is about planning for the future and



structuring the business to address both current and future needs of the organisation. The same principle should be applied to a municipal services delivery unit. Management is all about managing people – both those that work in the unit and all of those external people who impact on the performance of the unit. Planning is critical and tools such as the Integrated Development Planning Process, the Water Services Development Plan and the Asset Maintenance Plan should be used as practical documents that set down the needs and solutions of the area. From this basis the annual plans and Medium Term Expenditure Framework budgets can be developed and used to justify the required operating and capital budgets in the budget negotiating sessions.

And finally:

POSSIBLE USE OF REGIONAL WATER SERVICES UNITS

Based on the above, it is argued that the optimum approach for the provision of water services in South Africa would be through the creation of Regional Water Services Units (RWSU). While, by definition, Metros will already possess the critical mass discussed above, these regional units will serve a number of local and/or district municipalities that are Water Services Authorities. The aim should be to have considerably less than 50 of these serving the entire country. There have been proposals that these should be provincial based organisations but this is not supported as it is considered that this will introduce a second level of political control on the already over controlled environment.

In structuring the proposed Regional Water Services Units it is important to incorporate the following learning experiences:

- The shortage of skilled personnel in many existing Water Services Authorities and Water Services Provider organisations
- Financial non-sustainability in many WSAs
- The lack of co-ordination between the staff performing the technical and financial roles in Water Services
- The important role of contract management
- Experience of the often strained relationships between Water Boards and Water Services Authorities
- Experience with the Regional Electricity Distributors (REDs)

It is therefore proposed that RWSUs be established around at least one town that will serve as the economic hub of the area. This economic hub must be large enough in terms of water services revenue to support the Unit and to be a suitable base for key skilled personnel. It is considered that all the expertise from the existing Water Services units in the service area should be centralised in this unit and this shall include the relevant personnel and skills required to provide the financial services including billing and credit control. It is stressed that although this proposals refers to centralising the control over the water services provision it is not envisaged that every employee will move into a single central office. Decentralised operations will remain in force as required in each area and only scarce skills that can be effectively shared will be centralised. Where there are existing Water Boards serving the area it may also be appropriate to work towards incorporating these skills into the unit and consolidating the full cycle of the service delivery process into one organisation.

While it will be important for the RWSUs to have a level of independence in proposing realistic tariffs, this has to be balanced with the role of the Water Services Authority in ensuring that non revenue generating services are adequately provided to indigent households.

The Water Services Authorities served by the RWSU will be the shareholders and clients of the organisation and will have a standards setting and monitoring role in terms of the levels and quality of service delivery. These principles will be established in a Services Level Agreement that will determine the relationship between the parties and provide checks and balances in the processes to be adopted. The statements of our National Government are clear in respect of the national targets set for all residents of South Africa to have access to basic levels of water services. The reality in the majority of municipalities, however, does not reflect the urgency, or mirror the importance, of working towards achieving these targets. Dramatic interventions are required in the majority of our Water Services Authorities if we are to satisfy the understandably increasing anger at the lack of progress in improving the service delivery to the millions of people that are still not adequately served despite repeated promises by our national leaders. It is the contention of this paper that only the dramatic change to a format similar to the Regional Water Services Units described above will provide the vehicle for achieving progress towards ensuring that everyone in South Africa enjoys the basic right of access to safe and adequate water combined with appropriate hygienic sanitation facilities.

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