

**AN ANALYSIS OF THE IMPACT OF WATER  
COMMERCIALISATION POLICY ON LOCAL  
AUTHORITIES' WATER SERVICE DELIVERY: CASE  
STUDIES OF WINDHOEK AND KATIMA MULILO**

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## ABSTRACT

Previous research suggested that policy intentions and goals are seldom fully realised and this study also confirmed such sentiments. The study investigated the impact of the water commercialisation policy on Local Authorities. It focused on water service delivery of Windhoek and Katima Mulilo Local Authorities. The study shows some similarities of the impact of the policy on both Windhoek and Katima Mulilo Local Authorities. These include non-payment of water services by residents because of, among other reasons, the high price of water after commercialisation, the information gaps (i.e. information about price) between NamWater, Local Authorities and the residents, and the poor quality of water after commercialisation.

The study further identified issues such as, the general inefficiency of Local Authorities (incorrect billing procedures), old infrastructure (water pipes leakages), unemployment and to a lesser extent, political interference as having worsened the financial and water problems in Local Authorities. The study finally made some recommendation that will help in smoothening the realisation of the envisaged goals of the water commercialisation policy.

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**DEDICATION**

This work is dedicated to my late grandfather Joel Matengu Mwilima. His achievement in life has inspired me to always aim for greater heights in everything I do.

One week, thank you for all your reflections, for your support and encouragement in my  
whole journey, and for all the moments I have spent together, from your joyful and  
unforgettable moments.

Joel Matengu Mwilima

September 2024



**DECLARATION**

I declare that an analysis of the impact of water commercialisation policy on Local Authorities' water service delivery: Case Study of Windhoek and Katima Mulilo is my own work, that it has not been submitted before for any degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged as completed references.

Cedric Mwanota Limbo

November 2004

Signed.....

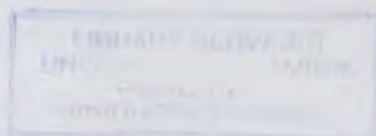
## **CHAPTER ONE**

### **INTRODUCTION**

#### **1. BACKGROUND OF THE STUDY**

Commercialisation is a subject that has been used with multiple understanding and interpretations and is being implemented for different reasons, through different ways and means. Some countries would, for example, implement the policy of commercialisation to increase efficiency in service delivery, while others, will simply follow the global trend of commercialising government entities, especially those with the potential of generating revenue for government. Utilities like electricity, telecommunications, and water are seen as potential sources of revenue for governments, if run on commercial and business principles. Other countries will however pursue the commercialisation policy at the instruction of the World Bank (WB) or the International Monetary Fund (IMF) in exchange for further funding or Aid, through their structural adjustment policies/programmes.

The notion of nationalising key and strategic industry in manufacturing, trade, transport, telecommunications, energy and broadcasting became prominent after the Second World War. In developed countries, the notion was tied to the Keynesian macroeconomic



policy framework that advocated an expansive role for regulating the economy and providing for welfare needs of the citizens (McClune, 2002).

In the developing countries (African and those in South Asia) however, the motives for establishing state owned enterprises, was part of the independence process and promotion of domestic ownership and the control of the economy by the indigenous citizens. With this notion in mind, most governments in developing countries have been reluctant to privatise their key industries and services but their intentions have been undermined and redefined by the World Bank and the IMF. These financial institutions usually advocate for privatisation and hence dictate to countries, especially those in need of funding, to implement the privatisation policy in exchange for funding or further funding. In some cases however, privatisation is being driven internally, because of the continuous loss making of some government institutions.

In Namibia, however, the commercialisation policy was aimed at rightsizing of government structure. The process of commercialisation was a product of a government reform process, that was meant to reduce the civil service, because of the high personnel expenditure, increased inefficiency and poor service delivery. Although the civil service was about 42 563 in 1990 with management positions occupied mostly by whites and few coloureds, the injections of about 15 000 new posts, raised the civil service to more than a sustainable level (Office of the Prime Minister, 1995).

The huge civil service (about 70 000 in 1995) was widely viewed as ineffective and the need for reform was an obvious option for the Namibian Government at the time. The Wage and Salary Commission (WASCOM) in 1995 recommended to Cabinet that some of the government functions be commercialised or privatised. This led to the establishment of many parastatals like the power utility, Namibia Power (NamPower), the water utility, Namibia Water Corporation (NamWater), Telecom Namibia, Namibia Post, Namibia Wildlife Resorts, etc. The study looked at only one of these entities, the water utility, NamWater.

Water commercialisation is becoming more and more acceptable globally because it reduces the burden on governments (mostly for utilities like water, because of its capital intensive in its development process). In Namibia, however, the policy has received mixed feelings, with those opposed to the water commercialisation policy, questioning the need to introduce such a policy in a country that is yet to address many social problems, which are widely blamed on the former colonial masters. The social problems include, but not limited to the problems of unemployment, high level of income inequality and poverty. The unemployment rate in Namibia is about 35-40%, income inequality of a gini-coefficient of 0.70 and widespread poverty of about 38% (Hansohm et.al, 1999).

With the above scenario in mind, one wonders how relevant and realistic the water commercialisation policy is, at this stage of development in Namibia. The Namibian

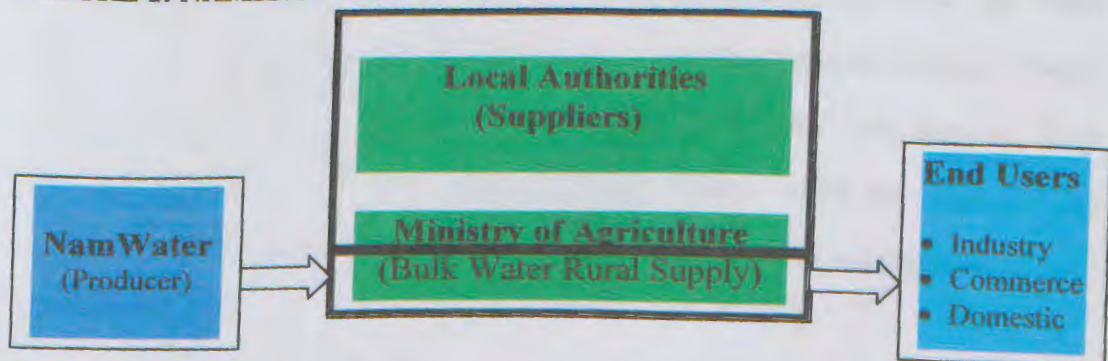
Government also admits that the social conditions in the country were not yet ready for most of the larger public to stand on their own (The Namibian, August 25, 1998). In his address to the Windhoek Chamber of Commerce in 1998, the then Prime Minister, the Right Honourable Hage Geingob, recognised the high unemployment that prevails in the country and also admitted the fear that government had, over who would end up controlling the assets of the state as a result of privatisation that the World Bank was encouraging and dictating.

Despite the above scenario (social inequality, unemployment, etc), there have been many reasons that the Namibian Government has put forward as justification for commercialising water. These include efficiency, quality service and the need to encourage saving of the already scarce resource, water. Everything comes at a price and water is no exception as one Cabinet Minister in the Namibian Government stated, "we cannot afford to provide water free of charge. Manna has only fallen from heaven once. It does not fall everyday" (The Namibian, October 17, 2000). These were the words of the former Minister of Regional and Local Government and Housing, Dr. Nicky Iyambo, when he was encouraging NamWater to tighten the taps and recover all its costs. The question which immediately comes to mind is how the unemployed, the poor and the less paid, afford to pay for water at a commercial price so as to realize the envisaged good outcomes of the water commercialisation policy.

Although the then Prime Minister in his speech to the Windhoek Chamber of Commerce explained and emphasized that only core activities would remain in government hands and all non-core shall be left to the private sector (The Namibian, August 25, 1998). The question however remains, what are these core activities if the provision of water is not one of them? The Namibian Government in the same article indicated that its new role in the water sector would be that of the regulator, planning and coordination, policy-making and setting standards. The actual supply and operations of water was now left to NamWater to operate, purely on business principles.

When we talk of the water system in Namibia, four main important players come to light. These are the producer, NamWater, responsible for bulk water supply to the distributors, which could either be Local Authorities or the Rural Water Supply in the Ministry of Agriculture, Water and Rural Development and the end users, which could be individuals, businesses or industries. (See the water system below)

**FIGURE 1: NAMIBIA'S WATER DELIVERY SYSTEM**



NamWater is a statutory body that was established in 1997 by an Act of Parliament, NamWater Act, 1997 (Act No. 12 of 1997). This Act of parliament paved the way for NamWater's independence and autonomy in providing bulk water in Namibia. Local Authorities, like NamWater, are also statutory bodies having been established, by an Act of Parliament, the Local Authorities Act, 1992 (Act No. 23 of 1992). Local Authorities can be divided into five categories, namely, Municipality Part 1, Municipality Part 2, Towns, Villages and Settlements. This is based on their capacity, resources, etc. Both the municipality and the town council are governed by about seven to twelve elected Councillors and the Town Clerk who is the Chief Executive Officer runs the day-to-day affairs of the council.

Municipality Part 1 includes Swakopund, Walvis Bay and Windhoek while Part 2 include Karibib, Omaruru, Henties Bay, Usakos, Mariental, Keetmanshoop, Gobabis, Tsumeb, Otjiwarongo, Grootfontein and Okahandja. The third category (towns) includes Katima Mulilo, Arandis, Rehoboth, Luderitz, Karasburg, Rundu, Opuwo, Eenhana, Helao Nefidi, Outapi, Oshakati, Ongwediva, Ondangwa and Okakarara. The fourth category (villages) includes Kalkrand, Cochas, Maltahohe, Stampriet, Gibeon, Aranos, Aroab, Ariamsvlei, Aus, Bethanie, Grunau, Koes, Noordower, Tses, Berseba, Klain Aub, Kamanjab, Uis, Otavi and Kalkfeld. The last category which are settlements are Otjimbingwe, Epukiro Post 3, Talismalis, Tsumkwe, Okamatapati and Otjinene.

The main responsibility of Local Authorities is to provide the local communities with services in an efficient and effective manner. One of such services that they are mandated to do, is the provision of water to the local inhabitants in their jurisdiction. This is in line with the decentralization policy, that seeks, among others, to ensure economic, cultural and social-economic development of providing people at grassroots level, the opportunity to participate in their own decision-making. If Local Authorities fail to effectively implement their responsibilities, the ultimate consequence is that, they are downgraded to a lower level. For example, a municipal council part 1 or 2 that fails to provide better service would be downgraded to a town and a town would be downgraded to a village and the receiver of the service (the public) are further disadvantaged.

Because Namibia is a unitary state, Local Authorities are empowered to only make administrative resolutions and to implement policies subject to the provisions of the country's constitution and other relevant laws. Central government, however, still retains the role of setting standards, supervision, policy formulation etc. Two Local Authorities have been selected for this study, namely: Windhoek and Katima Mulilo Local Authorities. Katima Mulilo was selected as one of those towns that were newly established after independence and more importantly because of its persistent problems of poor service delivery and poor payment by its citizens, especially for water services.

Katima Mulilo, the capital of the Caprivi political region, is characterized by high unemployment, diseases (Malaria and HIV being very prominent), tribalism and political instability. The 2001 National Population and Housing Census indicated that the town has a population of about 22 694. Proclaimed as a town in 1995, the Katima Mulilo Local Authority has had an experience of almost all major political parties in the country. In 1992, its council was run by the Democratic Turnhalle Alliance (DTA) with 5 seats and South West Africa People' Organisation (SWAPO) with 2. In 1998 the tables were turned around and SWAPO was the dominant party with 5 seats and DTA with 2 while this year (2004), SWAPO got 5, Congress of Democrats (COD) 1 and Republican Party (RP) 1. The balanced experience means that no party can outright blame others for not doing enough for the town as they all had a fair chance of developing it.

The Water problem is seen as one of the biggest challenge faced by the Katima Local Authority and its residents, despite the fact that the Zambezi River is flowing through the Local Authority's jurisdiction and also receiving one of the highest rainfall (about 871 mm per annum) in the country. This situation is being blamed on the weak economy of the town that is mainly supported by agriculture (mainly subsistence), tourism, trade (on limited scale) and non-tradable sectors (Government Services) (Government Republic of Namibia, 2001). The Trans-Caprivi Highway, which passes through the town to Zambia, Botswana and Zimbabwe, is viewed by many as potential catalyst for trade if fully utilized.

Windhoek, which is in the Khomas political region, is characterised by urbanisation, as many people flock to the city in search for perceived better job opportunities. It is also the administrative, legislative and judicial centre of the region and the capital city of the country. The Khomas Regional Development Plan (2001/20002 to 2005/20006) shows that Windhoek host all the head offices of various ministries, financial and educational institutions, and its economy is supported by both trading and the industrial sectors. According to the National Population and Housing Census (2001), Windhoek has an estimated population of about 233 529 inhabitants, making it the most populated town in the country.

The City of Windhoek, being one of the oldest municipalities in the country, is well endowed with good infrastructures and its revenue base is said to be sound. Its main sources of water are the Van Bach and Swakop Dams, which are supplemented by boreholes. Other dams are either insignificantly smaller (i.e. Avis dam) or over-polluted (Goreagab dam) to supply water to the city. The city receives an average rainfall, ranging from 180 to 587 mm with summer temperatures of between 30-40 degrees Celsius, the evaporation potential is as high as 3.4000 mm per year. The City of Windhoek' s political experience is almost similar to that of Katima Mulilo, where SWAPO, DTA, and some Associations have been exchanging the number of seats in each local authorities election.

The study looks at how the central government's water commercialisation policy is being implemented by NamWater and its impact on Local Authorities. The two entities, NamWater and the Local Authorities, are central to this study. The relationship between the variables of the two shall be established and assessed, to understand how they affect the end users. An assessment was done to see how the water commercialisation policy has affected individual end user. For example, how does paying more for water impact on businesses and their day-to-day activities, how does it affect individual spending and so on.

### **1.1 STATEMENT OF THE PROBLEM**

Being largely a desert country, water is a scarce and an expensive commodity in Namibia. The country encompasses two large deserts, the Kalahari on the east and the Namib in the west. Drought is therefore always a possibility and subsequently lack of water is ever a present constraint in most parts of the country (Government Republic of Namibia, 1995).

Yet, as a basic resource for both domestic and industrial purpose, water has to be made accessible. Thus, the biggest challenge facing actors in the Namibia's water sector is how to provide water to the larger and geographically dispersed public at a rate (cost recovery price) such that the majority of the relatively recipient population can afford it.

Namibia is spread over an area of approximately 825 000 km<sup>2</sup> of land mass and has a population of about 1 830 330 (Government Republic of Namibia 2001, 4). It is one of the world's lowest populated countries, with a population density of approximately 4,600 hectares per person, which is more than five times the world average.

This study seeks to identify and characterize the various issues connected with water commercialisation policy in an attempt to assess its consequences in terms of institutional impact and the broader social and economic implication.

### **1.3 OBJECTIVES OF THE STUDY**

The objectives of this study are to:

- Characterize the role of NamWater and Local Authorities in the provision and delivery of water in Namibia.
- Critically assess the impact of commercialisation of water on water service delivery of Local Authorities, and

- Ascertain the degree of satisfaction of the public with the quality of water and water service after the introduction of the water commercialisation policy, in 1997.

#### **1.4 RESEARCH QUESTIONS**

In trying to answer/address the research topic, the study looked at the following research questions:

- ✓ How has the service of water been affected after water was commercialised in Namibia?
- ✓ What are the impacts of water commercialisation policy on water service delivery of Local Authorities? and
- ✓ How far has government's goals of water commercialisation been achieved?

## 1.5 SCOPE AND LIMITATION OF THE STUDY

The water system is said to be one of the most complex system as it involves many players. In Namibia, the water system as indicated earlier, includes the producer, which is NamWater, the distributor, which could either be Local Authorities in towns and cities or Rural Water Supply (in the Ministry of Agriculture, Water and Rural Development) in rural areas and the end user, the consumers or clients, which include industries, businesses entities and individuals.

Looking at the complexity of the above picture, it would have been unrealistic to look at all Local Authorities, let alone all end users. Hence the study focused on two Local Authorities, Windhoek and Katima Mulilo. Windhoek being the largest town and the capital city of Namibia, have enough resources and relatively well to do people and Katima Mulilo being just the opposite of Windhoek. The two were ideal choices because they reflect the two extremes that exist in Namibia's towns and cities.

It is worth mentioning that there are two types of Local Authorities that exist in Namibia, namely those that were newly created after independence and those that existed before independence. The newly created ones are largely associated with problems. The problems include but not limited to, fiscal mismanagement, limited resources and misallocation, unqualified staff and corruption.

The old ones also (Local Authorities) have their fair share of problems like migrations of people to cities, looking for better life and employment, resulting in limited space, overpopulation, resource constraints, and crime. The old Local Authorities, however, have a well-developed resource base, be it human or financial and can thus cope with most of these challenges.

## **1.6 JUSTIFICATION OF THE STUDY**

Commercialisation is often seen as the answer to the problems of government bodies that are viewed as having the potential to perform better, if removed from the red tape of government bureaucracy. The benefits often include efficiency, sound business practice, better service delivery, reduced government deficit (as it is believed they become self sustaining), etc. Commercialisation has, however, also given birth to other social and economic problems, especially if utilities like water are commercialised. The commercialisation of water usually brings waterborne diseases like diarrhoea as people often resort to use unclean but available water.

The above situation justifies the need to study and carefully appraise the available policy options when dealing with commercialisation, especially water commercialisation. It is hoped that, the study will assist central government in redefining and refocusing the policy of water commercialisation and to fill the policy gaps so as to ensure effective

policy implementation. It is also hoped that, it will assist NamWater and Local Authorities in implementing the policy based on both social and economic realities that exist in the country. It will, by in large, contribute to the body of knowledge on the policy of water commercialisation in Namibia.

### **1.7 RESEARCH METHODOLOGY**

In order to get an in-depth understanding of the impact of the water commercialisation policy on Local Authorities in Namibia, the study adopted a case study approach by analysing how the water commercialisation policy has affected the two different Local Authorities. For more depth to be realised, the study focused on two Local Authorities, Windhoek and Katima Mulilo Local Authorities.

The analysis of the study is based on the information collected from both primary and secondary data. The primary data was sources through targeted survey of key water provider, distributor and user groups. The study also employed common research instruments such as face-to-face interviews, and a questionnaire that was sent by mail to key persons in targeted institutions. Questionnaires were structured using both open ended and closed formats to capture descriptive primary data. The primary data was sourced from two significant sources:

**Key informants:** These were people selected for interviews based on their position in society and their knowledge of the water commercialisation policy. It included officials from the Ministry of Regional and Local Government and Housing, Councillors and administrators of the two respective Local Authorities and the Unions. Political leaders of the different parties at national level were not interviewed as initially envisaged because of the National and Presidential elections campaigns that coincided with the research study.

**Community members:** These included members of the people's parliament, commonly known as open line, an NBC radio talk show and residents of the respective Local Authorities. Nineteen (19) people of Windhoek and twenty (20) of Katima Mulilo Local Authorities were interviewed. Public perception through a survey was also used.

Secondary data was sourced from documented materials, existing literature on water commercialisation, existing laws pertaining to water and water commercialisation, previous studies reports and other relevant documentations on the subject like annual reports of the company and other reports that were sourced on the Internet.

The data collection process was slightly hampered by the political campaigns and the language barrier. Most political leaders were out in the regions, campaigning for their political parties' seats in the National Assembly and their presidential candidates. The language problem saw some potential respondents being disqualified because they could

not communicate in the official language, English or my home language Lozi. The interpreter that I made use of was only available for a day and hence only four people who could not speak the official Language or Lozi were interviewed.

The sampling of the study was done simply using a purposeful, opportunity sampling approach. Residents were selected randomly and on their willingness to participate.

## **1.8 ORGANIZATION OF THE STUDY**

The study is organized or structured into five chapters as described in detail below;

Chapter one (1) looks at the overview of water in Namibia, the problem statement, the objectives of the research, the research questions, the limitations of the study, the justification and the research methodology.

Chapter two (2) deals with the literature review, where concepts are defined, theories reviewed and analysed. The issue of water use, the Legal framework and the process of commercialisation and the performance of Local Authorities are discussed. The debate of water as a basic good or an economic good is also discussed in detail.

Chapter three (3) presents the two Local Authorities' case studies, namely Windhoek and Katima Mulilo. A history of each is given, looking at its current challenges and how they are handled.

Chapter four (4) analyses and discusses the results of the two Local Authorities, critically looking at how each is affected by the commercialisation water policy.

Chapter five (5) provides the conclusion and makes some recommendations on the policy implementations.

## **CHAPTER TWO**

### **THEORETICAL FRAMEWORK**

#### **2.1 PREFACE**

This chapter establishes a theoretical framework by using the policy analysis approach and defining different relevant concepts of the topic under discussion. The discussion in this chapter focuses on the conceptual framework, the legal framework of the water commercialisation policy, the commercialisation process itself, the performance of Local Authorities and the debate about commercialisation of water services in Namibia and globally. This chapter lays the foundation or the basis for analysis in chapter four and the conclusion in chapter five.

#### **2.2 CONCEPTUAL FRAMEWORK**

The concept of commercialisation is rather complex, multidimensional and comes with many definitions. The related concept of water privatisation is even more complex and hence a subject of many endless debates worldwide. Of similar relevance to this study are the concepts of public policy, and policy impact. It is significant to understand these

two concepts and their relationship (interdependence) to each other if we are to analyse the impact of the water commercialisation policy on Local Authorities in Namibia.

The concept, commercialisation, is generally understood as introducing market or business principles in government institutions but the institutions still remain government owned bodies. Euronet website provides us with three reasons why governments opt for commercialisation:

- “That a government body endeavour to work more in accordance with market forces through the price determination of the their information products;
- That a government institution attract extra income through making available to other, without obligation, information which they possess through the exercise of the public task, and
- That the government decentralize certain functions because it considers to increase efficiency or because the tasks concerned are not core activities and the private sector can take care of them”(www.euronet.nl).

The above reasons bring out the issue of supply and demand, a clear business principle. Concepts like demand and supply, full cost recovery and efficiency, are usually associated with the private sector and not the public sector and hence the need to make a

clear distinction between commercialisation and privatisation. These two terms are sometimes used interchangeably resulting in misinterpretations, one word interpretation and loss of meaning. The misuse of the two concepts is however not deliberate as at times, the difference between the two is invisible and insignificant. The issue of the market or business principles and efficiency are made explicitly and promoted in both commercialisation and privatisation and hence the need to look at their difference can thus not be overemphasized.

Ikhide (2002) defines privatisation simply as the sales or transfer of ownership of public assets from the state to private sector. This is usually viewed as the narrow definition of privatisation. Ikhide's definition clearly indicates a shift in policy from the public to the private sector. He (Ikhide) explains that the rationale behind such a motive (shift in policy to private) could be attributed to the following factors: The non performance of public enterprise because of among other reasons; poor investment decisions and inappropriate pricing policies, pressure from international finance institutions like the World Bank and IMF, the expectation that it will improve government's macroeconomic positions, assist to develop weak or non existing capital markets (especially in Africa), improve welfare and the need to reduce government size.

Oestman, however, refers to privatisation as the introduction of market-like principles into the public activities (Oestman, 1994:5). This is usually referred to as the broader definition of privatisation, which may be equated to commercialisation. For this study,

however, commercialisation will mean the exercises in which a government institution, introduces business principles in its operations. I opt for this definition because it eliminates the ambiguity, which may mislead and confuse people to interpret commercialisation to mean privatisation. The term privatisation when used in this paper will refer to Ikhide's definition, that of change of ownership from the public to the private sector.

There is also a need to define the word 'Impact'. Impact is generally referred to as "the effect or impression of one thing to the other" ([www.bartleby.com](http://www.bartleby.com)). This effect could either be positive or negative. The Concise Oxford Dictionary (2002) defines impact as a strong effect or influence of something over the other. This paper will borrow and use the two definitions. An impact statement will be used to analyse how the water commercialisation policy has effected the service delivery of Local Authorities and utilization of water in the country. A specific attention will be put on how the policy has affected the water service delivery of Local Authorities.

Now that the two concepts (commercialisation and impact) central to the study have been well defined, it will be useful to also look at what public policy is. The Dalton State website defines public policy as "intentions and actions practiced by the government on all issues" [www.daltonstate.com](http://www.daltonstate.com). While inforweb defines public policy as a "body of laws, rules, guidelines and court decisions by which an open society organizes and conducts its affairs. ([www.Inforweb.com](http://www.Inforweb.com)).

On the other hand, Dye defines public policy as “ what governments choose to do or not to do” (Dye as cited in Nsingo 2000: 4). The other definition of public policy that the study looked at, is that of Jenkins (1978) who defines public policy as a set of interrelated decision by political actors or group of actors concerning the selection of goals and means of achieving them within a specified situation where those decisions should, in principle, be, within the power of those actors to achieve. Easton defines public policy as the authoritative allocation of values through the political process, to groups or individuals in society (Easton, 1953:129). Jones (1977) talks of four distinct phases involved in public policy. It begins with specified means to achieve its goals, followed by authorised means to achieve those goals and steps taken to implement programmes and the final phase looks at how to measure outcomes of the programmes.

According to Dye (1998) when we talk of public policy, there are three significant stages that need to be followed. These are the formulation stage (where government decide what, when and how a policy is to be undertaken), the implementation stage (where the notions of government are translated into action) and the evaluation stage (where the intentions are compared to the actual outcome or output of the policy). In the formulation process, goals are defined, problems are both identified and defined. Still in the formulation stage, the agenda setting takes place and the alternatives are appraised before a policy choice takes place.

When the formulation stage is completed, then the second stage in the policy process, the implementation stage begins. In the implementation stage, goals and ideas of the policy are converted into actions. This is a stage where most policies fail, since the actual expected actions could be far from what was initially envisaged. The last stage is of course the evaluation stage. In this stage, you take stock of what was expected and what exactly happened.

Anderson (1984) perceives the policy process as a sequential pattern having five stages. It includes the problem identification and agenda formation, formulation, adoption, implementation and evaluation. On the other hand Jenkins (1978) talks of seven stages. These are the initiation stage, the information stage, the consideration stage, the decision stage, implementation stage, evaluation stage and the termination stage. All the policy process are significant but of utmost importance is the information stage which is crucial for any informed decision on policy facts and alternatives.

Dye looks at two models that can influence any given policy. This can either be the behavioural model or normative model. The normative model is prescriptive with focus on solutions of practical problems of a given community through policy improvement while the behavioural model emphasizes the need for systematic way of investigating a particular policy area without either approving or disapproving the policy.

Moharir (as cited in Conti, 1996) talks of the four main criteria that one may want to use when analysing the success or failure of a given policy. These are effectiveness,

efficiency, responsiveness and innovation. Effectiveness refers to an extent of success of set objectives while efficiency looks at how such objectives are being achieved in least time, resources and cost and innovation looks at the ability to initiate and improvement of a policy.

Now that most of the concepts that are relevant to the study are well defined, it is imperative to talk about one significant concept that is usually associated with utilities like water, electricity, telecommunication etc. The concept of natural monopoly is usually associated with utilities hence competitions in such industry is usually limited if non existent.

Samuelson and Nordhaus defines natural monopoly as either a firm or industry whose average cost per unit of production falls sharply over the entire range of its output (Samuelson and Nordhaus, 1995: 758). The [ims.thomsonlearning](http://www.ims.thomsonlearning.com) website also defines natural monopoly as an industry that has an advantage of larger scale production making it possible for one firm to produce the entire output of the market at lower average cost than a number of firms producing individually in smaller quantity ([www.ims.thomsonlearning.com](http://www.ims.thomsonlearning.com)). In both definitions it's explicitly clear that a single firm would be more efficient to provide the market than many firms, thus making it uneconomical to have many firms in such an industry.

### 2.3 WATER USE

The Population and Housing Census Report of 2001 shows that 87% of houses in Namibia have access to safe water (Government Republic Of Namibia, 2001:57), which is good, but the question one would want to ask is, how affordable is it to the broader Namibian population or is it only for the few advantaged people in the community.

As mentioned earlier, Namibia is an arid country and thus the need to encourage proper utilization of this scarce resource called water can thus not be over emphasized. The aridness of the country varies from the south of the country, which is mainly desert, to mid north, usually referred to as the maize triangle (Otavi, Grootfontein and Tsumeb) with an average annual rainfall of about 700mm and the north east, which is characterized by good vegetation, receiving an average rainfall of just over 500 mm.

The scarcity of water is however not only peculiar to Namibia, but a universal phenomenon. Although water takes most space on planet earth, 97.2% of it, is in the oceans and seas and can thus not be used, at least not directly for human needs. Only 0.7% of the total water available is fresh water (Waugh 1995, 195-6).

According to Alan (2000) water consumption and use can be divided, at least into five categories. The first category being domestic, which includes every day in house use such as drinking, cooking, ablutions, sanitation, etc. It also includes out of house use

such as gardening and lawn watering, standpipe use from standpipes and public fountains.

The second category is that of trade and industrial. This involves the element of industrial, commercial and institutional use. He refers to industrial use largely as the use of water in factories, industries and power stations, where as when we talk of commercial use he refers to water use in shops, restaurants, hotels, etc. By institutional use he refers to water use in hospitals, schools, universities, military establishments and the like.

The third category is agricultural, which includes use of water for crops, livestock, dairies etc. The fourth use of water is public. This involves use of water in public areas like parks, green areas, street watering, sewer flushing etc. and the last category, which is often unnoticed are the losses which could either be distributional losses like losses from leakages, from mains and sewer flushing, consumer wastage like leakages and wastage on consumer premises and supply pipes. The five categories reflect the significance of water and thus every government in the world today is forced to exercise overall control over public water supply.

The above picture shows the importance of utilizing and managing water wisely and it is for this reason, among others, that most governments have commercialised and some even privatised the water services so as to enhance efficiency and proper utilization and

management of water. In 1997, the Namibian government commercialized its water sector, an action that led to the establishment of NamWater.

The other important key players in the water system are the Local Authorities, which are legal entities backed by the constitution. Chapter 12 of the Namibian Constitution provides for the establishment of a system of regional and local government in the country. This constitutional provision, led to the Local Authorities Act, 1992 (Act No. 23 of 1992) which in 1992, paved the way for the establishment of Local Authorities with certain responsibilities which among others, include the provision of services such as the supply of water, sewerage and drainage, cemeteries, streets and public places, supply of electricity and gas, public transport services, etc. Of interest to the study is Section 30(1)(a) of the Local Authority Act, 1992 (Act 23 of 1992), that addresses the issue of the provision of water to residents in its area for household, business or industry use by Local Authorities.

## **2.4 THE LEGAL FRAMEWORK AND THE COMMERCIALISATION PROCESS IN NAMIBIA**

### **2.4.1 Legal Framework**

The operations of water in Namibia, within the urban area, are guided by two Acts of Parliament, namely, the NamWater Act, (Act No. 12 of 1997) and the Water Act of 1956. These two pieces of legislation are further supported by the provision in the Constitution of the Land, Article 95(1) that promotes the utilization of living natural resources on a sustainable manner for its people. To complement the above legislations, two policies were formulated, namely, the National Water Policy of 2000 and Water Supply and Sanitation Sector Policy of 1993. The main function of NamWater is to “carry out efficiently and in the best interest of the Republic of Namibia;

- The primary business of bulk water supply to customers, in sufficient quantities of a quality suitable for the customers’ purposes, and by cost-effective, environmentally sound and sustainable means, and
- The secondary business of rendering water-related services, supplying facilities and granting rights to customers upon their request” (Government Republic of Namibia, 1997).

NamWater's role and function is mainly on water provision, which includes among others to;

- “Explore, develop and manage water resources for the purpose of water supply,
- Acquire, plan, design, construct, extend, alter, maintain, repair, operate, control and dispose of waterworks,
- Supply water to customers within and outside the borders of the Republic of Namibia,
- Invest, research and study matters relating to water resources, waterworks and the environment,
- Render services, provide facilities and lease rights, subject to the payment of relevant charges, and
- Establish training facilities and train personnel. (Government Republic of Namibia, 1997: 7)

#### 2.4.2 Commercialisation Process

In 1997, the Namibian government decided to follow the global trend of commercialising the water service, which was originally under the Ministry of Agriculture, Water and Rural Development. This was as a result of the findings of an investigation carried out in 1996 into the water sector (NamWater Annual Report, 1998/99). One of the investigation's recommendations (which was adopted by government) was to restore the Department of Water Affairs under Agriculture Ministry (NamWater annual report 1998/99). This action led to the establishment of NamWater, a government company (parastatal) by an Act of Parliament, NamWater Act, 1997 (Act No. 12 of 1997) and subsequently water was commercialised.

NamWater was officially registered as a company on December 9, 1997 with the main responsibility of supplying bulk water to industries, municipalities and the Directorate of Rural Water Supply within the Ministry of Agriculture, Water and Rural Development that in turn supplies water to the rural communities.

The motive to commercialise water in Namibia was purely, a public reform exercise. It included the need to downsize the large and ineffective public sector, to improve bulk water supply, develop water supply infrastructure, setting of realistic tariff and the usual public sector constraints (Interviews No.6 October 22, 2004).

Before NamWater, the Department of Water Affairs supplied bulk water to consumers, a situation viewed by many as not sustainable as government was losing money without knowing, because government had no idea whom it was subsidizing. It became apparent through its investigation that it was losing money through subsidising the price of water for big businesses and municipalities (Labour Resource and Research Institute, 2000). This resulted in the move to establish NamWater to save government millions of dollars lost each year.

## **2.5 THE PERFORMANCE OF THE LOCAL AUTHORITIES**

Local Authorities are faced with an immense and complex range of challenges. The ever-changing world dictates that Local Authorities keep abreast of every change in its environment. Since some changes are dramatic, many Local Authorities, mostly in developing countries, have struggled to perform consistently at the required and optimum level. This is because most of them lack among others, information, skills, resources and are financially strapped.

It's worth noting that Local Authorities do not have direct control over most of the changes that take place within their environment. They can however do other things like setting targets, developing strategic plans and more significantly develop performance indicators to stay abreast with these dramatic changes. Performance indicators are

important tools that any institution can use to appraise how far has the set targets been achieved.

Good and clear indicators are imperative for any organisation that intends to succeed. As Dr. Mukwena put it "with accepted performance measures, it becomes relatively easy to establish the achievable objectives of an organisation, which in turn provide the basis for setting priorities, allocating scarce resources, organising personnel and evaluating programmes" (Mukwena, 1999:45). In the absence of performance measures, appraising the achievements of any organisation becomes difficult if not impossible.

The above picture indeed looks very straightforward but it is not so easy for public institutions like Local Authorities that provides basic services, most of which are public good. This includes water, sanitations, electricity etc. The other problem is the reasons for their existence. Local Authorities exist to provide basic services to the residents making it difficult to make profit.

Like Maharir, Mukwena recognises efficiency and effectiveness as a means of measuring performance. Although Mukwena appreciates the need to measure performance he acknowledges the difficulties involved in doing so, mostly for public institutions like Local Authorities that are tasked to provide services, some of which are very basic to their communities. Such shortcomings could be attributed to three principle causes he adds. These are because the Local Authorities' overall purpose may

be unclear and hence perceived differently by different groups. He Secondly blames political leaders for their unwillingness to set up measures that can be used to hold Local Authorities accountable and lastly he looks at the difficulties involved in measuring the provision of public goods (Mukwena, 1999).

Mukwena looks at two approaches that could be used to measure performance of Local Authorities. He firstly proposes evaluating performance of Local Authorities by looking at their official stated objectives and secondly by looking at their ability to mobilise resources and reasonable levels of service as proposed by Olowu and Smoke. This study uses the second approach to measure the performance of Windhoek and Katima Mulilo Local Authorities as the other measure was unrealistic, considering the lack of information and the confidentiality behind getting any operational information that could be used to measure the set objectives.

In Namibia, Local Authorities are guided by an Act of parliament, the Local Authority Act, 1992 (Act No.23 of 1992). The Act lists functions that Local Authorities are supposed to perform which includes, among others, the provision of both water and electricity, garbage removal, drainage and sewerage system, maintenance of cemeteries, streets, and street lights, ambulance and fire brigade services, museum and nurseries, etc.

For the purpose of this study however, only the water service was investigated to assess the performance of two selected Local Authorities and looked at the impact the water

commercialisation policy has on each. In 2000, the Decentralisation Enabling Act was adopted to allow Local Authorities to develop partnership with the private sector. The study assessed how the involvement of the private sector as contemplated in Decentralisation Enabling Act, has assisted service delivery in Local Authorities.

## **2.5 THE DEBATE ABOUT WATER**

“For thousands of low income households struggling to survive on unpredictable income, paying for water means giving up other essential goods and services” (McDonald 2002:16). The introduction of cost recovery has brought many problems for people in the developing countries. This is because they have limited or no means to pay for basic services such as potable water. Such a situation has forced many people to use any available water, potable or not, resulting in the outbreak of diseases and illnesses like cholera. In South Africa for example, about 224 people died from the total of 105 297 people who contracted the infection due to the introduction of cost recovery policy on water in South Africa (McDonald, 2002). A similar situation was also reported in Namibia when the Namibian Newspaper reported that residents of Oshakati (a town in Northern Namibia) whose water was cut by NamWater because they could not afford to pay their bill, faced a health risk as they started using dirty but available water from the flood pans and broken pipelines (The Namibian, June 28, 2002).

“Water is God’s gift to every living thing”. ([www.libr.org](http://www.libr.org)). This is the view of Kingsley Oghojafor in his article titled the poison called water privatisation. Like air, Oghojafor argues that water should be free for all. Many people, especially in Africa where unemployment and poverty is an issue, support this view. In recent years, we have heard of people talking about the blue gold. What is it? The answer may be of surprise to many but it makes sense. Yes “WATER” is the blue gold, not because of its significant role it plays in human life but because of its ever-increasing price, making it unavailable and unaffordable to many. Water has become an economic good, which many can no longer afford. The Fortune magazine further emphasized the new status of water when it called water “the oil of the 21<sup>st</sup> century”. (<http://privatization.home.attbi.com>). Today’s trade negotiators, now also include water as a good. The World Trade Organisation lists water as a good while NAFTA describe water as an investment and a service.

The debate about water is however not peculiar to Namibia. The recent policy of commercialising water has seen unions, political parties and churches condemn the policy, labelling it as the new apartheid, a notion that the people of Namibia have fought out of the country for more than thirty years. A member of parliament once asked if NamWater was God to decide who must live and who should die (The Namibian, 2003). This statement shows the emotions of some people in Namibia and possibly the misunderstanding of what the payment for water covers. The unfortunate side of the whole process is that the poor people and the weak Local Authorities are the ones who suffer the most.

On 18 July 2003, the Namibia Bulk Water Supplier, NamWater announced that the supply of water would be reduced by 50 percent in Katima and Opuwo Local Authorities (afrolNews 2004). The situation later worsened as water was further reduced to three hours per day, a situation that led to many businesses, especially hospitality businesses slowing down their activities. Many people in the informal settlements resorted in digging boreholes in municipal areas to sustain their lives and activities.

On the other hand, government, which approved the water commercialisation policy, last year (2003) also ran into problems with the water utility, NamWater, when many of its institutions, which include even the most sensitive ones like hospitals, schools and government officers saw their water being cut off, putting their activities in a serious danger. This situation was however remedied when government paid about 4 million to the water utility (The Namibian, 2003).

Water is becoming one of the biggest and certainly the most global problem facing the world today. Many governments have today abandoned their responsibilities of providing water to its citizens. The responsibility is now given to either State owned companies to manage it on commercial principles or private firms where the motive is profit and nothing more.

The World Bank and IMF have been one of the driving force behind such notions. Countries are given further assistance on conditions that they privatise water or run it on

commercial principles. For most African countries, this is no option but a must, as they need funding and foreign currencies, sadly, however, at the expense of their people.

Although the problems of water vary from country to country, many people have argued that, the challenge lies in the failure to treat water as a scarce commodity. The World Bank predicts that two-thirds of the world's populations will run short of fresh drinking water by the year 2025. The statement emphasizes the need to use water wisely if we are to continue sustaining life on planet earth.

The debate about water has more often than not, centred around its significance of sustaining life and less emphasis has been put on conserving it and treat it as one of the scarce resources on planet earth. All available data and projections indicate that the world may soon run out of fresh water. Coupled with global warming and climate change, EL NINO and the ever increasing world population, the picture of water problem becomes even bigger than just the current human right issue, hence debates should start looking at long term solutions. The consequences of water shortage on economic and social development should also form part of the future debates of preserving lives and government must be in the forefront in such awareness campaigns and debates. They should not only opt for either commercialisation or privatisation for economic gains but also for long term sustainability.

## **CHAPTER THREE**

### **FINDINGS OF THE STUDY**

#### **3.1 PREFACE**

This chapter looks at how the water commercialisation policy has affected selected Local Authorities by presenting the data of each, separately. The two Local Authorities are Windhoek and Katima Mulilo. The findings in this chapter will be used in the discussion of the next chapter, where the issues raised shall be analysed before making the conclusion and possible recommendations in chapter five.

The views of the relevant stakeholders, like the Ministry of Regional and Local Government and Housing, NamWater and Namibia Public Workers Union (NAPWU), are also presented in the chapter for the following reasons. The Ministry of Regional and Local Government and Housing is responsible among other things, for supervision, monitoring and advising Local Authorities.

The Unions are important players in any policy decision as they represent workers and the larger public whom the policy will ultimately affect. In Namibia, the role of the trade unions especially NAPWU, is even more important considering their relationship with the governing party, SWAPO, and their influence on workers. NamWater of course as

the implementing agent for government is another important player to look at when looking at the water commercialisation policy.

### **3.2 KATIMA MULILO CASE STUDY**

The information presented here is subdivided into two. The first data was gathered from the discussion with the two Councillors (the Deputy Mayor and the Chairperson of the Management Committee), the Chief Executive Officer of the Town Council and the former Mayor of the town. The second data was sourced from the residents.

#### **3.2.1 DATA FROM THE DISCUSSION/INTERVIEWS**

“Who Owns Water?” the chairperson of the Katima Mulilo Management Committee asked? This is the question that residents of the town ask everyday when asked to pay for water. (Interview No 2, October 22, 2004). There is a perception in Katima Mulilo that water should be provided for free or at least, at a minimum cost the Chairperson of the Management Committee explained. Although not in support of providing water for free, he argued that water should be made available at a minimum and affordable cost. Now that water is in the hands of NamWater, many people, especially the unemployed

will suffer. This is our problem in Katima Mulilo. "Many people do not have jobs but they have to drink water to stay alive", he argued (Interview No 2, October 22, 2004).

His sentiments (Chairperson of there Management Committee) seem to be supported by his colleague the Deputy Mayor. She suggests that the weak economic situation of the town was not ready for commercialisation. She (Deputy Mayor) explained that Katima Mulilo was having a high rate of HIV and most people were unemployed. "Our people are poor and we cannot squeeze money from them even if we try, because there is simply no money" (Interview No 1, October 22, 2004).

Council also revealed that there was still little understanding of the water commercialisation policy as people still want to know why should NamWater and not the council provide water. This confusion is also coupled with the view that water sources is closer to the town, making it even difficult for council to convince the residents to pay for water, the Chairperson emphasized.

The Deputy Mayor and the chairperson concluded our discussion with three issues that they were not happy with. These were the cost recovery of water, the inherited old debates and the deteriorating water quality of the town. The two were of the opinion that the cost recovery was just an excuse to satisfy NamWater's unrealistic salaries of senior management. The price of water is already unaffordable to many and now they bring the issue of cost recovery, the chairperson argued. All the infrastructures that they have were

inherited from government and that's why people do buy the story of cost recovery, he concluded. The deputy mayor in supporting her colleague argued that price of water was high while the quality of water has even gone worse after water was commercialised. She concluded by requesting government to write off their old debts (those before independence) as Katima Local Authority did not exist then.

On the other hand the Chief Executive Officer (CEO) attributes the problems of water in Katima Mulilo to political interference, lack of skilled manpower and the old infrastructures. The problem of old pipes has led to the council's serious financial problems as the water losses go unnoticed for a long time. "Since this water is not accounted for, council has to pay for it from its own resources, pushing it into further financial problems", she explained (Interview No 3, October 22, 2004).

The water problem can also be blamed on our politicians. Some of them go out to people telling them not to pay for water and other municipal services because we are independent. She recalls being assaulted together with her Manager of Finance and other technical staff in one informal settlement. "We were assaulted because we were disconnecting water which some politicians had told them it should be for free now that we have achieved independence". (Interview No 3, October 22, 2004). "This was one of our biggest problem but we have managed to explain to the community why they need to pay, not only for water, but for other municipal services too, despite the fact that the

country is free and that the Zambezi River is just around the corner", she explained (Interview No 3, October 22, 2004).

She also attributed the water problem to the lack of skilled personnel coupled with lack of commitment. The problem of unskilled personnel also means that most revenue is lost as the personnel do not know or lack the commitment to collect revenue and look for other alternative revenues for the town, she concluded.

The former mayor however attributes the current water problems to the Council's billing system. Some people who live alone would for example receive a bill of about N\$ 300 in June and N\$ 10 000 bill in July. Something is wrong with their billing system, said the Former Mayor. We never had such problems with NamWater or the residents when we were managing this town, because we employed people to go house by house to get correct meter readings (interview No.21, October 26, 2004).

Some residents also complained that the council had installed prepaid meters but still continues to receive bills. This is pure incompetence and not the water commercialisation policy (interview No.21, October 26, 2004). Residents allege that the billing office was corrupt and this was public knowledge but council refuse to do something about it, he concluded.

### 3.2.2 RESIDENTS' RESPONSES

The data presented below was gathered through administered questionnaires with the Local residents of the town in their capacity as end user/clients of the water services.

Figure 1. Gender



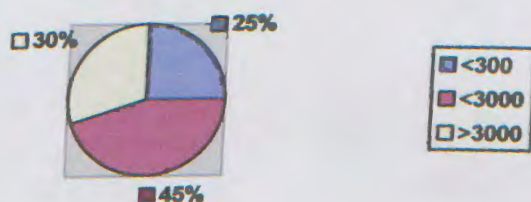
The gender composition of the people interviewed was dominated by females, representing about 65% and only 35% males. This is a normal demographic trend in Namibia as there are more female than males, hence a balanced and representative sample.

Figure 2. Employer



Of the twenty people interviewed, 35% of them were employed by the Local Authority while 30% by government, 15% were privately employed and 20% were unemployed. All the unemployed interviewees lived in the informal settlements of the town.

**Figure 3. Income Level**



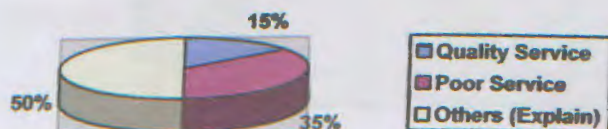
When looking at the monthly income level, a relatively balanced picture emerged of income levels. 25% were people earning less than N\$ 300, 45% earning less than N\$ 3000 and 30% earning above N\$ 3000. The balance income means a balance view of how the policy has affected different income groups.

**Figure 4. Knowledge of the Water Commercialisation Policy**



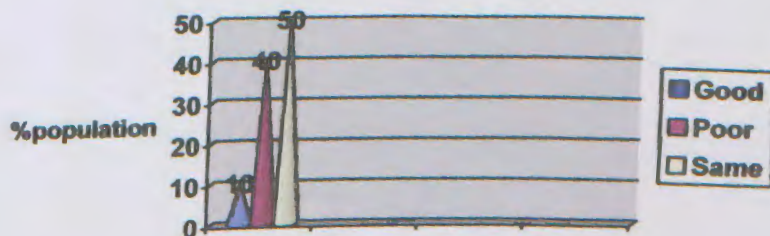
The response shows that many people are not aware of the water commercialisation policy. Only 30% of them knew about the policy while 70% did not. The 70% surprisingly also included a good number of people employed by the Local Authority itself.

**Figure 5. What does it mean to you?**



The response of what the policy meant varied from quality service, which was 15% to poor service, which was 35% while the majority (50%) seems to suggest that the policy meant paying more for water but still receiving poor service, they explained.

**Figure 6. Quality of Water after Commercialisation**



The response indicates that about 50% of the people think that the quality of water is still the same even after it was commercialised while the 40% thought it was even worse (poor) and only 10% said the water quality was good, after it was commercialised.

**Figure 7. Price of Water After Commercialisation**



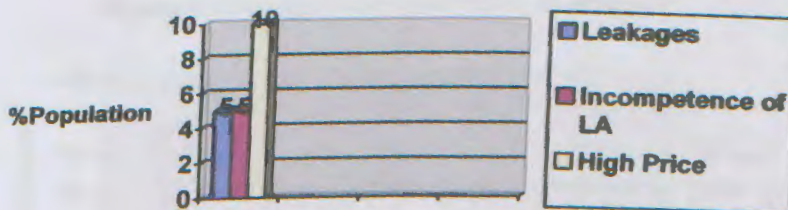
The response reflects that 25% of the people think that the price of water is reasonable, 65% think it is relatively high and only 10% thought it was low. The 65% cited the proximity of the Zambezi river (very close to the town) and the less cost involved in purifying (as its relatively clean) as the reasons for saying water was expensive while the 10% compared the high cost of purifying water and the cost it was provided for and then concluded that it was cheap.

**Figure 8. Reason for non payment of water**



About 50 % of the people interviewed said they could not pay for water because it was too expensive while 40% indicated the issue of incorrect meter readings as council's billing system was giving them incorrect figures and the other 10 % indicated other reasons like unemployment and poverty.

**Figure 9. Main Reason for the Water problem in Local Authority**



50% indicated that the problems were caused by non-payment, as water was now expensive, while 25% felt that it was because of leakages. The other 25% indicated that

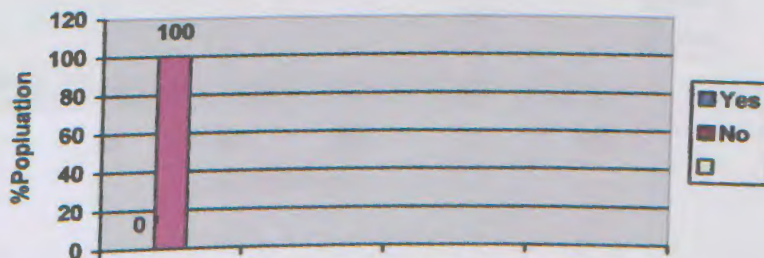
it was because of incompetence of Local Authority in collecting revenue and providing correct meter readings.

**Figure 10. Did you partake in any debate before the policy was implemented**



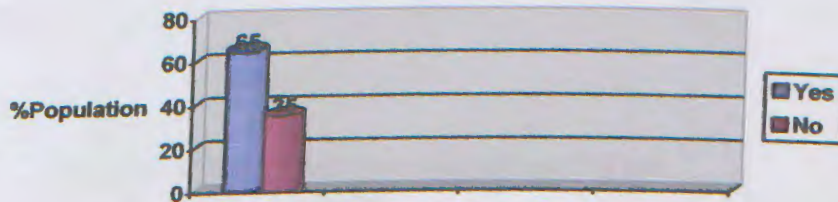
The response shows that none of the people interviewed took part in any debate before water was commercialised.

**Figure 11. Do you know how water is priced ?**



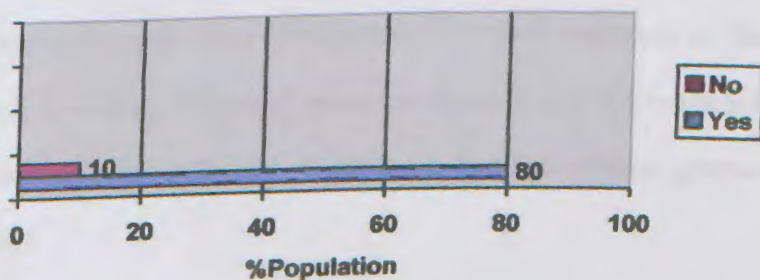
The response shows that no person, including Local Authority staff knew how the price of water is being determined.

**Figure 12. Has the policy affected your activities/operations?**



The response suggests that most residents believe that their activities have been affected by the water commercialising policy. 65% said it did while 35% thought it did not affect their operations. The 65% claimed they had to stop their gardening, limited their relatives from the village to come visit them and had to stop washing their cars at home.

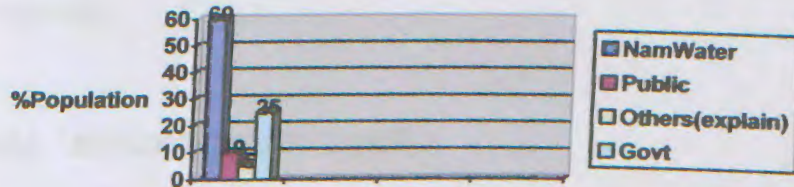
**Figure 13. Has the policy affected the water service delivery**



65% of the respondents indicated that the policy has had an effect on the water service delivery, especially when water was reduced to three hours per day last year (2003). They claim that last year's situation affected the Council's activities, as it was unable to

collect much revenue that could be used to replace the old pipes, which would have resulted in good water supply to the town, they explained. The other 35% thought it was not the policy per se but the council's incapacity to pay for water received from NamWater.

**Figure 14. Whose interest is being achieved by the policy**



When asked whose interests are being achieved by the policy, 60% said NamWater, as they are yet to pay dividends to government or saw any visible investment to infrastructures. Only their salaries are being improved annually, they explained their observations. The other 25% believed it was government as NamWater has taken over the duty and cost to supply water, while 10% said it was the public and 5% said it was others, like the IMF and World Bank that had advised government to commercialise water.

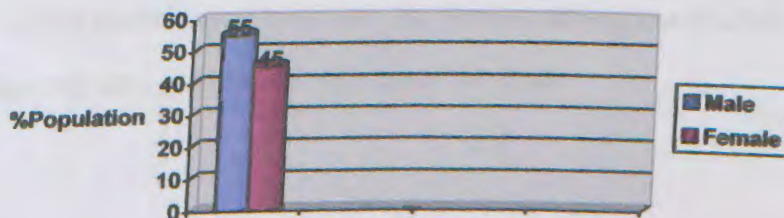
### 3.3 WINDHOEK CASE STUDY

The information presented here is subdivided into two. The first data was gathered from the residents of the city. The second data was sourced from the discussions with the Deputy Director of Local Authorities financing in the Ministry of Regional and Local Government and Housing, two managers of NamWater and the General Secretary of the Union. A Discussion was also held with three senior staff of the Windhoek Local Authority.

#### 3.3.1 RESIDENTS' RESPONSES

The data presented below was gathered through administered questionnaires with the Local residents of the town in their capacity as end user/clients of the water services.

Figure 15. Gender



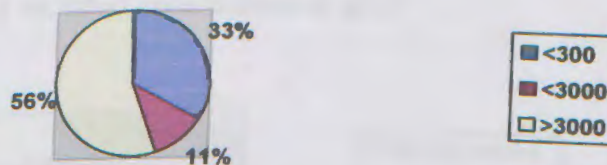
The gender composition was almost balanced with 55% males and 45% females, giving a balanced view of both sexes.

**Figure 16. Employer**



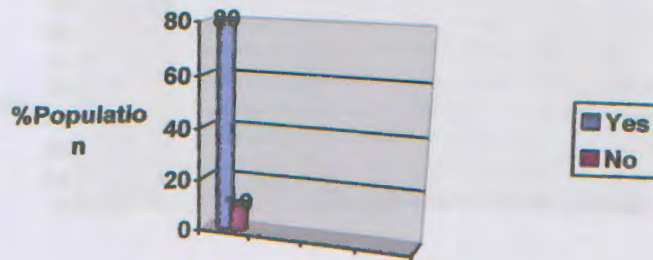
Of the total people interviewed, 16% were employed by the Windhoek Local Authority, 22% by government, 16% by the private sector and 33% were unemployed.

**Figure 17 Income Level**



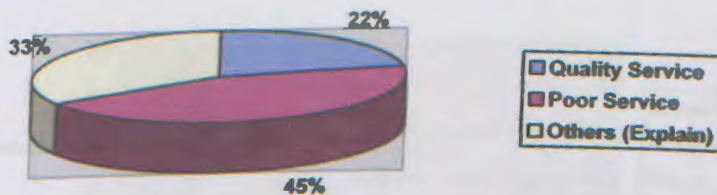
The income levels varied from 33% for people earning less than N\$ 300, 11% earning less than N\$ 3000 and 55% earning above N\$ 3000

**Figure 18. Knowledge of the water commercialisation policy**



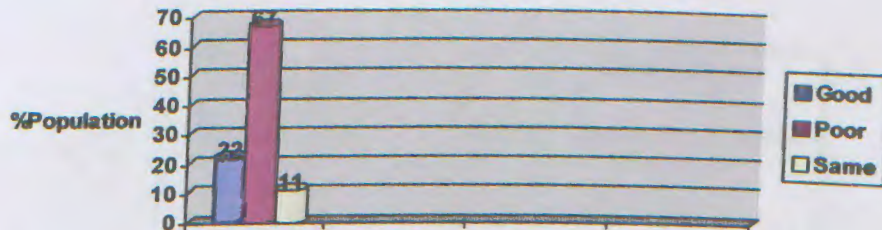
90 % of the people interviewed were aware of the policy of water commercialisation and 10% were not.

**Figure 19. What does it mean to you?**



When asked what the policy meant to them, 22% indicated that the policy meant quality service while 55% said it was poor service and 23% said it meant nothing to them.

**Figure 20. Quality of water after commercialisation**



22% of the people interviewed thought the quality of water was good after it was commercialised while 67% thought it had even become worse (poor) and only 11% believed that the water quality had remained the same.

**Figure 21. Price of water after commercialisation**



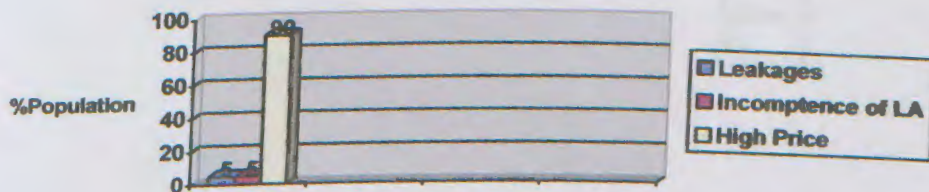
The response reflects that 16% of the people felt that the price of water was reasonable, 77% thought it to be relatively high and only 7% thought it was low. The 77% included some people who had knowledge of water development process.

**Figure 22. Reason for non-payment of water**



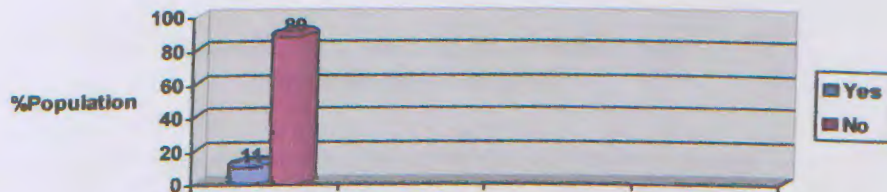
About 78 % of the people interviewed said they could not pay for water because it was too expensive while 11% stated the reason to be incorrect meter readings as municipal official sometimes only use estimates and not the actual usage and 11 % indicated it was due to other reasons like poor water quality, unemployment and poverty.

**Figure 23. Main reason for the water problem in Local Authority**



In answering the above question 90% indicate that it was because water was expensive while 5% indicated its was because of leakages and 5% indicated it was because of the incompetence of the Local Authority to collect correct meter readings.

**Figure 24. Did you partake in any debate before the implementation of the policy**



The response shows that at least 11% of the people interviewed did partake in the policy formulation stage. These were the Unions who claimed that they even changed the policy from privatisation to commercialisation and NamWater's staff.

**Figure 25. Do you know how water is priced?**



The response shows that 11% of people interviewed knew how water was being priced. These were people from the City of Windhoek and NamWater. From the city's point of view, water is highly priced considering that they have a reclamation plant, which cost

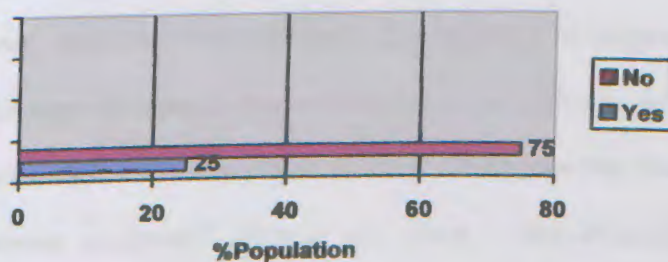
them less to produce water. However, NamWater claimed that the price it charged was reasonable, as it has to maintain the old inherited infrastructures.

**Figure 26. Has the policy affected your activities/operations?**



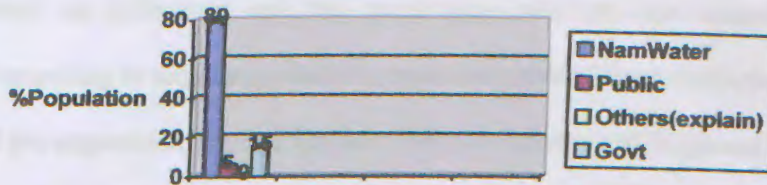
When asked if the water commercialising policy had affected their activities/operation, 15% said it had while 85% thought it had not affected their operations at all.

**Figure 27. Has the policy affected your water service delivery**



25% indicated that the policy had affected the water service delivery, while the other 75% thought it did not affect them at all.

**Figure 28. Whose interest is being achieved by the policy?**



When asked whose interests were being achieved by the policy, 80% said NamWater citing their high salary as their reason for their answer, 15% thought it was government, as the burden to provide water is been shifted from them, while 5% said it was the public, because it was now receiving better and quality service.

### 3.2.1 DATA FROM THE DISCUSSION/INTERVIEWS

**Regional and Local Government:** The Ministry of Regional and Local Government and Housing views the water commercialisation policy as an empowering tool for Local Authorities and the communities at large. "It is time that Namibians graduate from the dependence syndrome". This is our stand as the Ministry of Regional and Local Government and Housing said the Deputy Director of Regional and Local Authority financing (Interview No. 8).

The Ministry has been assisting Local Authorities by financing water for newly proclaimed towns up to 1999 when it realised that Local Authorities were not eager to stand on their own and the continuous criticism that central government was not responding to their needs in time, especially those Local Authorities under the leadership of the opposition parties. Before 1999 the Ministry of Regional and Local Government and Housing financed all the operations of Local Authorities including the payment of salaries of the newly proclaimed Local Authorities despite the fact that they are autonomous bodies. All that was required from these Local Authorities was to collect funds and deposit it in the central revenue pool, but few did so effectively. In most instances, they only awaited money from central government.

The other problem that Local Authorities are faced with, according to the Ministry of Regional and Local Government and Housing, is the lack of financial expertise to warn their bodies when approaching a financial crisis. The Chief Executive Officers of most of these Local Authorities are not financial experts and their Financial Managers usually fail to warn them to alert the Management Committees of the possible danger and the need to adjust or change policies so as to avert such problems. This has resulted in infighting between the elected councillors and their administrators at the expense of the residents. The Katima Mulilo Local Authority was cited as an example where the Chief Executive Officer and her management team failed to honour their payment with NamWater after the Management Committee had instructed them to do so. The Management Committee was not warned before hand that there was a serious cash flow

problem and as a result they committed the council to pay money that they did not have or could not afford. The end result was that, water was cut off and for a year the residents of Katima Mulilo received water for only three (3) hours a day

The Deputy Director of Regional and Local Authorities however, admitted that Local Authority financing requires more skills than ordinary financing of government where you only worry about expenditure and not the revenue side. Local Authority financial staff requires special training to enable them to balance their revenue with the expenditure. Political interference was also cited as one of the issues that had affected the operations of most Local Authorities. This problem is caused by the lack of a clear understanding of policies and management issues. Some councillors, especially those in Local Authorities that were proclaimed only after independence have more often than not, found themselves interfering in the day-to-day running of their respective Local Authorities. This has caused conflicts and as such the management team has left the councillors to implement their own decisions. The other problem is that most councillors do not have the necessary skills to make sound policies and direct their management team, the Deputy Director explained.

Although most problems can be put on the door steps of Local Authorities themselves, Central Government, particularly the Local Authority Financing in the Ministry of Regional and Local Government and Housing admits that, smaller Local Authorities were not properly prepared for the withdrawal of Central Government's financing

assistance and hence the problems started immediately, when the assistance was withdrawn. Such a dramatic step can affect operations of any organisation, especially the smaller ones, admitted the Deputy Director of Local Authorities Financing (interview no 8)

**NamWater:** The water utility, NamWater, which is the implementing agent of the water commercialisation policy, views the policy as a necessity to develop and sustain the water infrastructures of the country. It views its role as purely technical and not political. As an implementing agent of government, the water utility follows strictly the law that empowers it. Following the law cannot be interpreted as promoting our self-interest as other claims, said the General Manager of Operations. These are political statements and not facts, he further reiterated (interview No. 6).

The water corporation has seen most of its activities been put on hold because of non-payment. It sometimes borrows money to sustain its operations. The biggest defaulters are the Local Authorities and some government institutions. Despite this scenario, the water utility has managed to increase access to potable water from 75% at independence to 98% in urban areas and from 40% to 80% in the rural area, the General Manager of Operations explained.

Although NamWater has been blamed for not having a human face, the study found out that NamWater has in some cases been reluctant to cut water to government institutions

and Local Authorities despite being empowered by the law to do so. General Manager cited Katima Mulilo as an example where the Local Authority failed to pay a single cent for almost a year and their water supply was not completely cut off. The issue of the much-talked cost recovery was asked. In his response, the General Manager justified the cost recovery system, saying the infrastructures that were inherited from government were too old and their maintenance costs are very high, hence the need to recover money so as to maintain the old infrastructures. The issue of not having a human face to subsidize the poor is not one of our mandates, that should be government and other concerned organisations, he reiterated.

The question of poor service and water quality was also discussed. NamWater admitted that in some towns, water quality was not up to standard but blamed that on Local Authorities and other defaults. "We can only provide better services if we receive money from our client", he concluded (interview No 6).

**Local Authority:** The Windhoek Local Authority has no problem with the water commercialisation policy per se but its implementation seems to be focusing only on the price (Interview No. 5, October, 22, 2004). The concept of cost recovery is being used as an excuse to put the price up, a Section Engineer at the City Council explained. The City of Windhoek process potable water at about N\$ 2.00/kiloliters because its proclamation plant is very complex. The conventional process that NamWater is using should even be much more cheaper. He estimated it to be between N\$1 to N\$1.80/kiloliters to produce

potable water. But NamWater sells it at N\$ 4.80/kiloliters. Is that cost recovery or profit? He asked.

Although non-payment of water is a problem, the Local Authority has a credit policy, which empowers it to even sell the house of deflators. This has helped the city to stay in business effectively, the Manager: Costing and Management explained (Interview No.5, October 22, 2004). The issue of poor quality of water was also discussed and the Windhoek Local Authority blames it to NamWater. We only supply what is given to us the PRO of the city explained (Interview No.39, November 11, 2004). The city provides only about 15% of the water from its alternative water sources and the rest comes from NamWater, he concluded.

**UNIONS:** The Trade Union's attitude has been that of a watch and see approach, after successfully discouraging government on its initial notion of privatising its entities including water (Interview No. 4). Although the Union has no objection to commercialisation because the assets are still in government hands, they are unhappy with the way the water utility is trying to run the organisation, said Peter Nevonga, the General Secretary of Namibia Public Workers Union, the recognised Trade Union in Namibia and also affiliated to the governing party, SWAPO.

The issue of cost recovery is one, said Nevonga. NamWater has indicated that, for the next five years, it will increase the price of water to recover their cost, but the question,

which the Union wants to know, is which costs if everything was inherited from government, he explained. The Union is adamant that this practice by NamWater is there only to satisfy their huge salaries as all infrastructures that they are currently utilising were handed over or transferred from the Ministry of Agriculture, Water and Rural Development at no cost, Nevonga argued.

The cost recovery idea has contributed to the suffering of the poor and unemployed. Some people can now not simply afford water because the price of water is increasing each year while the salaries are stagnant. For example, water tariffs have been increasing between 10% to 12 % annually. This is before the Local Authorities add their percentage while the public servants' salaries were adjusted by 5% only the past two years. This means that each year the public servants are getting poor by 5% or so, he explained.

The Union is also not happy with the Local Authorities, especially the Windhoek Municipality. Their credit policy is inhuman and the need to review it is long overdue. How can they sell someone's house just because he cannot afford to pay N\$100? After all, these are just estimates. The issue of estimating water and not going house by house to get correct reading is a sign of inefficiency and laziness, Nevonga argued.

Although the Union has successfully discouraged government to privatise the water utility, they are still uncomfortable about some consultants and few new black elites that are advocating for privatisation in the name of competition. The Union feels competition is just being used because people want to further worsen the lives of the people. Water is

a basic need and cannot be put in private hands. If NamWater cannot do a good job, then our advice is to return it to government. Water is, in any case a natural monopoly and as such, even if placed in private hands, no competition will really exist, he concluded.

## **CHAPTER FOUR**

### **AN ANALYSIS OF THE FINDINGS**

#### **4.1 PREFACE**

This chapter tries to analyse the findings that were presented in the previews chapter. The analyses are based on the theories that were reviewed in chapter two and the practical information provided by the relevant stakeholders. A summary is given at the end of each analysis of the Local Authority.

#### **4.2 KATIMA MULILO CASE STUDY**

##### **4.2.1 Understanding of the policy**

The study revealed that most people in Katima Mulilo still do not understand the water commercialisation policy. This was confirmed by a question of the Chairperson of the Management Committee of the town when he asked "*Who Owns Water*"? *This is the question that residents of the town ask everyday when asked to pay for water.* (Interview No 2, October 22, 2004). This statement shows that little is known about the policy,

seven (7) years after it was introduced. It was interesting to see that some people who are employed by the council did not know about the policy as confirmed in figure 4.

The above situation could be blamed on the policy process as government did not sensitise and involve the larger public and the relevant stakeholders like the Local Authorities during the formulation stage of the policy. The policy process as proposed by Jenkins (1978) involves seven stages. These are the initiation stage, the information stage, the consideration stage, the decision stage, implementation stage, evaluation stage and the termination stage. The finding however suggests the information stage was not properly handled, as many people in the town are still not aware of the policy.

The finding may also suggest that this was a top down approach, a common approach in most African countries and this has led to many policies failing, not because their envisaged activities or aims are bad, but because the local people have never owned the policy by participating and understanding the envisaged outcomes that it intends to achieve. The findings could also suggest ignorance of some people, especially council staff as the debt about the policy and NamWater has generated much interest on TV, Radio and Newspapers reports.

The above scenario (lack of understanding) may explain why some people are reluctant to pay for water and also the unwillingness of some council's staff to collect revenue from water services.

#### 4.2.2 Perception of the policy

Most people still do not understand why they should pay more for water, if the river is just meters away from their houses. There seems to be a serious lack of information about the pricing of water by NamWater, as no one seems to know how water is priced, including the Local Authority as reflected in figure 11.

The availability of such significant information (water pricing) could help people understand the whole process of purifications and the cost of maintaining the infrastructures. In the absence of such information, the general public is left to speculate. Most people have concluded that, the high price of water is only going to salaries of senior officials at NamWater and such a perception may result in the non-payment for water as people view it as enriching the few.

Figure 5 shows that people perceive the policy as just paying more for water while receiving poor service. This is supported by Figure 6 where most residents indicated that the water quality has even deteriorated after it was commercialised. Such a scenario may create a bad perception and hence cause many debates. Some politicians and unions are already calling for the water service to be returned to government.

The Namibian daily Newspaper published a debate in parliament with the heading "Abolish NamWater, urged MP"(The Namibian, October 1, 2003). In the same article

Hon. Kaura of the official opposition party, the DTA, asked if NamWater was now God to decide who should live and who should die. Such sentiments suggest that NamWater is only there for self-interest and not that of the general public. Figure 14 also suggests that most people think NamWater is the only one benefiting from the policy.

#### **4.2.3 Problems and Challenges of the Local Authority**

The weak economic situation of the town of Katima Mulilo seems not to be ready for the policy. This became evident during the discussion with the Deputy Mayor when she cited the high unemployment and high rate of HIV infection in the town. These problems seem to bother the Council as they are faced with the dilemma of people who cannot pay not because they are unwilling, but because they cannot afford to.

Despite the problems of unemployment and HIV, the council's financial status is further worsened by old water infrastructures. Water received from NamWater is not all accounted for, because of leakages and pipe busts which is blamed on old infrastructures. Figure 9 confirms this statement as some residents admit that leakages do contribute to the water problem in the town.

The town also seems to be struggling with the high water price by NamWater. As suggested by figure 8, the main reason for non-payment (50%) is because water was

expensive, making it unaffordable to many in the town. Figure 7 also concur with the views suggested in figure 8, where respondents suggested that the price of water has become expensive after it was commercialised. These sentiments are supported by Figure 9, which attributes the main water problem of the Local Authority to the high price of water. This has resulted in non-payment of water to the council, which in turn fails to honour NamWater.

The finding also revealed that the Local political feasibility was not taken into account. The discussion with the CEO of the council shows that local politicians do not support the water commercialisation policy. They (politicians) go on campaigning to local people not to pay for water, using independence as their excuse. The Deputy Mayor's statement when she said they could not just start implementing something that they themselves don't agree or even understand, says volume about the lack of the support of the policy in the town.

The politicians, especially those at Local level, are important players in any policy process as they are the ones to encourage people to support or undermine the policy. The fact that no one participated in the debate of the policy as suggested in figure 10, says volumes and the consequences of that are clearly seen in the non-payment of the water services.

#### **4.2.4 Problems and Challenges of the policy**

The biggest challenge of the policy is how to achieve its objectives when non-payment of its service is the order of the day. The study revealed that, NamWater's operations are being hampered by non-payments. Evident to this is the water quality in the town. Most residents have even suggested that the water quality has gone down, as also suggested by Figure 6. NamWater also admitted to this claim but argues that how can they supply quality water to towns that are not paying for their services.

The above picture seems to be in contrast with the notion of commercialisation, as it's widely believed that it usually leads to better and quality services. It is hence surprising that this is not the case in Katima Mulilo. The other problem is the lack of understanding of the policy and the NamWater's role and responsibility. If some politicians are encouraging people not to contribute to their own water development, such a situation poses a serious challenge to future progress of water in the town.

#### **4.2.5 Summary**

After critically looking at the Katima Mulilo Local Authority, it became clearly evident that the water problem can be attributed to the following facts;

##### **Residents**

- Water is viewed, as an expensive commodity after it was commercialised,
- Unaffordable to many, because the majority of people in the town earn low income and many are unemployed, and
- Lack of understanding of the policy by local politicians, council's staff and the residents.

##### **Local Authority**

- The town has a weak economy, hence no alternative source of revenue,
- General inefficiency and lack of commitment of Local Authority's staff,
- Lack of initiative by both councilors and staff of the council,
- Poor service delivery by the Local Authority, and

- Old infrastructures worsen the already volatile water problem in the town.

#### **NamWater**

- Poor water quality to the residents of Katima Mulilo Local Authority, and
- Poor communication with the Local Authority and residents of the town.

### **4.3 WINDHOEK CASE STUDY**

#### **4.3.1 Understanding of the policy**

There seems to be a relatively good understanding of the policy in the capital city Windhoek. This is confirmed by the 90% responses of figure 18 of the policy, where respondents indicated their knowledge of the water commercialisation policy. This could be attributed to the fact that Windhoek being the capital city of the country where most significant centres such as the administrative, legislative, judiciary etc. are based, is also a centre of activities and hence information is readily and freely available. The other reason could be the years of existence of the city. Being one of the oldest Local Authority in the country, Windhoek's information dissemination has developed over the years and has also developed means and ways of handling the general public in the city.

#### 4.3.2. Perception of the Policy

There is a general perception that the policy is being wrongly implemented and it has failed to achieve the intended and/or envisaged outcome. This opinion is based on both technical facts and public perceptions. For example, if one looks at the price of water compared to its quality before and after commercialisation, the result raises more questions than answers, as quality has worsened instead of improving.

From the technical point of view, water should be much more affordable than it is now as indicated by the Engineering section at the City of Windhoek during our discussions. According to them, the conversational process (the development process of water) should cost between N\$1.00 N\$1.80/kilolitre and if a 100% cost recovery principal is applied then water should cost about N\$ 2.50/kilolitre (including other variable costs) but it now costs about N\$4.80/ cubic liters (Interview No.6, October 23, 2004). If one then looks at this picture, then the general perception, as indicated in figure 21, that water is expensive, is then justified.

The other problem is the water quality. Many people (public perception) have complained about the water quality that NamWater is providing. This is confirmed by figure 20, where people feel that the quality of water has even deteriorated after it was commercialised. The Local Authority of Windhoek that has being involved in the business of developing water for over 20 years also agrees that water quality has gone

down. They claim that their meeting with NamWater has only been yielding promises that they are busy doing something about it. Our image is going down because some people do not understand that we receive about 85% of our water from NamWater and hence the quality of water should be directed to them and not us, the PRO of the city explained in our interview (Interview No.39, November 11, 2004).

The above situation paints a bad picture on the water utility, NamWater, as people think it is only there to make more money to sustain the huge salaries of senior managers. Figure 28 confirms such sentiments as 80% of the public views that only NamWater's interests are being achieved by the policy.

#### **4.3.3 Problems and Challenges of the Local Authority**

The strong economic activities of the town seem to support the city and hence few major problems, especially with NamWater or the Water commercialisation policy. However, being the capital city of Namibia, Windhoek has attracted many people, including the unemployed who flock to the city in search of perceived better job opportunities. Being an administrative, legislative and judicial centre of the region and that of the country, the pressure on resources is huge and the City of Windhoek is forced to have answers to such challenges. With water being an absolute necessity to human kind, the challenge to provide it to the about 233 529 inhabitants becomes the City's nightmare.

The influx of the unemployed brings the issue of non-payment of essential services like water. Recently, the City of Windhoek made history when some residents of one of the informal settlement took them to court. The residents demanded among other things, that the municipality should stop the practice of terminating water supply to the poor, construct toilet facilities at their houses, reconnection of their water (The Namibian, June 28, 2004). This shows that, as long as the migration of people from the regions to Windhoek continues, the Local Authority may face the problem of non-payments of its services, including water. But with its credit policy in place, such situations are easily handled by the city as calmed by its PRO.

#### **4.3.4 Problems and challenges of the policy**

It seems that the policy is clearly understood in Windhoek and hence no major problems are experienced. However, the problem of poor water quality, high water price, would, if not addressed soon, bring some policy implications. At the moment, people are calling for some bigger Local Authorities like Windhoek to start providing its residents with water. This was confirmed with Interview No.6 during our discussions. If this is achieved, then NamWater's role will be affected and hence change or shift in policy

#### **4.3.5 Summary**

After critically looking at Windhoek Local Authority, the following facts become evident;

##### **Residents**

- Views water to be very expensive and unaffordable, and
- Residents seems to have a better understanding of the water commercialisation policy but think its wrongly implemented

##### **Local Authority**

- The city of Windhoek seems to be in a better position to respond to different situations. This could be attributed to the experience that it has gained over the years, and its strong resources base, both financial and human. The reason that it can initiate alternatives such as development levels, seek for additional and alternative water resources and introducing a credit policy to recover its costs talks volumes about its capacity and efficient performance.

### **NamWater**

- Poor water quality provided to the city,
- No sign of commitment to change or improve the water quality, and
- Price to increase, annually

#### **4.4 Summary of the Analysis**

A number of pertinent questions have remained unanswered in the drive towards water commercialisation in Namibia. The timing of the policy seems to be wrong. The study found that crucial issues such as, unemployment, uneven income distributions and both the economic and social reality of the country were not taken into consideration or given enough thought. These social facts cannot be ignored, as they will in one way or the other affect the implementation of the policy.

The study further suggests that, most of the new Local Authorities that were proclaimed after 1990, were not properly prepared for the process. Some Local Authorities still lack the capacity to collect and generate revenue and the poor conditions of their infrastructure exposes them to further financial problems with NamWater. For example, most water received through the valves of NamWater is not all sold to the community as

some of it is lost through leakages because of old pipes which some smaller towns like Katima Mulilo cannot afford to replace and at the same time honour NamWater financial commitments.

Since this was a top down approach, the above mentioned significant issue was overlooked, as a result, the policy seems to cause problems for smaller Local Authorities that have to deal, not only with the current debts, but also those incurred before independence and central government refuses to write them off despite clear signs that they are affecting operations of Local Authorities.

It is also interesting to note that the service of water has not improved, in some cases it has even deteriorated, contrary to the theory that water commercialisation will improve quality and better services to the people. This situation may reflect the lack of commitment by NamWater.

The study also suggests that the understanding between the Local Authorities and NamWater has been a top-down approach, the water utility being the boss. For example, water prices would be changed without consultations or approval from Local Authority who has to, not only deal with the community, but also adjust their programmes as they can only be adjusted the following financial year. Their autonomy remains defective in so far as they are not recognized as the legal partner in the water system.

NamWater has regards only to Cabinet and not the Local Authorities and certainly not the general public. The ultimate consequences of NamWater (supported by government one might say) is that, quality service is going down while the cost of water is sky rocketing, forcing people to either seek means for illegal water connections or digging boreholes in municipal area as it is now the case in Katima Mulilo. Such action means less or no revenue for Local Authorities, which in turn affects their general operations and service delivery to their clients.

It can finally be concluded, that, water has not become expensive because of the commercialisation policy per se but because of its implementations by NamWater and the inefficiency by Local Authority and its unwillingness to collect correct meter readings.

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATIONS

As mentioned earlier in the analysis, a number of pertinent questions have remained unattended in the drive towards water commercialisation policy in Namibia. The policy was adopted by government on the recommendation of the investigation into the water sector and all other factors like unemployment, uneven income distribution and both the economic and social reality of the country were not taken into consideration or given enough thought. These social facts cannot be ignored, as they will in one way or the other affect the implementation of the policy. Currently, the implementing agent of the water commercialisation policy, NamWater's programmes are being affected because of non-payment. This kind of atmosphere undermines the envisaged and intended outcomes of the policy.

The findings in chapter three revealed that water has become expensive after commercialisation particularly for smaller towns like Katima Mulilo. This has had a negative impact on water services delivery for Local Authorities. The problem of non-payment because water is unaffordable to many (as revealed in the finding) has affected Local Authority's water services delivery and consequently, NamWater too. Since people cannot afford to pay for water Local Authorities are unable to deliver its water to

them and this situation affects NamWater activities as they solely depend on income generated from selling water.

Although the analysis indicates that the water commercialisation policy has had a negative impact on both Windhoek and Katima Mulilo Local Authorities, the fact that Windhoek has managed to operate efficiently may imply that its not the policy per se but other factors. Factors such as unemployment, lack of understanding of the policy, the inefficiency of Local Authorities (incorrect billing being one example), lack of alternative sources etc. are some of the factors hampering and undermining the goals of the policy

From the above statement the question of timing becomes important. The problems that the policy is facing can be attributed to the timing of the policy as it was introduced at a time when most Local Authorities and the general public were not yet ready for it. This has affected the policy as a result the goals of NamWater, the implementing agent of the policy and government have been defeated. So far the feedback that government has received is poor water quality, high price etc. contrary to its expectation and the general believe that commercialisation usually bring better, efficient and quality service.

It may also be contended that water commercialisation will continue in Namibia, as it's a general trend and an acceptable global practice in today's world. The key question that

remains to be answered is how to achieve the policy goals of commercialisation with a population that is yet to recover from poverty and marginalization of our colonial past.

In the absence of the regulator, NamWater seems not to be doing enough about the water quality but only concentrate on price. With other stakeholder (Local Authorities, Unions and the Public) not taken seriously by NamWater, the only longer-term prospects for better service and affordable price depend very much on the regulatory framework that should be adopted by parliament. The fact that water is a natural monopoly by its nature, the notion of privatisation with the aim of introducing competition to promote better services and lower prices is rather farfetched hence the need for a regulatory framework can thus not be overemphasized.

The findings of the study shows that the ultimate consequences of the policy are likely to reverse and contradict other government policies that are aimed at eradicating poverty and reducing income disparities and hence reduce or limit the envisaged benefits of efficiency quality service. The following recommendations may be of assistance:

- A water regulator body to be established to set and control price, quality and standards,
- Central government to review its policy of funding Local Authorities. The funding could be targeted to capital projects only so as to assist weak Local

Authorities with infrastructures like pipelines, which will help to limit loses of water and revenue to Local Authorities,

- Central government to provide assistance in terms of training in finance for Local Authorities to manage their revenues effectively,
- Government to consider (in the long run) urban water provision to be handled by Local Authorities,
- Government to introduce subsidies for few litres of use to low-income groups,
- Government to consider assisting smaller Local Authorities in replacing old infrastructures like pipelines and the water system, and
- Training of both politicians and administrators of Local Authorities in financial, policy and planning matters.

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2	J. M. ...	Editor	Public Affairs	061 2910028
3	J. ...	Editor	Public Affairs	061 2910028
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5	J. ...	Editor	Public Affairs	061 2910028
6	J. ...	Editor	Public Affairs	061 2910028
7	J. ...	Editor	Public Affairs	061 2910028
8	J. ...	Editor	Public Affairs	061 2910028

## LIST OF INTERVIEWEES

<i>NO</i>	<i>Date</i>	<i>Name</i>	<i>Employer</i>	<i>Rank</i>	<i>Contact</i>
1	22/10/04	G. Mwiya	Katima Town Council	Deputy Mayor	0812456588
2	22/10/04	J. Likando	Katima Town Council	Chairperson of the management Committee	0812505371
3	22/10/04	A. Limbo	Katima Town Council	Town Clerk	0811274524
4	22/10/04	P. Nevonga	NAPWU	General Secretary	0811270138
5	22/10/04	G. Esterhuizen	City of Windhoek	Manager: Costing and Management	061 2902008
6	22/10/04	Dr. Tjipangandjara	Nam Water	General Manager: Operations	061 712169
7	23/10/04	J. Esterhuizen	City of Windhoek	Section Engineer	061 2902339
8	23/10/04	G. Shivolo	Local Government	Deputy Director	061 2975044

9	23/10/04	O. Simasiku	State House	Policy Analyst	0811272837
10	23/10/04	M. Simataa	Katima Town Council	Manager: HR	066 253289
11	23/10/04	D. Sabuta	Katima Town Council	Accountant	0812834975
12	23/10/04	J. Kambimbi	Katima Town Council	Artisan (water)	0812701171
13	23/10/04	N. Mundia	Katima Town Council	Head: Public Health	0812699304
14	24/10/04	I. Mahoto	Basic Education	Director	066 253 002
15	24/10/04	L. Lupalezwi	Basic Education	Deputy Director	0811244323
16	24/10/04	B. Muyongo	Ministry of Health	Registered Nurse	0811249594
17	25/10/04	D. Bock	Ministry of Works	Inspector	0812527140
18	25/10/04	L. Lifalaza	GIPF	Branch Administrator	0811292976
19	25/10/04	N. Sabuta	Africa Wildlife	Technical Assistant	0812585210
20	25/10/04	A. Mwilima	Ministry of Health	Senior Administrator	0812574303
21	26/10/04	S. Chunga	Self Employed	Businessman	

				and Former Mayor	
22	26/10/04	M. Mahoto	Women Affairs	G.L.O	066 254121
23	27/10/04	P. Matengu	Self Employed	Businessman	0812798315
24	27/10/04	A. Lulatelo	Unemployed	N/A	None
25	28/10/04	S. Kunomena	Unemployed	N/A	None
26	28/10/04	M. Salupito	Unemployed	N/A	None
27	28/10/04	N. Mateus	Unemployed	N/A	None
28	28/10/04	V. Tuyenilseln	Unemployed	N/A	None
29	29/10/04	J. Kalimbo	Unemployed	N/A	None
30	29/10/04	R. Hangula	Unemployed	N/A	None
31	29/10/04	L. Elia	Unemployed	N/A	None
32	29/10/04	N. Shikongo	Unemployed	N/A	None
33	03/11/04	H. Shikesho	Unemployed	N/A	None
34	03/11/04	R. Kasingo	Self employed	Businesswomen	None
35	04/11/04	P. Nafutali	Unemployed	N/A	None
36	05/11/04	N. Nakwambi	Unemployed	N/A	None
37	05/11/04	E. Shatilwe	Unemployed	N/A	None
38	05/11/04	E. Hainana	Khomas Regional Council	Chief Dev Planner	0811285968
39	10/11/04	N Katoma	City of Windhoek	PRO	0811282738

## APPENDIX 1

**THE STUDY OF THE IMPACT OF WATER  
COMMERCIALIZATION ON LOCAL AUTHORITIES**

Below NE 5000	Above NE 5000	Section 1 Personal Details	Above NE 5000	Above NE 5000
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1. Name (optional)

2. Gender

3. Location

4. Employment Status

Yes	
No	

## 5. Employer

What does it mean to you?

## 6. Income level

Below		Above		Above		Above	
N\$500		N\$500		N\$ 3000		N\$ 3000	

Others (explain)

## Section 2

What you know about the policy? Knowledge Level on the Policy

## 7. Are you aware of the water commercialization policy?

Yes	
No	

11. Do you know how water is priced?

8. What does it mean to you?

Good services	
Poor service	
Paying more for water	
Others (explain)	

9. Did you partake in any decision/debate before it was implemented?

Yes	
No	

10. Do you know how water is priced?

Yes	
No	

11. In your opinion is the policy good or bad for Namibia

Bad	
Good	

Explain.....

.....

.....

.....

.....

Section 3

Impact of the Policy

12. How has your life changed after the introduction of the policy (well-being)

Explain.....  
.....  
.....  
.....

13. Has the quality of service improved after water was commercialized or not

Yes	
No	

14. How affordable is water after it was commercialized?

Affordable	
Unaffordable	
Reasonable	

15. Any other comment on the policy.

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.....

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