

CORPORATE SOCIAL INVESTMENT



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Investment in social programmes for the benefits of the communities within the operational area is identified in terms of Umgeni Water’s strategy as one of the five organizational pillars. The pillar that provides direction for the corporate social investment programme is that of Water and Socio-economic Development, which is effected through the following strategic objectives:

- Contribution to the National Development Agenda
- Reduction of Backlogs
- Job Creation and Contribution to Broad-based Black Economic Empowerment.

Over the years there has been a shift in how corporate social responsibility is viewed in the sustainability field by moving away from the mindset of seeing it as a donation to viewing it as an investment in social imperatives. This mindset shift is more relevant in an organization like Umgeni Water since water can be used to bring about appropriate development in line with the objective of using water for sustainable development.

Umgeni Water considers itself a responsible Corporate Citizen that makes a tangible difference to the lives of people through its core business of the treatment and supply of potable water to municipalities for the purpose of reticulation.

Consequently, Umgeni Water also invests both financially and materially in the upliftment of communities within its area of operation. This is done through different special purpose vehicles (SPVs), the Water and Environmental Education Unit situated within the Engineering and Scientific Services Division, Social Development Units (collaboration between Operation and Engineering and Scientific Services Divisions), as well as the Corporate Stakeholder Management Unit, which is a business unit in the Office of the Chief Executive. The key thrusts of Umgeni Water’s Corporate Social Investment are:

- The creation of awareness and promotion of education in the area of water and sanitation, especially as it pertains to the prevention of water-borne diseases
- The provision of potable water and sanitation facilities at schools in disadvantaged areas. Umgeni Water does this as an Implementing Agent for the KwaZulu-Natal Department of Education

- The disbursement of sponsorships or donations to organizations and individuals undertaking work that is closely aligned to the core business activities of Umgeni Water
- Sponsorship of events that provide branding, positioning and marketing opportunities for Umgeni Water.
- Several social investment programmes were implemented in the year under review and the table below illustrates the costs to Umgeni Water for these programmes

Table 18: Umgeni Water Social Investment

Programme	Umgeni Water Spend
Water & environmental education	R2.3 Million
School & household sanitation	R 1.5 Million
Social interventions for infrastructure projects	R 600 000*

*Costs excluding compensation paid to households affected by Umgeni Water’s construction projects

The programmes outlined above are aimed at addressing social challenges such as poverty, HIV/AIDS, low literacy rates, unemployment, anthropogenic impacts on natural resources, as well as water and sanitation backlogs.

WATER AND ENVIRONMENTAL EDUCATION PROGRAMME

During 2007/08, Environmental Education Programmes included a significant contribution to the sustainable development of

communities, with a focus on building health, hygiene and environmental awareness. Umgeni Water continues to implement appropriate programmes in schools and communities, working in partnership with relevant stakeholders. Approximately 31 262 people were reached during the implementation of various environmental education programmes.

ENVIRONMENTAL AWARENESS PROGRAMME

Umgeni Water helps children to extend their knowledge and understanding of the environment by exposing them to water and wastewater treatment processes, which encourages a cross-curriculum approach to environmental education. Water classroom presentations and water treatment tours are conducted at Durban Heights and Midmar Waterworks, while Wastewater Treatment Tours are facilitated at Darvill Wastewater Works. During the 2007/08 financial year a total of 84 institutions visited Umgeni Water's water classrooms and 5 285 people were reached during these visits.

Over the period under review Umgeni Water ran awareness programmes which included issues on pollution, conservation, health and hygiene, and the importance of water. The visits also included educational workshops to equip educators with skills and resources to help sustain environmental education projects. Approximately 8 420 people were reached.

PUBLIC AWARENESS

Public awareness is a key component of Umgeni Water's Environmental Education Programmes. Special Environmental Days are used to foster environmental education activities within communities to help them minimize their impact on the environment and move towards sustainability. During the period under review, awareness events were held to celebrate Arbor Week and Weedbuster Week (September 2007), World Water Monitoring Day (October 2007), Wetlands Day (February 2008), Water Week (March 2008) and Environmental Week (June 2008). A total of 17 557 people were reached during these awareness events.

During World Water Monitoring Day, 50 learners benefited from presentations on water pollution and live demonstrations on testing for temperature, pH and turbidity. Water safety has become one of the concerns, especially within rural communities where there is no access to swimming and other recreational facilities. Umgeni Water has taken an initiative to raise awareness, especially around dams. During Water Week a water safety day was held at Nagle Dam involving 16 schools in the area, where live demonstrations from the Navy were used to illustrate the danger of swimming in dams.

*Case Study: Celebrating Wetlands Day
Umgeni Water ran a Wetlands Competition involving Grades 7-8 learners from various schools within eThekweni Metropolitan, Sisonke, Ugu, and iLembe District Municipalities. Twenty of the learners who participated and became winners in the competition were taken on a two-day Wetland Educational Excursion with the aim of exposing them to wetlands and their value to society. The excursion included a full course on wetlands conducted by WESSA*

at their Treasure Beach Centre, and also a tour of wetland plants at the Silverglen Nursery. Learners were then given an opportunity to present their work and enjoy discussions with each other on how they are going to preserve wetlands in their area. The schools involved were Robert Hlongwa (Ugu), Stanger Manor and Qalakahle (iLembe), Esizibeni and Mnganiwakhe (eThekweni), Siyanda (Msunduzi), Entabeni, Embuzweni and Mfulamhle (Sisonke).

Following the competition held for Wetlands Day, a clean-up of a Wetland Park was held at Stanger during Environmental Week. Seven schools were given a tour of the park during which they identified alien and indigenous plants, followed by an opportunity to test the quality of water in the stream. These schools will now adopt the Wetland and help rehabilitate it.



Wetland's Day excursion

ENVIRONMENTAL LITERACY

In order to increase literacy and interest in environmental issues, Umgeni Water has developed resources which include educational posters, booklets and leaflets. These are designed to help educators and communities become aware of potential hazards and means of environmental protection. Approximately 6 000 units of educational material were distributed.

ERADICATION OF WATER SERVICES BACKLOGS

Umgeni Water acts as an implementing agent for district municipalities, the Department of Water Affairs and Forestry and the Department of Education for the provision of sanitation facilities in schools and households, mainly in rural areas. The sanitation programme encompasses the construction of ventilated pit latrines, installed by emerging contractors, and the provision of health and hygiene, as well institutional support and development services.

Umgeni Water is currently the only implementing agent providing end-user education as part of the implementing agency services to its clients. For the year under review, Umgeni Water's Institutional Development facilitators provided social services which included stakeholder engagement to ensure effective participation and capacity-building for the sanitation project beneficiaries.

CONTRIBUTING TO LOCAL ECONOMIC DEVELOPMENT AGENDA

Umgeni Water contributed to the local economic developmental agenda through the creation of job opportunities via various projects run by the organization. These included employing local people for infrastructure projects, clearing alien weeds (Working for Water Programme) and the construction of sanitation facilities. Progress against targets is shown in the table below:

Table 19: Overview of job creation through social projects

Description	2007/08 Target	2007/08 Performance
CAPEX Projects	Spend 5% of Capex on local labour	4% of CAPEX (R7 million)
Working for Water Project	Create 31 810 employment days per annum	Created 37 547 employment days

Table 20: Performance in terms of BEE spend for social projects

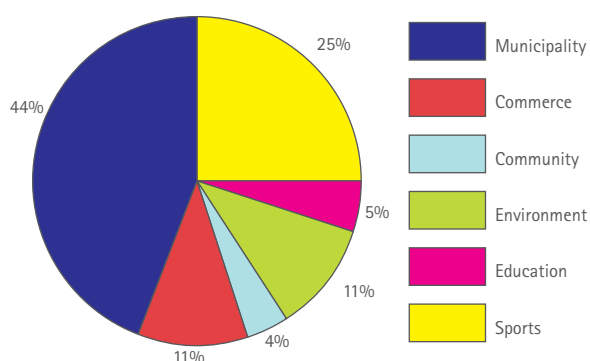
Description	2007/08 Performance	2006/07 Performance
Household sanitation	R21 million	R22 million
School sanitation	R7 million	R18 million

SPONSORSHIPS AND DONATIONS MADE BY UMGENI WATER IN FINANCIAL YEAR 2007 – 2008

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Consequently, Umgeni Water also invests both financially and materially in the upliftment of communities within its area of operation. This is done through two special purpose vehicles (SPVs), the Education Unit situated within the Engineering and Scientific Services Division, and the Corporate Stakeholder Management Unit which is a business unit in the Office of the Chief Executive. The key thrusts of Umgeni Water's Corporate Social Investment are:

- The creation of awareness and promotion of education in the area of water and sanitation, especially as it pertains to the prevention of water-borne diseases
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- The disbursement of sponsorships or donations to organisations and individuals working in areas closely aligned to the core business activities of Umgeni Water
- Sponsorship of events that provide branding, positioning and marketing opportunities for Umgeni Water
- Sponsorship and donation requests are handled by the Corporate Stakeholder Management Unit and are made within the framework of a policy that articulates the strategies of Umgeni Water, its vision and priority areas of concentration in Corporate Social Investment. Sponsorships are made as cash disbursements while donations are made in kind, such as merchandise or professional services.
- The policy, titled Umgeni Water Sponsorship and Donation Policy, informs the decisions of the Corporate Stakeholder Management Unit in dealing with requests. Apart from the above, the policy:
 - Is also aligned to and consistent with stipulations of the Public Finance Management Act and Treasury Regulations
 - Identifies potential risks associated with the disbursement of funds and stipulates measures to mitigate these risks

In the period under review, an amount of R293 978.02 was provided to organisations working in the areas of Promotion of Water Sports; Education in Water Conservation and Awareness of Water-borne Diseases; Promotion of Environment Conservation and Prevention of Pollution; Community Upliftment and Social Development; and Promotion and hosting of events linked to Umgeni Water's core business.

Case Study : Challenges experienced with the South Coast Bulk Pipe Line Project in 2007

Umgeni Water implemented one of its major CAPEX projects in 2007, the construction of the South Coast pipeline 40 km long in the Luthuli, Maphumulo and Hlengwa Traditional Authorities. As a result of the magnitude of the project, a significant number of households en route were affected during construction.

Umgeni Water aligns its infrastructure projects with the national Expanded Public Works Programme mandate of the government and as such, general labour is sourced from the affected community as far as possible, provided specialized skills are not required.

An average of more than 2 200 monthly jobs over a period of over 20 months was created through the project. In addition, 3-4 month-long job opportunities for approximately 450 local people were created. An estimated R7 million was paid in salaries for these jobs. Daily wages were in line with the Department of Labour rates and varied between R78 and R95. Furthermore, local residents were compensated in monetary form for any loss of crops along the line route. More than R155 000 has been paid out so far to local people in compensation for loss of income on fruit and vegetable plants.

Umgeni Water has, in partnership with contractors on this pipeline, invested in the transference of basic skills such as

welding and basic construction to local people who were temporarily employed in this project.

A number of social challenges encountered during this project included:

- The total period that lapsed between the public participation (PP) process and actual construction of the pipe. By law, the implementing agent should run the PP process before a report is compiled as part of the request for a Record of Decision (ROD) from the relevant governmental department. An ROD can take anytime between 9 and 12 months to be issued, and as a result, local people on the ground have little recollection of the actual scope of the project
- Contractors employed by Umgeni Water to construct the pipeline often have little understanding of the local language as well as the general social behavior of that particular community. Thus at times conflict or clashes emerge as a result of misunderstandings on both sides
- It is hard for residents, especially in rural communities, to accept that Umgeni Water does not compensate households for excavating on occupied land, but rather compensates if their livelihood has been negatively impacted upon, like losing crops that they consume or sell.

Regular site visits were conducted by ISD Facilitators to counter daily obstacles posed by social issues to the construction schedule. The contractors had also been encouraged to procure their own social personnel to partner Umgeni Water's facilitators to proactively prevent delays.

WATER SUPPLY PROJECTS FOR SOCIAL DEVELOPMENT

In line with this year's theme entitled 'Water for growth and Sustainable Development', Umgeni Water is investing in bulk water supply projects for the provision of a sustainable potable water supply to low-income areas. This is in recognition of the crucial role that water can play in the eradication of poverty and is aimed at the reduction of drinking water backlogs. These projects include the Richmond Bulk Water Supply Project, the Wartburg Regional Bulk Water Supply Scheme and the Ngcebo Bulk Water Supply Project.

The Richmond Project will supply an estimated water demand of 20,7 MI/d to Thornville, Hopewell, Baynesfield, Richmond and Ndaleni areas. The AADD for the Thornville/Hopewell/Baynesfield Node will be supplied with an estimated 9,3 MI/d, and the Richmond/Ndaleni Node with an estimated 11,4 MI/d of potable water. This translates to an estimated 345 000 people being served.

Table:21: Corporate social investment - water supply projects

Phase	Water supply estimate	Total number of people served per day	Projected cost per kilolitre	Tariff (R/kl) 2008 figures
Ngcebo Phase 1	1 MI/d	16 666	R6,22	R2,96
Ngcebo Phase 2	12 MI/d	200 000	R3,02	R2,96

The Wartburg Bulk Water Supply Project entails the construction of bulk water infrastructure to supply potable water to the Efaye and Ozwatini areas. The project includes a 90 km pipeline which will be implemented in three phases:

Phase 1: Claridge Reservoir to Wartburg – a 26 km, 800 mm diameter pipeline, a 5 MI reservoir and a booster pump station.

Phase 2: Wartburg to Dalton – a 15 km, 700 mm pipeline, a 10 MI reservoir and booster pump station

Phase 3: Dalton to Ozwatini – a 32 km 660-300 mm pipeline, a 10 MI reservoir and booster pump station.

This project is scheduled to be implemented from July 2010 and at this stage some of the preliminary investigations are in progress. The allocated cost for the project is R124 million. However, this figure is likely to increase due to the increase in steel price.

The Ngcebo Regional Bulk Water Supply Scheme is aimed at providing a sustainable supply of potable water to the Maphumulo and Maqumbi areas, which fall under the jurisdiction of the iLembe District Municipality (IDM). The scheme is based on:

- Providing a reliable and sustainable water service to Maqumbi and Mapuhmulo, an area which has been identified as a priority 'Presidential Project'. Both current supplies have become dysfunctional due to the non-sustainability of the water resource
- Providing a reliable and sustainable water service to Ngcebo Phase 1, which is currently being reticulated
- Providing a reliable and sustainable water service to Ngcebo 2 RWSS
- Initially augmenting the KwaDukuza water supply and thereby ensuring the sustainability of the above on-line rural water supply schemes.

The costs of water in rands per kilolitre are estimated at R6,22 for Ngcebo Phase 1 and R3,09 for both phases. Phase 1 of Ngcebo is planned to supply 1 MI/d and Phase 2 will supply 12 MI/d. Below are the details of the number of people to be served from the project using an average of 60 l/d per person.

SOCIAL DEVELOPMENT

The global economic outlook has taken another turn in the 21st century with business people, politicians and celebrities shifting their agenda from 'dog eat dog business approach, red carpet Hollywood-type' lifestyles to global philanthropy. We have seen trends of multiple adoptions, pledges at the World Economic Forum, and an increase in official donor aid, including benefit concerts. The Global Philanthropy Forum led a debate on 'philanthro-capitalism', with interesting points emerging around the issue of applying business methods and measures to philanthropy, while counter arguments emerged suggesting that this will divert attention from the changes needed to transform society.

At the core of these debates, tendencies and outcomes is the fact that the world has come to realize that it can never be sustainable to have such huge gaps existing between the rich and the poor, with some not having access to basic resources and living in poverty. The South African government created an enabling environment by putting in place policies to address this challenge, including making funding available.

Umgeni Water continues to play a key role at grassroots level by providing solutions and driving the social agenda within its operational area and beyond. We are mindful of the need for value for money in driving social causes and hence our approaches are based on tight cost management and quick implementation of projects, with the emphasis on quality. Our performance in the year under review is reflected below.

Strategic objectives

In the light of the above, and understanding the constraints that exists in South Africa in terms of skills shortage, Umgeni Water went beyond its mandate and developed a strategic pillar for Water and Socio-economic Development. The strategic objectives underpinning this pillar are:

- Contributing to the National Development Agenda and reduction of backlogs
- Job creation and contribution to BBBEE.

An important part of these strategies is to provide Health and Hygiene education, and ensure community participation and ownership of the sanitation projects. The education drive also mainstreams gender issues, noting that women in vulnerable communities are at the coalface of challenges associated with poor hygiene conditions. They carry the burden of caring for the sick, having to raise children and ensure their survival under trying conditions. Other issues that are always taken for granted are lack of privacy due to absence of decent and lockable sanitation facilities and lack of facilities to dispose of waste, including sanitary pads.

Apart from job creation, as a poverty eradication initiative, Umgeni Water's strategies focused on women empowerment and being sensitive to issues of disabilities. Notwithstanding an obligation in the country statutes to respond accordingly, as an organization with a social conscience, this is at the heart of all the Umgeni Water's social programmes.

One cannot overemphasize the gains from the multiplier effect arising from a little investment in vulnerable communities by giving them skills, placing them in labour-intensive programmes, allowing them to gain experience and later become absorbed in the formal economy as productive workers. Umgeni Water further focused its energies on enterprise development by building sustainable businesses to benefit the previously disadvantaged and ensure that they in turn build other enterprises.

Umgeni Water's social agenda therefore recognizes challenges relating to access to basic water and sanitation facilities while at the same time responding to the scourge of poverty and unemployment.

Approach and results

In ensuring successful implementation of the above strategic objectives, Umgeni Water expanded the Social Development Department which drives these programme on the ground. The unit falls under the Operations Division and operates throughout KwaZulu Natal to support district municipalities, the Department of Water Affairs and Forestry, and the Department of Education.

The Board of Umgeni Water and EXCO further called on all individuals to think of innovative ways to contribute towards this broader agenda through a mindset shift to 'Business Unusual'. It goes without saying that value is created through synergy, harnessing technical, financial and social skills to achieve great results with minimal inputs. This was achieved through cross-divisional inputs and co-ordination by the Social Development Department.

The tables below reflect contributions made by Umgeni Water towards eradication of backlogs and job creation.

Table 22: Household sanitation programme

Project name	Local Municipality	Units completed to date	Number of Beneficiaries
Swayimane Ward 9	uMshwathi LM	730	5840
Swayimane Ward 10	uMshwathi LM	850	6800
Swayimane Ward 11	uMshwathi LM	335	2680
Magoda Sanitation Project	Richmond LM	508	4064
Ndaleni Sanitation Project	Richmond LM	889	7112
Stoffelton Sanitation Project	Impendle LM	603	4824
eMakholweni Sanitation Project	eMkhambathini LM	559	4472
Tendele	Mpofana	143	1144
Total No. of households served		4 617	36 936

Table 23: School sanitation programme

Programme name	Programme description	Number of schools	Number of toilet seats	Number of beneficiaries
DoE Phase 4	Water & Sanitation in Schools	7	105	2 855
DoE Phase 5	Water & Sanitation in Schools	12	145	4 256
DWAF Phase 1	Water & Sanitation in Schools	44	481	12 769

DoE – Department of Education; DWAF – Department of Water Affairs and Forestry

Umgeni Water has further successfully completed the construction of 14 laboratories, eight libraries, three computer rooms and seven varied combinations of laboratories, libraries and computer rooms including renovations of 16 Historically Disadvantaged Boarding Schools on behalf of the KwaZulu Natal Department of Education.

Table 24: Contribution to job creation

Programme	Construction workers				
	Total	Female %.	Male %.	Youth %.	Disabled %.
School Sanitation & HDBS	490	28	72	49	1
Household Sanitation	600	45	55	20	1
Job creation Total spend on local labour Phase 4 & HDBS – R2,5 million Household Sanitation – R720 000	Contribute to BBBEE Total spend on contractors & local suppliers School Watsan – R6 million HDBS – R15 million Household Sanitation – R7 million				

HDBS – Historically Disadvantaged Boarding Schools

Table 25: Enterprise Development

Programme	CIDB Entry/Income level	New level (Post Project)	New bank rating
Schools programmes (Contractors)	Level 1– 2 GB (x 20 contractors)	Level 4 GB	C+ @ R100 000
Household (Suppliers)	0 (no overdraft facility from banks)	R50 000/month (overdraft facility available)	C @ R50 000

CIDB – Construction Industry Development Board

GB – General Building

Plans for next financial year

Umgeni Water will actively engage its partners and other stakeholders, such as academia, Department of Science and Technology and Water Research Commission, to find even better and safe dry sanitation options. The short to medium term approach will be to engage in an extensive education campaign and investigate environmental friendly bio-augmentation agents to prolong the useful life of existing Ventilated Improved Pit Latrines. Options of physical removal of sludge and safe disposal will be applied where possible.

Umgeni Water has further looked at areas of improvement in relation to minimizing environmental impacts in construction activities. A recommendation has been made to the KwaZulu Natal Department of Education that Montana facebrick with Fireside Trevertine be utilized. This brick is manufactured in KZN and therefore using it will reduce the contribution to carbon emissions from trucks carting loads of Montana bricks from Gauteng.

A changeover from NFX Engineering bricks to Corocrete Engineering cement bricks will have a similar effect. The net reduction will be quantified on our contribution to emission and report at the end of the next financial year. The added advantage is a cost reduction of 25% arising from this recommended change.

