

**MVULA TRUST - A CASE STUDY OF AN INDEPENDENT
APPROACH TO RURAL WATER SUPPLY AND SANITATION IN
SOUTH AFRICA**

Foreword

In May 1998 two Mvula Trust Staff members - Thoko Sigwaza, the regional co-ordinator of Kwa-Zulu Natal and Martin Rall, the Mvula Projects Director - made a presentation to one of the largest rural water and sanitation conferences ever held. Three hundred and fifty participants from 66 countries attended. It was a gathering of many of the world leaders in rural water supply. Mvula's work was presented as one of the six case studies of the most innovative and outstanding examples of best practice in the world. This is the paper tabled at the conference.

MAIN MESSAGES FROM THIS CASE STUDY

- **A demand driven approach increases sustainability:** where the community plays the primary role in initiating a project and taking the key decisions, the probability that the system provided will be sustainable is dramatically enhanced.
- **Delegated control with central support and monitoring:** if decision making by the community is to be effective, control of the project, including project finances, must be delegated to them as far as possible. But central support and monitoring is equally important.
- **Strong relationships at community level, with the right incentives:** the relationships between the community, private contractors, and other support organisations must be properly structured, with the community as client.
- **Managing by financial rules:** ceilings regarding per capita grant finance allocations, and up-front contributions from the community, create cost efficiency incentives and build sustainability.
- **Using private sector and NGOs for social intermediation:** extensive social intermediation, a process of supporting the community with training and advice, is essential for success. Given the scale of the task, private sector agencies and NGOs must be supported to play the major role

A. WATER COMES TO MORAPALALA

Morapalala is a dry and remote village in the Northern Province of South Africa. Before 1994, the people who live there had to draw water from a river bed 10km away from the village, scraping depressions in the river sand and returning with only a few litres of water. Or they had to stand in queues, sometimes overnight, at the one handpump in the area. The struggle to get water was made worse by the drought that came to Southern Africa in the middle 1980s. But this struggle also created a resolute attitude in the community; under strong leadership they formed a vision - partly stirred by the establishment of a new South Africa - that water would come to Morapalala.

In 1994, after the failure of the first project in the area, the community heard of Mvula Trust and the assistance they could provide in improving water supply and sanitation. A Mvula representative visited the community and they came to understand that it would be primarily up to them to improve their water supply: they would have to organise themselves to form a water committee and appoint an engineer to help them.

A consulting engineer was already working in the area and was recommended to the community. This person started work on the feasibility study that was needed to form the basis of the funding application to Mvula. However, it turned out that he was not willing to work closely with the water committee who thus became dissatisfied. Under Mvula policy the community employs the engineer and this gave the community the option of terminating his appointment and another engineer was selected. This worked well and a strong relationship developed with this person, who continued to work with the community to plan and implement their project. This process started with the Mvula decision to provide funding for the project, following their positive assessment of the feasibility study.

Based on their financial rules, Mvula allocated a fixed sum of money to the project, and detailed planning could then commence. This required hard decisions from the water committee, working with the engineer and keeping the community informed. For example, the original design provided for only 20 public standpipes and this was not considered by the community to be enough. No further funding could be allocated and so it was decided to make savings in other areas and, eventually, this allowed 30 standpipes to be provided.

Morapalala became one of the first projects supported by Mvula Trust to become operational, bringing the vision of the community to fruition. But the successful planning and construction of the system has been seen as only part of the process of effective water supply. Keeping the system running is recognised by Mvula and the Morapalala community as the most difficult part. Here good management and financial arrangements are the key to success. With regard to finance, the first step was taken before construction was complete when the community had to raise a contribution of 8% of the capital cost of the project. This has been a difficult issue for the community to face, but the importance of it is demonstrated by the response of the chairman of the water committee when asked what he thought was the most important feature in setting up a water project. He replied:

“The 8% contribution, because when we make this contribution, then we know the system is ours. For example, in [a neighboring community], they received a system for free from the government. When it broke, they waited a year for the government to come and fix it. In our community, if something breaks, we will repair it ourselves in 2-3 days because it is ours.”

This attitude is reflected in reality. For example, when the community discovered that one of the boreholes was not providing as much water as expected, they decided to contract an engineer to relocate one of the submersible pumps to a different borehole on the opposite side of the village. They selected, contracted, and financed the engineer without consulting any outside organization, including Mvula.

Morapalala is one of 360 water supply and sanitation projects supported by Mvula Trust. This paper aims to describe the way the Mvula programme works and identifies some lessons from their experience which may be useful to others involved with rural water supply and sanitation.

B. MVULA TRUST

The mission of the Mvula Trust is to improve the health and welfare of poor and disadvantaged South Africans in rural and peri-urban communities by increasing access to safe and sustainable water and sanitation services.

The core development policy objectives of the Mvula Trust are effectiveness, efficiency and sustainability. To achieve these the Mvula Trust is committed to:

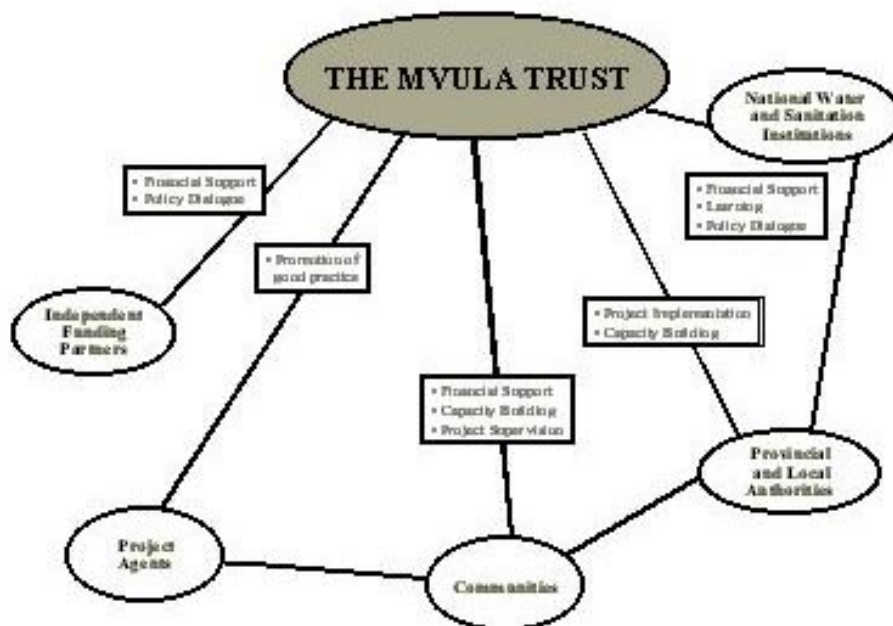
- ensuring the participation and empowerment of the beneficiaries, communities, and local authorities it serves to sustain the initiatives that have been launched;
- using demand-responsive approaches as a means of enhancing sustainability, building local capacity, promoting cost-efficiency and ensuring sound public financing.

The Mvula Trust is an independent organisation, accountable to a Board of Trustees drawn from its major stakeholders, funded from a variety of sources, and operating in a transparent and publicly accountable manner.

KEY FUNCTIONS OF THE MVULA TRUST

- Facilitates and finances a portfolio of community water supply and sanitation projects;
- Supports water and sanitation policy development affecting service access for the poor;
- Builds capacity for local-level agencies;
- Promotes innovative approaches to sector development;
- Disseminates information relating to the sector and learns from practical application; and
- Facilitates loan finance for higher levels of service.

The Mvula Trust operates with due recognition of the strategic policy framework of the government and works in close co-operation and partnership with other major development agencies. The Trust promotes efficient partnerships between public, private and non-governmental bodies in service improvement at national, regional and local levels. These relationships are illustrated in the diagram below:



1 Mvula's policy principles in practice

The Morapalala project used as an introduction to this paper illustrates the way Mvula policies work in practice. Stated more generally the principles are applied as follows:

- **Sound project selection criteria:** Projects are selected on the basis of cost effectiveness, the ability of the community to organise themselves and manage a project, and their willingness to pay for the services provided.
- **Grant finance ceiling:** a fixed amount of up to R235 is allocated per capita, unless the settlement is smaller than 1 500 people, in which case the grant ceiling is increased. This promotes the equitable distribution of funding and an emphasis on cost efficiency.
- **Up-front contribution by community:** Until recently, Mvula required that communities make a contribution to the capital cost of the project, equal to 8% of the project cost in the case of water supply projects. However, due to incompatibility with government policy, this has been changed recently. Current policy is that communities must contribute to an 'emergency fund' to be kept for major maintenance in the future. The contributions can be made progressively through the project planning and construction phases, but must be received before commissioning. Rules are laid down for the amount to be paid; typically this is of the order of 5% of the capital cost.
- **Management by the community:** The community plays a direct role in managing the project: they are required to set up a water committee, or an equivalent body, who appoint the project implementing agent and training agent (generally consultants), control the flow of finance, as sole signatories on their own bank account, and take key decisions during project implementation. Further this committee is required to take managerial and financial responsibility for ongoing service provision after the project is completed. There is a potential role for new local government structures here but at present local government has not had the capacity to assist in most rural areas.
- **Community ownership of assets:** the infrastructure that is constructed under the project is owned by the community.
- **Use of private sector agents:** Project agents are appointed by the community to plan the project and support the community in managing the project. Also training agents are appointed to carry out training throughout the project cycle. These agents are generally private consultants but may be NGOs.
- **Selection of service level by the community:** Service levels are decided by the community, taking funding constraints into consideration. Mvula does not specify the level of service but, with regard to water supply, a public standpipe service has typically been provided. However, this service level has not been popular and new emphasis is being placed on offering a mix of service levels with loan funding applied to cover the additional costs of higher service levels.
- **Emphasis on sanitation:** With regard to sanitation the orientation is initially towards health awareness and demand stimulation programmes. Once this phase is complete the local choice is typically a Ventilated Improved Pit (VIP) toilet. A fixed grant is provided per household with the household required to contribute the deficit between the cost and the grant amount.
- **Community as service provider:** The community, operating through a water committee or equivalent body, is required to take responsibility for managing the water or sanitation system after the project is complete, with limited support from Mvula. The key element here is the raising of funds from community members to cover ongoing service provision costs.

Mvula Trust plays the role of grant financier, facilitator and monitor of the programme. The Trust has regional offices staffed with engineers and project facilitators who carry out the initial appraisal of projects, facilitate the implementation of projects, control the flow of funds to the community and monitor progress.

Progress with the Mvula water supply and sanitation programme is indicated by the following statistics:

MVULA RWS PROGRAMME STATISTICS¹

Water supply	
Number of projects funded	267
Number completed to date	126
Number in progress	141
Average cost per capita ²	R200
Sanitation	
Number of projects funded	94
Number completed to date	1
Number in progress	93
Average cost per household ²	R1200

Note:

1) Figures are for end 1997.

2) Cost includes project level planning, awareness promotion and facilitation costs.

2 The Mvula project cycle

Details of the full project cycle are given in the tables appended to this report. But the most important elements of the project cycle are discussed below.

Planning phase

By the time a project enters into the planning phase, Mvula has normally committed to providing the capital funds, based on the feasibility study. At this time there would typically have been little social intermediation, and the detailed design work will not have started.

As mentioned above, progress with this phase of the work, and the project as a whole, is dependent on the appointment by the community of a project agent and a training agent. Typically the project agent is an engineer and the training agent is a 'social' consultant in private practice or an NGO. Mvula Trust has clear guidelines for the work these agents need to do. The project agent is expected to co-ordinate the planning and detailed design work, support the establishment of proper community management arrangements and generally advise the community regarding the way the project should work. The training agent carries out training of the water committee in basic business management skills and also provides training to the broader community with an emphasis on health and hygiene awareness.

This phase is considered critically important for the success of the project as it is at this stage that the capacity of community structures to manage the project in the long term need to be assessed and strengthened. Further, the commitment of the community to paying for the service is gauged at this stage, using their willingness to pay up-front amounts as a yardstick. Mvula has a key, albeit small, role to play during this phase in monitoring both the social intermediation and technical aspects.

Construction (implementation) phase

With the stage set during the planning phase, the construction of the project becomes a comparatively straight forward process using now well-accepted labour intensive methods. However, there are still difficult issues to deal with regarding the selection of people to be employed as workers on the project and the practical difficulties of maintaining funding flows. Social intermediation continues during this phase, with the emphasis moving to skills required for the ongoing service provision function.

Post-project (service provision) phase

The Mvula approach places full reliance for the management of the system (water supply or sanitation) on the community, represented by the water committee or equivalent body that has been involved through the earlier project phases. While Mvula does provide for limited ongoing support to the water committee and there is very limited support from local government, in practice the water committee is left largely on their own. In some cases they are able to retain some support from the agents who advised them during the earlier phases.

EVALUATION OF THE MVULA TRUST

In 1996, Mvula Trust carried out a full evaluation of its activities, using a team of consultants headed by international experts. The generally positive findings of the evaluation - which have served as input to this case study - have affirmed Mvula's policy position but also identified areas where improvements need to be made.

At the time the evaluation was carried out there was not a sufficient record of projects that were completed and in the service provision phase. However, more recent evidence suggests that, of the 126 water supply projects completed to date, 70% are functioning satisfactorily.

C. MVULA IN THE SOUTH AFRICAN WATER SECTOR CONTEXT

Within government, the Department of Water Affairs and Forestry has taken primary responsibility for rural water supply and sanitation. In 1994, after the election of the new government, the Department set up its Community Water Supply and Sanitation Programme (CWSSP), as one of the main components of the government's Reconstruction and Development Programme. The intention has been for this programme to expand the coverage of adequate water supply and sanitation to all rural South Africans over a 10 year period. This would require an estimated annual rate of disbursement of R1.2 billion. The current rate of disbursement, however, is of the order of R400 million per year.

Figures relating to the South African economy and the RWS sector in South Africa are given in the following tables:

THE SOUTH AFRICAN ECONOMY

Population	38 m
Rural population	17 m (45%)
Gross domestic product - 1997	R 675 bn
Average committed by govt. to RWS, last 3 yrs	R 705 m/yr
RWS spending as a % of GDP	0.10%

RURAL WATER & SANITATION IN SOUTH AFRICA: CURRENT STATUS

Population without 'adequate' water supply	45%
Population without 'adequate' sanitation (But, about 60% of rural South Africans have built their own pit latrines of some sort).	90%

Note:

1. 'Adequate' water supply taken to be 25 litres per capita within 200 metres of dwelling.
2. 'Adequate sanitation taken to be a VIP latrine or equivalent.

The CWSSP is not founded on demand driven principles. In fact projects are selected based on a nationally co-ordinated planning process. To date no ceilings are applied to per capita subsidy amounts and no capital contribution is required from recipient communities. However, communities are, in principle, required to pay for the operating and maintenance costs of the systems. However, there are concerns regarding the extent to which this takes place in practice.

Currently, the Mvula programme is running in parallel with the government's CWSSP. Measured in terms of financial commitments, it is about 10% the size of the CWSSP. Each programme has separate

policies and, while there are difficulties relating to policy variations and what this means in practice, the programmes have been run together with reasonable success. Partly this has been due to the good relationship maintained between Mvula Trust and the Department of Water Affairs, but it has also required that Mvula make compromises to its policies, particularly regarding up-front payments by the community. It has also caused Mvula to move from solely running its own programme towards being an implementing agent under the CWSSP.

D. INSIGHTS FROM COMMUNITIES

There is considerable variety in the settlement conditions and social and institutional relationships that occur in South Africa. This brings variety in the way projects are actually run by different communities. Some examples are given below of how some communities have dealt with specific stages of the project cycle.

Initiating a project

Ruben Phutsoni lives in Tsita, in the north-east corner of the Eastern Cape province. Since his childhood he had a dream of bringing water to Tsita and, partly through his efforts, a water committee was established in the early 1990s for the villages in the area. Representatives of the committee attended water-related meetings in the region and, at one of these, they met a representative of Mvula Trust. This gave them the opportunity to put in an application for funding for a water project that, in turn, brought them into contact with a consulting engineer who could help them with a feasibility study.

This illustrates one route to project initiation. There are others, with a consulting engineer sometimes playing a leading role in making the first contact, or with the local authority bringing the community into contact with Mvula Trust.

Setting up a water committee

In Tsita the water committee was established well before the project commenced and had the support of the community from the start. In other projects the committee is set up later in the project cycle, but always before planning starts. The importance of having a committee that represents the interests of the community is central to the success of a project. But often success is also dependent on a key individual who drives the project; a balance between strong leadership and democratic process needs to be maintained.

The Fairview project, in KwaZulu/Natal province, offers a lesson regarding leadership roles. A water committee was established but the chairman, Mr Mbhele, took most of the decisions relating to the project. This meant that others had little knowledge of what was happening and the situation ended tragically with Mr Mbhele's death, bringing a loss of the drive and understanding of what the project was about. The social and institutional setting at Fairview has brought further complications as the traditional tribal leadership structures are still relatively strong and sometimes in conflict with new democratic structures.

Inter-active planning

Morapalala, where a decision was taken to increase the number of standpipes and cut down on other project components, provides a good example of how a community can be involved with planning to get a system which best suits their needs. At Tsita, the community also played a central role in planning. In fact it was the community who showed the engineer the springs high in the mountains which finally served as the source of water. Also residents were consulted with regard to reservoir location and on the detailed aspects of where standpipes were to be positioned.

Training of the water committee is essential during the planning process. At Tsita, the training consultant organised regular training workshops aimed primarily at the committee members. The workshops often used a role-playing or group discussion format and members were also given manuals developed by the agent. A clear division was drawn between meetings to make project decisions and training related activity.

Managing the project finances

The training related to management of project finances is particularly important, as the level of responsibility and the skills requirements are greatest. On the finance side the committee typically identifies a book keeper, often a young person who has had better schooling. This person runs a cash book, makes out bank requisitions, and so on. Experience on projects such as Tsita, a relatively large project, indicates the difficulty of getting this job done properly and the need for the training agent to play a substantive role.

There have been difficulties in getting community based financial management running properly. But, based on the evaluation of the programme, Mvula remains convinced that community management of finances is an essential part of building sustainable projects. For example, at Leokaneng, in the Northern Province, there had been some concern regarding the extent to which the community felt ownership of the project. But according to them “The day the chequebook arrived with the words ‘Leokaneng Development Forum’ printed on the top – then we knew it was our project, and not [the engineer’s]”.

Ongoing service provision (post project)

After the project is complete and the project agent (engineer) and training agents have completed most of their work, the community is left largely to their own devices. Here the long-term benefits of effort put into establishing a strong, representative, well-trained water committee will be measured.

Morapalala again serves as a good example. The original vision of the community has had to be translated into practical management arrangements. The community currently meets quarterly to discuss issues related to the system, and the water committee produces annual financial statements for the community detailing how much money had been collected over the past year and how the money had been used. Standposts are managed by “tap committees” that collect payments and oversee their standpost. If there are payment problems, the tap committees are expected to resolve them, or have their water cut off.

Non-payment for water is inevitably the most difficult situation the water committees have to face. For example, at Leokaneng the community started to object to paying, based on a feeling that they had already paid the up-front 8%. Meetings were held to discuss this matter but with little effect. Finally, the committee took the money that had been saved for operation and maintenance and purchased locks for all the taps in the village. A stand-off ensued but finally the community realised the value to them of the water supply and agreed to pay. The taps were unlocked and there have not been problems since.

The Fairview project serves to demonstrate the opposite situation. The loss of the committee chairman and the lack of authority of the water committee has meant that little has been done to persuade consumers to pay, even though they received individual yard connections as part of the project and have only been required to pay a flat rate. This is jeopardising the viability of the system. In addition to the leadership issues it is evident that this problem originated early on in the project where the community was given funds from local government, additional to the Mvula grant, creating a view that people did not have to pay for the services.

E. LESSONS FROM THE MVULA PROGRAMME

1 Demand driven approach

The application of demand driven approaches in practice has been a major challenge facing Mvula Trust. This can be seen from the following perspectives:

- The initial application, where it is necessary for the community to demonstrate the extent to which they are sufficiently organised to find out about the programme and to make an application.
- The ability to engage with an engineer to put together a feasibility study, before Mvula commits to funding the project.
- The choice of service level, where demand is translated into the specifics of how the person will experience the service, whether this be a handpump, a public standpipe or a yard tap, for example.
- The extent to which willingness to make up-front payments is demonstrated by the community.

Initially the general demand for a water supply could be easily demonstrated. The amounts paid by the community were small; in the early years of the programme there were many civil engineering firms looking for work, and the application requirements were relatively easy. This has led to a situation where there are currently many more applications, with feasibility studies complete, than Mvula can handle. This is now having the effect of making consultants wary of doing further work 'at risk' on feasibility studies, a situation which is exacerbated by the current flood of easier work available to them on other rural programmes, notably on the national CWSSP.

Turning to the matter of service levels, the situation to date is that on most projects the grant funds available are used to give everyone in the community an equal service level, typically a public standpipe service. However, this service level is proving unpopular – a substantial proportion of people want yard connections and Mvula is having to develop new approaches to deal with this demand. The constraint here is primarily financial: generally the grant is not sufficient for higher service levels and thus loan funding mechanisms are needed. The difficulty of getting such mechanisms in place is limiting the extent to which the higher service levels can be offered. Until this loan funding constraint can be removed, and people are faced with the real cost of higher service levels, the demand for such service levels remains theoretical.

The extent to which demand driven approaches can be used is also seriously compromised by the co-existence of the government's CWSSP and the need for Mvula to work co-operatively with this programme. Communities and consultants will clearly prefer the CWSSP as no up-front contributions are required, typically less emphasis has been placed on community management responsibilities and consultants fee arrangements are more generous. In this context it is extraordinary that the Mvula programme remains oversubscribed.

2 Balance between delegated and central control

There is perhaps only a thin line between principles relating to a demand driven approach and the principle of delegated control. If grant funding is made available to all in accordance with a set of rules, and communities have the freedom to set up their own arrangements for using these funds and have the ability to do this properly, then delegated control can be seen as integral to a demand driven approach. The Mvula programme has gone a long way towards achieving such a situation. Their policy that communities must contract with project and training agents and manage the finances of the project - delegating management responsibilities to them as far as possible - has promoted the empowerment of these communities which is central to the sustainability of the projects.

Delegating management responsibility to community based organisations has involved risks and there have been examples of failures. For example in two or three cases money has been stolen from the project bank account. However, the fact that this has not happened on the other 360 odd projects represents an admirable achievement by these organisations.

But in the social and institutional environment in rural South Africa in the 1990s delegated control on its own could not work as there has not been the experience and management capacity needed. Thus a complementary 'centralised' control system which Mvula has put in place has been necessary for the success of the programme. Mvula retains responsibility for laying down procedures, advising the project and training agents, directly engaging with communities where necessary, ensuring that finances are properly managed and monitoring progress through regular visits to the projects.

3 Relationships at community level: creating the right incentives

Linked with the approach to delegated control is the set of relationships which this promotes around the project. While these relationships have taken many forms, the most important has been that between private sector businesses and the water committees representing the community. The fact that this relationship has worked in most cases has been a critical success factor.

The involvement of the private sector in the form of project and training agents has already been discussed. What is important in this regard is that the consultants concerned have an incentive to support the water committees as they are the client. This incentive applies at the project conception stage where the consultant assists in the initiation of the project in the hope of getting an appointment as a project agent. It also applies while the project is being implemented, where normal client-consultant

responsibilities promote good practice. Critically important here is the fact that consultants and other contractors are paid by the community. The alternative model, which is used under the CWSSP, has the consultants appointed and paid by government or an implementing agent. While the consultant is, in principle, expected to relate to the community, in practice the relationship to his or her client is more important - and easier to maintain - with the result that community organisations are often by-passed when decisions are taken.

Materials suppliers are also involved in an important private sector relationship with community based organisations. For example, pipe suppliers contract with water committees and offer not only to supply and deliver pipes to the project but to assist with the training of pipe layers.

There is a further set of relationships with NGOs which has also been important for the success of the project. This starts with Mvula Trust itself who act as overall facilitators of the programme. Mvula provide support directly to the community but another important relationship exists between them and the project and training agents. Through supporting them with guidelines, information and advice, Mvula has been able to achieve rapid expansion of their programme.

Finally, the role of other NGOs which have often been training agents, and sometimes project agents, needs mention. Some NGOs have had a fairly long track record of work in rural areas on water supply and sanitation projects and have thus been able to bring their experience and commitment to the communities who participate under the Mvula programme.

4 Management by financial rules

The set of financial rules that is applied by Mvula has been critical to the success of their RWS programme. There is a set of rules but the most important are:

- A per capita ceiling for capital grants.
- An up-front contribution from the community.

The grant ceiling has been applied for a number of reasons:

- It is a necessary part of a demand driven approach. Here the key is that there needs to be an understanding by communities, and those who advise them, that a known amount of funding will be available if they can show that they can use the funds effectively. This creates the incentive for them to set up projects autonomously.
- It promotes cost efficiency: engineers and communities have the incentive to save on costs in order to achieve the highest service level possible within the budget.
- Equity is promoted as resources are made available to each individual equally.

Mvula has not been able to be as strict with this rule as they would like; funding of cost overruns is considered and often approved, but it is recognised that this needs to be tightened up.

Turning to the matter of up-front contributions this is seen as being critically important in promoting sustainability of projects. As mentioned earlier, the up-front contribution is no longer used as a capital contribution but is placed in an 'emergency fund' to be used for major maintenance activities in the future. Nevertheless the payment of this 5 to 8% of the capital cost has been shown to strengthen people's commitment to the project and promote the sense of ownership. Where Mvula have relaxed this requirement they have found that project sustainability is seriously compromised.

In the early years of the scheme, the option of contributing labour instead of cash was permitted. The labour was not generally provided free but at a lower than market rate. However, this has not been a success as generally those working on the project were seen to be benefiting twice. Firstly they did not have to pay cash and secondly they got a job with at least some payment. For this reason the substitution of cash with labour is no longer accepted.

There is still some resistance from communities to up-front payments, generally based on the view that people are too poor to pay and that government funded projects do not require such payments. However, Mvula recognises the need to be firm about this based on the evidence regarding long term benefits.

5 Social intermediation

As mentioned previously in this paper, the social intermediation in Mvula projects is driven by the project and training agents who are typically consultants in private practice, or NGOs. These agents are given guidelines by Mvula for the work they have to do and Mvula also supports them with advice. The social intermediation function is divided between these two agents along the following lines:

- **The project agent** is required to facilitate the day to day running of the project during the planning and implementation phases. This involves assisting the water committee in: setting up meetings; deciding on levels of service; contracting with other parties involved in construction; controlling the finances on the project; and providing the information required by Mvula. The project agent has typically been a consulting engineering practice and the particular engineer who takes responsibility for the project is a key person.
- **The training agent** has a more specific role in that they are required to provide fairly well defined training to the water committee relating to all phases of the project cycle. Further they support a process of creating general awareness in the community regarding the project specifically and health and hygiene more generally.

Considering the difficulties of doing this work in often fairly remote rural locations this arrangement has functioned reasonably well. Much can be boiled down to personal relationships: if the engineer and the chairperson of the water committee get along things tend to work well. But it is also essential for the engineer to have social and management skills. In fact it has been found that engineers all too often lack these skills, a factor which often leads to a breakdown in the social intermediation process, causing the project to be put at risk as the community understanding of the project and the capacity of the water committee to manage the project is neglected. This has brought Mvula to consider the option of having a social consultant take on the role of project agent. A possibility for the future is to leave the engineer to do only the project feasibility and design work with the project management left to more socio-economically skilled professionals.

The training agents also have a significant impact on the extent to which the project is a success. In the earlier years of the Mvula programme training was often poorly directed and poorly executed. This is improving but Mvula realise that there is still a great need for training agents to be better trained themselves.

But failure of projects due to inadequate social intermediation is the fault not only of the agents supporting the community. There are also many situations where the community dynamics are complex and it has not been possible to set up a water committee that is sufficiently representative and competent to run a project well. One of the key lessons Mvula has learned here is that in larger communities (typically greater than 5 000 people), the informal water committee structure does not work well; it is too difficult for such informally elected bodies to be sufficiently representative of the interests of large communities.

There are other social and institutional factors that have created difficulties. One is the conflict which may occur between traditional leaders and water committees, where the committee is seen to be taking power away from the chief or induna. In a similar vein, there have been conflicting interests between water committees and new local government structures. Here again the key issue is power. Newly elected councillors wish to demonstrate that they are delivering services to their constituencies. With increasing emphasis being placed on the need for local government in rural areas to get involved in service delivery, Mvula is having to carefully re-evaluate the relationship between projects and local government.

6 Mvula in national context

Finally, the way Mvula functions at a national level needs to be considered. The importance of the relationship between Mvula Trust and the Department of Water Affairs has already been noted. The Department has been consistently supportive of Mvula over the last few years and, since 1996, has been allocating funds to the Trust to implement projects, with Mvula having reasonable, though not complete, flexibility regarding the way these projects are implemented. Mvula has, in turn, put a lot of work into its relationship with the Department and with other government departments at national and provincial level.

Notwithstanding the good relationships of the Trust with government, one of the most fundamental difficulties faced by Mvula in implementing a demand driven programme relates to the national political, institutional and financial environment. There remains a strong view amongst politicians that water supply and sanitation need to be 'given' to communities. This is reflected in the practice widely applied by government departments of providing grant funding for the full capital cost and, in many cases, the operating cost of water and sanitation systems in rural areas. In this environment, Mvula has found it difficult to apply demand driven principles.

Nevertheless, Mvula sees itself as a learning organisation and remains determined to apply sound policy, evaluate its programmes and work with government to bring about improvements. This approach has brought considerable benefits to South Africa's water sector in the last five years but much is still to be done.

ACKNOWLEDGEMENTS

This paper was written for Mvula Trust and the World Bank by Ian Palmer with substantial inputs from Piers Cross, formerly Mvula's chief executive, Travis Katz of the World Bank, and Martin Rall and others at Mvula Trust. The support of all these people, and the community members who were visited as part of the process of preparing the paper is sincerely appreciated.

ANNEXURE 1: BASIC PROJECT FACTS

Project Objectives:	To improve the health and welfare of poor and disadvantaged South Africans in rural and peri-urban communities by increasing access to safe and sustainable water and sanitation services.
Project Components:	Capital funding; subproject facilitation; monitoring; learning.
Duration: start date and end date	Started end 1993; still running; overall life dependent on funding
Total funding: R, average annual expenditures: R	Total: R100 million; Annual: R35 million
Sources of funding:	Core funds from IDT and Kagiso Trust; EU; other international funders; RSA government.
Number of regions covered (define region as appropriate)	National but major thrust in 4 of 9 provinces (those with largest rural populations).
Number of communities and/or end users targeted:	360 communities at present.
Number of facilities to be constructed:	Typically one project per community.
Physical achievements to date: communities, facilities, etc. (Can be presented as % of total)	Of 267 water supply projects, 126 have been completed, providing water to a total of about 400 000 people. With regard to sanitation, all 94 projects are still under way.
Range and average community size:	Community size ranges from 500 to 20 000 people. But the focus of Mvula activities is now on communities with under 5 000 people.
Average project cost per capita: R	Capital cost approx R200 per capita.
Average water system cost, per capita: R	Funding allocated at up to R235 per capita for communities with over 1 500 people. Average cost per capita to date: R200.
Average sanitation facility cost, per capita: R	Funding allocated at R600 per household for construction and R600 for training, health awareness and overheads.
Average software cost for full project cycle, as % of per capita investment	Mvula facilitation: 15% Consultant facilitation: 15% Training: 5%
Administration. Overhead, learning, etc. cost, as % of project cost	Mvula overheads: 15%

ANNEXURE 2: PROJECT RULES

Project Rules	
Eligibility Criteria	
Who is eligible to receive services?	Any rural community who meet Mvula funding criteria.
Are more communities and/or geographic regions eligible than can be served?	Yes, in relation to overall demand, Mvula has limited funds. R1 200 million needed per annum to satisfy projected national demand in 10 years. Mvula disburses R30 million per annum.
What criteria are used to select communities/regions from those that are eligible?	Four major criteria are: <ul style="list-style-type: none"> • Availability of funds. • Extent of organisation of community. • Cost efficiency. • Willingness of community to make up-front payment. Mvula has developed 'niche' dealing with smaller more remote communities.
Project Initiation and Information flow	
Are there mechanisms for flow of information to all eligible communities?	Yes, information disseminated through Mvula regional offices, consultants, NGOs and provincial government.
Who makes initial request for subproject?	Community.
Are procedures in place to verify community demand?	The application by the community is the first indicator of demand. Secondly community has to engage with consultant to prepare feasibility study prior to funding. Beyond that demand is assessed as part of project appraisal.
Financial policy	
What are cost sharing and cost recovery arrangements for investment costs?	Currently sub-projects are predominantly grant funded by Mvula. Community required to pay about 5% of capital costs up front. But this goes towards an emergency repair/replacement fund.
Is there a subsidy/credit ceiling?	Yes, for water supply set at R235 per capita for larger projects and up to R450 for smaller projects (less than 1 500 people). For sanitation, set at R600 per household for construction costs.
What are the terms of the credit?	Mvula does not provide loans but facilitates the involvement of lenders.
Is amount of community contribution linked to the level of service requested? (do they pay more for higher service?)	New arrangements are being put in place currently to deal with mixed service levels. In general, higher service levels will need to be funded through loans and community contributions, rather than through grants. Individuals will have to pay more if they want higher service levels.
Financial policies for operation and maintenance (O&M) and replacement	Community required to finance O&M costs using income raised through tariffs charged to users of the service. However, provisions are being made for grant funding to provide for support and mentorship to communities acting as service providers. In addition, Mvula initially provided an incentive of 5% of project cost paid to the community after 2 years if the system is still running satisfactorily. This has been discontinued.
How does financial policy create incentives to minimise costs?	There is a ceiling to the amount of grant funding provided per capita. The more cost efficient the sub-project is the higher the service level which can be provided.
Technology and Service Level Options	
Is there flexibility in technical designs and standards to respond to a wide range of demands? Explain	Design standards are laid down. But flexibility is maintained as there are a wide variety of circumstances. If higher levels of service are provided, the extent to which the design standards can be increased is dependent on the amount of funding which can be raised in addition to the grant.
Are service levels linked to costs presented to communities? i.e. does price influence community choice?	At present Mvula plays a major role in influencing technology choice and cost of differential service levels is not emphasised. But in the future there is the intention to link service levels to price.
Informed choice	
Who decides service level community will receive?	In the past this was laid down by Mvula and govt policy. In future to be based on community choice with differential prices.
How are decisions made (i.e. meetings, vote, representatives)?	Community elect a representative committee, generally referred to as a water committee. The committee then take most of the day to day decisions. But often mass meetings are held to take more important decisions.
Are community O&M responsibilities clear before community makes informed choice?	There is considerable variety but generally water committees are sufficiently informed. However, while they are aware of their responsibilities they are not always prepared to take them on.

Does project provide qualified assistance to facilitate choice-making?	Project agent and training agent are paid from sub-project funds to support community in decision making process.
Does community make informed choice to participate and sign request?	Yes.
Delivering and Sustaining Services (highlight community role)	
What is the community's role in managing funds?	Sub-project funds are paid into a bank account controlled by the water committee. Committee then pay agents and construction costs. Mvula have a system for monitoring and checking the way the account is managed.
Can community choose who delivers the software? (i.e. partner agency)	Yes, community select project agent and training agent.
Does community participate in selecting and supervising construction? Procuring materials?	With the exception specialised work, construction is carried out by members of the community. Materials are procured by the community based on the recommendation of the project agent.
Who owns facilities? Who is responsible for sustaining them?	In early sub-projects the facilities were owned by the community. New procedures require that they are owned by the local government and operated by the community under contract to the local government. However, in most cases it will take years for this to take practical effect.

ANNEXURE 3: PROJECT CYCLE

Activity	Detailed steps
Selection of broad areas of intervention	<ul style="list-style-type: none"> Established as part of Mvula policy. Focus is on former 'homelands'.
Dissemination of project rules	<ul style="list-style-type: none"> Mvula has set of rules. Consultants, NGOs, civic associations and Mvula itself disseminate information.
Initial community selection and subproject identification	<ul style="list-style-type: none"> Based on application submitted by community. Community required to commission engineer of their choice to prepare a feasibility study. In the case of projects funded by DWAF, Mvula and DWAF decide whether subproject has merit before feasibility study is carried out. In KwaZulu/Natal (and increasingly in the Eastern Cape), local government decides on which projects are to be supported.
"Pre-investment" /preparation work: social intermedation, community organisation, village action plan, etc.	<ul style="list-style-type: none"> Consulting engineer appointed by the community and essentially becomes project agent pending the funding of the project. Consulting engineer does feasibility report 'at risk'. At this stage little community organisation is required.
"Pre-investment" work: technical: engineering deign, level of service selection	<ul style="list-style-type: none"> Design only done to 'feasibility level' at pre-investment stage. Mvula provides guidelines Level of service decisions taken at this stage but policy to date allows little choice other than public standpipes. But some projects have other service levels.
Appraisal and approval of subproject (in order to release funds)	<ul style="list-style-type: none"> Mvula staff visit community to assess project: focus on tech feasibility and community capacity and demand. Mvula staff prepare appraisal report. Report submitted to Mvula Operations Committee and then to Board of Trustees for larger projects. DWAF involved in approving projects; they also need to fit within provincial business plans.
Planning phase.	<ul style="list-style-type: none"> Training agent appointed by community and contracted to them. (Project agent appointed pre-investment) Mvula provides guidelines for these agents. Training of water committee undertaken to build capacity to manage the sub-project, improve health and hygiene awareness etc. Detailed design prepared. Payments made by Mvula to community for feasibility and planning phase work. Community pay project agent and training agent. Community contribution (minimum of 5% of capital costs) to be collected prior to end of planning phase to be paid into 'emergency fund'.
Implementation: Construction	<ul style="list-style-type: none"> Community based (labour intensive) construction methods used. Community decide on basis for selection of workers. Project agent facilitates process or managing construction, ordering materials etc. Should progressively hand over responsibility to water committee. Progressive payments made by Mvula to community. Community pays agents, workers, suppliers etc.
Implementation: Social intermediation	<ul style="list-style-type: none"> Training of community ongoing, with focus on construction, financial management, tariff collection, communication with consumers.
Operating and maintaining facilities	<ul style="list-style-type: none"> Water committee expected to raise income from users of service, sufficient to cover O&M costs. Community expected to run the service, with some support (neither

	<p>material nor financial) from others (including Mvula).</p> <ul style="list-style-type: none"> • On earlier projects Mvula provided an incentive amount to be paid out if the project is running satisfactorily after 2 years (Now discontinued).
Follow-up	<ul style="list-style-type: none"> • Mvula undertakes limited follow-up, typically quarterly visits for first year. If the committee requires help a social consultant can be appointed by Mvula.
Monitoring, evaluation. Learning	<ul style="list-style-type: none"> • The Mvula monitoring process includes: <ul style="list-style-type: none"> ◊ Reporting with each payment tranche. ◊ Monthly site meetings. ◊ Audit of books at third tranche. ◊ Occasional targeted research of selected projects. ◊ Post project evaluation visits at 6 months and 2 years. • An evaluation of the programme was carried out after two years, with results currently being incorporated into new policy.