



REPUBLIC OF SOUTH AFRICA
DEPARTMENT OF WATER AFFAIRS AND FORESTRY

MASIBAMBANE – CLOSE OUT REPORT

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1 EXECUTIVE SUMMARY

1.1 Introduction

The Close-out Report of the Water Services Sector Programme (WS-SSP), also known as the Masibambane Programme - Let's work Together - was compiled to assess the project's progress over the three-year implementation period, the period being April 2001 to March 2004.

The aim of this report is to reflect the successes and/or failures of the Masibambane Project against the original Financing Agreement, established between the South African Government and the European Community.

Generally, the programme was aimed at addressing the water and sanitation services backlog, improvement of service levels and, in general, contributing to sustainable development. Activities included supporting strategic policy development, as well as water and sanitation services provision to selected poor rural communities in three provinces (Limpopo Province, KwaZulu Natal and the Eastern Cape). The program was later extended to all nine provinces

However, there is a mixed picture regarding specific areas that reflect the programme's ability to adequately adapt to some of the dynamics in the macro environment of the country. There is varying success with regard to effectiveness and efficiency. Causal relationships are not simple, but the indication is that delivery of water and sanitation has generally been efficient. This has been achieved through dedicated effort in organisational and management interventions at different levels. However, the impression is also that the efficient delivery of water services is not always matched by effective utilisation and benefits to the target groups. Service delivery remains underpinned by outsourcing. The corollary is dearth of capacity at local and community levels.

This suggests that the definition of sector and the institutional arrangements need to be reviewed for alignment for the way forward. Of particular importance in the latter regard is the sector's positioning and role in the light of the Municipal Infrastructure Grant (MIG) and the increasing importance of alignment with second tier partners such as Health, Housing and Education.

The Mid-Term Review asserted the continuing relevance of the programme within the South African context. At the time, there was limited basis for linking relevance more clearly to future arrangements, that more logically reflect the sector approach and integrated programme management.

The overall impression reported in the Mid-Term Review of January 2003 seems to hold, eighteen months later. The impression is that, overall, the programme has been successful and is exemplary in the region and beyond. The pooling of resources into a sector-wide programme, that has decentralisation as a key driver, is particularly important in ensuring effectiveness and sustainability.

In addition to the significant challenges related to the changing landscape of local government, many of the concerns raised in the Mid-Term Review in respect of cross cutting issues remain. These relate to integration of cross cutting issues in planning, execution and reporting. Civil society participation appears to require a re-definition of who civil society is and what alternative forms of future participation will be consistent with the long term goals of effectiveness and sustainability. Gender mainstreaming remains largely misunderstood conceptually and, as a result, either inappropriately addressed or marginalised altogether. The issues related to the environment and appropriate technology raised in the Mid-Term Review has been partially addressed, but the same constraints are limiting successes in these areas.

As previously recognised, the programme is addressing large-scale challenges and will therefore have significant areas of improvement.

2 BACKGROUND TO PROGRAMME

2.1 Introduction

South Africa has one of the highest income inequalities in the world. Inequalities exist in both the distribution and access to domestic water and sanitation.

The addressing of inequalities in the distribution and access to domestic water and sanitation in South Africa is a major driving force behind the programme. The programme involves a variety of government departments at all levels, as well as civil society role players and stakeholders. These include the Department of Water Affairs and Forestry (DWAF), the Department of Provincial and Local Government (DPLG) and the National Treasury at national level, Provincial and Local spheres of government, as well as civil society organisations.

The Water Service Sector Support Programme (WS-SSP), also known as the Masibambane Programme, is a 4-year multifaceted support programme (originally 3-years) to the government of South Africa in the water and sanitation services sector. The Masibambane programme is a national initiative of the Government of South Africa that supports development of the water services sector.

The programme is co-financed by the South African Government, a EU grant and grants from the Netherlands and Ireland bilateral co-operation programmes. The United Kingdom and French bilateral co-operation programmes provided parallel funding. At the time the programme was prepared the total value of the European Community grant was fixed at 47,080,000 EURO (forty seven million eighty thousand EUROS). In December 2003 this amount was changed, in the Rider to the Financing Agreement, to 75,000,000 EURO (seventy five million EUROS) and the time limit for the implementation of this programme was extended to 48 months, from the original 36 months. This grant was in the form of a direct contribution to the South African government budget.

2.2 Programme aim

The ultimate aim of the programme is to decentralise provision of water and sanitation services to local government institutions. This requires collaboration, integrated planning and implementation, as well as capacity building of all role players.

2.3 Programme objective

The overall objective of the programme is to improve the quality of life (including health) and contribute to poverty eradication in poor rural communities in South Africa by providing basic water and sanitation services.

The programme had to provide basic water supply and sanitation services through a variety of activities, including the support of strategic policy development, water and sanitation services provision to selected poor rural communities in three provinces (Limpopo Province, KwaZulu Natal and the Eastern Cape) and through institutional support to assist various levels of public sector institutions. As from April 2003 the programme has been extended to include the remaining six provinces and encouragingly there was eagerness across the board.

2.4 Project purpose

The purpose of the programme is identified as follows:

“To assist each sphere and level of government, and other role-players including the private sector and NGO’s, to fulfill their respective functions within the current policy and legislative framework”.

The programme was viewed as part of the overall government priority of providing basic services to the poor.

2.5 Origins and preparation of the project

The Water Services Programme was initiated by DWAF in 1994 with the aim of improving access to basic water and sanitation services to all South Africans. The Programme has resulted in approximately 2,4 million people being served. Based on experience, DWAF initiated the preparation of Multi-Annual Action Plans (MAAPs) to guide the planning, budgeting and implementation of water and sanitation service delivery in the Limpopo Province, KwaZulu Natal and the Eastern Cape. The MAAPs were utilised for a Programme Proposal for a Sector Support Programme. A National Steering Committee comprising stakeholders from government, civil society and the donor community guided the project preparation.

2.6 Programme partnerships

The programme partnerships involved government departments in all spheres, as well as civil society role players and stakeholders. These include the Department of Water Affairs and Forestry (DWAF), the Department of Provincial and Local Government (DPLG) and the National Treasury at national level, Provincial and Local spheres of government, as well as civil society organisations.

2.7 Expected results

The support programme was divided into three main theme areas: Sector Orientation, Water Service Delivery and Institutional support. The main expected results in each of the three theme areas over the three-year period were as follows:

- Reviewed and updated policy and legislation for the water and sanitation services sector in South Africa.
- A water and sanitation services sector orientated towards consumer-driven interventions.
- Approximately 2,4 million people across all nine provinces of South Africa provided with sustainable services (originally only the focus was only on three provinces, namely Limpopo Province, KwaZulu Natal and the Eastern Cape, but this was changed to all nine provinces in April 2003).
- Health and hygiene education included in all infrastructure projects.
- Technical, managerial and administrative capacity of key role players improved (specifically the capacity of Local Government and DWAF structures, Water Service Authorities and Water Service Providers).
- Integrated planning and co-ordination management within the sector strengthened.
- Gender unit within the water services chief directorate of DWAF established.

2.8 Cross-sectoral aspects

There were a number of cross-sectoral aspects to the programme, which has contribute in general to the development of the sector and through which the programme have

contributed to the achievement of broad development objectives, particularly in the three targeted provinces. These include the following:

- Poverty alleviation
The integrated Sustainable Rural Development Strategy (ISDRS) initiative was established to address rural poverty in South Africa. The focus of the ISDRS is on the delivery of infrastructure and social services and on achieving viable and sustainable economic activities in rural areas. The programme will be a major contribution to that goal through linkages with agricultural and other production activities.
- Gender and other socio-cultural aspects
Women are almost exclusively responsible for the sourcing and cartage of water. The role of women in development has been acknowledged in policy and legislation in South Africa. There was a need for consistent implementation of these policies to address the needs of women and development in general.
- Environmental protection
Water and sanitation services provided by the programme were expected to have an impact on the environment. In this regard, environmental considerations are included within the framework of the MAAPs for the three provinces. Environmental considerations were also required in the Integrated Development Plans (IDPS), the Land Development Objectives (LDOs), Water Service Development Plans and Area/Project Business Plans. As part of the Business Planning process, EIAs were required for all new initiatives.

2.9 Water Services Sector background of Masibambane within the South African Context

The Masibambane Programme is considered by the Government of South Africa to be a flagship sector initiative in the delivery of basic service to the poor. It is designed in accordance with the sector approach adopted by government in the late 1990's, championed by the Department of Public Service and Administration (DPSA). It provided for an implementation process that emphasises active co-ordination and collaboration among relevant partners, leading to efficient and effective service delivery.

It is essential to understand the history of water supply and sanitation services in South Africa as the basis of the evolution of Masibambane. In addition, it is also critical to identify who the key role players had been in the delivery of water supply and sanitation services.

In terms of the Constitution of the Republic of South Africa, local government is responsible for providing basic services, including water supply and sanitation. However, after the democratic elections of 1994, government was faced with the challenge of addressing a huge water and sanitation services backlog in the country. The Department of Provincial and Local Government (DPLG) was, at the time, grappling with the transformation of local government to address disparities in service provision in general. The majority of local authorities that existed did not have sufficient capacity to address the service backlog. It was not only municipalities who were not properly structured (pre-demarcation) or capacitated. It must also be recognised that South Africa only comprised four provinces pre-1994. The nine new Provinces were in no position to coordinate or implement the MAAPs.

To address a pressing water service delivery need, the Department of Water Affairs and Forestry embarked on a programme to accelerate access to basic water. The focus was on rural communities, the majority of which did not have access to potable water. In addition to the physical provision of water services, DWAF developed a comprehensive legislative framework for water supply and sanitation services.

While there was significant progress in addressing the backlog, e.g. DWAF provided 5,3 million households with potable water¹, service provision had the following challenges:

- A project orientation approach towards the provision of water supply and sanitation
- Lack of coordinated planning and development for service delivery
- Lack of / inadequate involvement of women in service delivery
- No consideration for environmental impact from services provided
- Emphasis on high class technology without engaging communities in selecting appropriate technology that suited their needs
- Lack of public sector capacity for water service provision functions
- Service sustainability challenges as a result of lack of cost recovery.

In an attempt to continue with addressing the service backlog and addressing the challenges as stated above, DWAF initiated a multi-faceted sector support programme for the provision of water supply and sanitation services. This programme was aimed at integrating processes and resources that would result in coordinated and effective service delivery. The programme was given the name “Masibambane”, a Zulu word literally meaning, “Let us join hands”. In terms of documents reviewed and responses from key informants, the adopted meaning of Masibambane was “Let’s work together”¹. Thus, the sector support model was born out of the realisation that the project based approach had elements of inefficiency such as duplication, provided no opportunity for the rationalisation of resources and did not take the economies of scale as presented by a sector wide approach.

The Masibambane sector approach hooked well into the National Treasury’s Medium Term Expenditure Framework (MTEF), which emphasised the importance of planning and budgeting, supporting water services institutions and local government in taking responsibility for the provision of services, as well as policy coordination between government departments.

Key donor partners recognised that coordination could only take place through a single basket of funds, a single project priority list and a single reporting mechanism. This coordination was subsequently achieved through a multi-party financing agreement entered into between DWAF and its key donor partners. This agreement initiated Masibambane and had as its mission “To improve quality of life in three provinces in South Africa (KwaZulu Natal, Eastern Cape and Northern Province) and redress existing inequalities in access to services through the provision of sustainable basic water services to the poor”.

An important objective of Masibambane was to use this nationally coordinated approach to involve all sectors in developing a decentralised and sustainable water sector. Ambitious targets for decentralisation were thus established in the logical framework, which underpinned the financing agreement. For example a target was set for WSAs to be functional in 50% of areas served and for WSPs to be functional in 80% of areas served by the end of the three-year period.

Although the logical framework underpinned the three-year financing agreement, the evaluation shows that it was in certain respects replaced as a planning tool by the forward looking DWAF strategic plans which took previous years’ performance into account. As far as DWAF management was concerned, the goals were thus not static for the three years. For example, the Water Services Strategic Plan targets for 2004/05 are that 30% of WSAs should be functioning effectively and that 50% of WSPs should be functioning effectively (see previous paragraph for comparison).

The fact that the WS programme has since 1994 been led by the national sphere of government is also of fundamental importance in contextualising the problems that will now have to be faced by the implementation of Municipal Infrastructure Grant (MIG) at the end of MSB Phase 1. For example:

- Almost all of the funds invested in the sector over the life time of MSB originated from, or was routed through, national government;
- National government appointed substantial head office capacity to implement municipal WS schemes;
- National government procured the implementation consultants, implementing agents, and even operated municipal reticulation schemes;
- National government even “capacitated” local government by hiring capacity at a national government level.

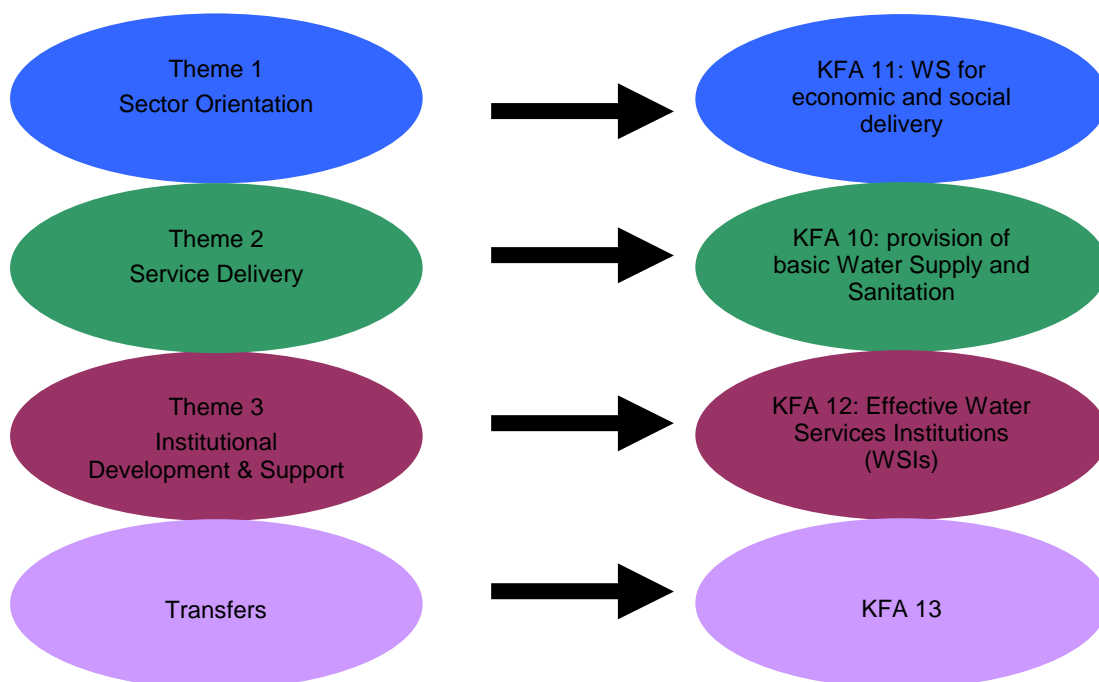
The MSB financing agreement activated an investment in the water sector of far more than one billion Rand per annum, excluding an equally substantial amount from the CMIP (focused mainly on bulk schemes), contributions from donor outside of MSB, and spin offs from housing developments and other public works programmes (clinics and schools).

However, a further paradigm shift is now required, and this need for a change in the overall direction is apparent in the Strategic Framework for Water Services. The demarcation of Local Government and the implementation of MIG both raise serious questions about the need to maintain a parallel WS funding programme and capacity for implementing WS infrastructure within DWAF, when it is clear that the resources would in future be far more usefully applied within either DPLG or Local Government.

2.10 Theme and KFA alignment

As per the original Logical Framework, the management of Masibambane was divided into three main theme areas: Sector Orientation, Water Service Delivery and Institutional support.

The realignment of the Department to the Cabinet Medium-Term Objectives resulted in the Department defining its strategic framework deliverables and budget structure in Key Focus Areas (KFA's). This enabled one strategy guiding all activities and one workplan against which to report. The relationship between the Masibambane themes and the KFA's is illustrated below:



3 INTERVENTIONS

3.1 Masibambane key performance indicators

As per the original Logical Framework, the management of Masibambane was divided into three main theme areas: Sector Orientation, Water Service Delivery and Institutional support.

Theme 1 - sector orientation

Reviewed and updated policy taking into account and incorporating the developments of the past few years including the Water Services Act and policy and legislation developed in other sectors, particularly the local government sector.

A more clearly oriented and purposeful water and sanitation services sector oriented towards consumer-driven interventions. The key outputs are an orientation towards customer satisfaction, efficiency (in quality and quantity) in the provision of the services, revenue collection, operation and maintenance, the development of extension of service levels and integration with other local services within the framework of local government.

Theme 2 – service delivery

Water Services Development Plans (WSDPs) formulated and approved. Sustainable water infrastructure to RDP standards provided to approximately 2,4 million people (800 000 in the Limpopo Province, 804 000 in KwaZulu Natal and 850 000 in Eastern Cape)*. Moreover, rehabilitation and extension of existing water schemes and water and sewage treatment plants.

Health and Hygiene education to approximately 2,4 million (800 000 in the Limpopo Province, 804 000 in KwaZulu Natal and 850 000 in Eastern Cape).

Basic sanitation facilities provided to 240 000 people in Limpopo Province, 260 000 people in KwaZulu Natal and 140 000 people in Eastern Cape.

480 water schemes transferred to Water Service Authorities (WSA).

* As from April 2003 the programme has been extended to include the remaining six Provinces

Theme 3 – institutional support

Improved capacity will be developed in order to ensure that each institution within the public and private sectors performs its function adequately and sustainably.

DWAF at national level will be better able to fulfill its regulatory and support functions in water resources management. The programme will result in strengthened management and in further development of critical Head Offices functions including planning and monitoring and evaluation.

In DWAF regional offices the focus will be on strengthened regulatory functions, support to the sector at regional level, the transfer of resources and schemes which are yet to be transferred and monitoring and evaluation.

Local Government functioning as Water Service Authorities in at least 50% of each region. Capacity and skills will have been built at local government level to enable this to happen. Support will have been provided through the Implementation of Sustainable Water Services Institutions Programme (ISWIP). In some instances new institutions such as District Councils, catchment management agencies and community structures will be established.

Water Services Providers will have been established in terms of a variety of different models involving local government, the private sector and communities as appropriate and will be providing sustainable services in at least 80% of the identified communities. Support Agencies, including NGOs, the private sector and Water Boards, will be effectively engaged as appropriate.

The social consultant fraternity will be strengthened which is of critical importance in ensuring community participation in the development of water services.

3.2 Activities

As stipulated in the original Financing Agreement, a variety of activities had to be undertaken through the sector support programme in order to achieve the planned results. The activities outlined below only reflect a proportion of the activities undertaken in the programme as a whole:

Activities related to Result	Activities related to Result	Activities related to Results
Area 1: Sector orientation <ul style="list-style-type: none">- Assistance in the development of a new white paper.- Creation of public awareness on the water policy through road shows and dissemination information leaflets in local languages.- Stimulation of stakeholder participation in the policy formulation process through workshops and provincial and national steering committees.- Recruitment of technical assistance through a TA-framework contract.	Area 2: Service delivery <ul style="list-style-type: none">- Support to planning and management activities within DWAF and Local Government structures.- Preparation and implementation of Environmental Impact Assessments.- Implementation of water supply projects, including health and hygiene education.- Transfer of schemes to Water Service Authorities (WSAs).- Recruitment of technical assistance through a TA-framework contract.	Area 3: Institutional Support <ul style="list-style-type: none">- Support to DWAF senior management to strengthen the leadership role of the Department in the sector.- Establishment of a gender unit within the water services chief directorate.- Strengthening of the DWAF function to provide technical assistance to Local Government structures, Water Service Authorities, Water Boards and Community Water Committees.- Strengthening of local government structures to provide functions relations to water service delivery.- Capacity building for Water Service Providers.

In the Rider to the Financing Agreement it was specified that within the overall frame of the programme, taking into account the Action Plan developed following the mid-term review, implementation in 2003/2004 had to give special emphasis to the following:

- Improving the sustainability of water and sanitation schemes by the integrations of mechanisms into all aspects of the programme.
- Accelerating the delivery of more sustainable sanitation services
- Clarifying the role and involvement of non-state actors and developing appropriate procedures for local partnerships (for example, the establishment of call down contracts for non-state actors that can be used by the Water Services Authorities). In addition a strategy to increase the pool of NGOs in the Water Services Sector is being developed. Capacity building initiatives to improve performance are linked to this.
- The gender mainstream programme is focusing on the development of a national sector strategy for mainstreaming as well as the integration of appropriate key performance indicators into the monitoring and evaluation system. Roll out of the programme to other provinces and continued development of advocacy and promotions materials as well as capacity building and training of sector players.
- Appropriate technology guidelines (at the level of the business plan and project evaluation cycle) will be adopted and followed for each scheme delivered during the 2003-04 financial year.

3.3 Indicators

In the original Financing Agreement the main indicators for successful implementation of the programme were:

- Water and sanitation services policy prepared and adopted and a “service orientation” generally accepted within the sector.
- Sustainable water and sanitation services established in the three targeted provinces.
- Functions being performed and responsibilities being accepted by each level and sphere of public institution responsible for water services in terms of the Water Services Act.
- Strategic leadership provided to the sector by DWAF Head Office and Regional Offices.
- Effective models of water services providers established where appropriate including the use of the private sector.

In the Rider it was specified that during 2003/04 the monitoring, evaluation and reporting system will be enhanced to include additional indicators to capture and monitor sustainability, the use of appropriated technology and the integration of local government into the delivery of water and sanitation services.

3.4 Progress Analysis

The programme overview provides a national view of the programme’s progress and achievements over the implementation period. The information reported in this view is selected and collated according to the key Performance Indicator framework that has been developed for the Masibambane programme, and will reflect the successes and/or failures of the programme

Although integrated into one strategic plan, theme information was maintained to allow reporting against the Logical Framework as per the Financing Agreement. Only the highlights will be discussed here. For a more detailed overview of the Logical Framework, please refer to Appendix D of this document.

3.4.1 Theme 1: Sector Orientation / KFA 11: WS for Economic and Social Delivery

3.4.1.1 Financial Year 2001/02: Highlights / Achievements

- There was a considerable shift in the perception from DWAF being the all-dominant role player to a role of facilitating genuine partnerships. The relationship with its strategic partners is more structured and there is far greater identity of and ownership of the sector.
- Sector leaders and drivers were successfully brought together to give guidance, credibility and forge ownership:
 - At national level through the MCC and WSSLG;
 - At provincial level through collaborative structures like the Eastern Cape (IWSMF), KwaZulu-Natal (WATSAN) and Limpopo (Collacom);
 - A Water Summit held in the Limpopo Province in 2001, which gave input into the development of a workplan.
- The Sector is coming together with common objectives and joint decision-making – particularly in the provinces. Commonality of strategic priorities is being forged and energy unleashed.
- Collaborative structures and co-ordination mechanisms take much energy and time to evolve. Much emphasis has been put into this, but it has been proven to be a

sound investment. More needs to be done – particularly in terms of clarity of roles and better communication within the sector, particularly as new provinces and Category B municipalities come on board.

- DWAF is now able to strategically support its sector partners to take a proactive role and have strategic impact.

Limpopo has adopted a highly decentralised model of support with technical assistance for activities such as the development of a Water Services Authority (WSA) business plan provided to each District Municipality (DM) as opposed to being managed as one provincial programme.

Working groups of the Integrated Water Services Management Forum (IWSMF), comprising DM's, DH&LG and DWAF drive the implementation of the Eastern Cape Water Services Strategy (MAAP). The 2002/03 workplan was developed with a whole range of players including councilors and mayors. Comparatively, Eastern Cape took as a starting point a more centralised approach to ensure commonality of understanding and approach.

Given the history and longer running programme KwaZulu-Natal is ahead in this field. Capacity to perform the WSA function is established in most DM's with the result that they are now taking responsibility for asset transfers and have formulated and adopted policies, by-laws and tariffs.

Many of the lessons are about synergy, co-ordination, maximising efforts and opportunities with the sector and in the broader sector of local government.

A team of people with good institutional development understanding in the Water Services Sector is being built and should be supported.

Linked with Integrated Development Plan, Institutional Plans which are vital, are beginning to be made.

Focus has been on the Water Services Authorities (WSA's) but now the challenge is for effective functioning of WSP's.

Each province is very different and will need its own strategies – however there is much to learn from the experiences of each.

3.4.1.2 Financial Year 2002/03: Highlights / Achievements

1. Policy and Strategy Development
 - Water Services White Paper (later known as Strategic Framework for WS) embarked upon with initial discussion document
 - Joint Transfer Policy adopted by stakeholders
 - White Paper on Basic Household Sanitation published
2. Sector Collaboration
 - WSSLG and Provincial Sector For a established and functioning
 - Water Information Network for the sector initiated with all relevant sector players
 - SALGA's WS capacity built and able to effectively give voice to local government at national level. Able to mobilise and organise municipal WS. Political and official WS Committees running and in-house Masibambane WS unit established, including Provincial WS Coordinators
 - All major initiatives are sector driven – such as the Transfer programme, Free Basic Water and support for Powers and Functions implementation
3. Regulation

- Design of National Regulatory Framework completed
- 4. Communication and Information Dissemination
 - Development of sector orientated communication strategies
 - Hosting the Water Dome at the World Summit on Sustainable Development
 - Hosting of the AFRICASAN conference
 - National rollout of the WASH campaign
 - WS communications capacity placed in DWAF

3.4.1.3 Financial Year 2003/04: Highlights / Achievements

The Department of Water Affairs and Forestry has progressed far in reaching this objective through restructuring of the Departments governing structures and the development and publication of a number of policies. Progress for the year can be summarised as follows:

- DWAF's regulatory function in the Water Services Sector:
In line with the above objective, the Department has established the Directorate: Water Services Policy and Strategy. The key activities already undertaken by the new Directorate are the following:
 - The Strategic Framework for Water Services has been developed and is now being rolled out to the sector. Workshops have already taken place in Mpumalanga and the Free State provinces and will be conducted in all the other provinces in the near future.
 - A process to review the Water Services Act has been initiated and defined. The review is required to align the act to the changes experienced in the sector of the past few years and specifically to the Strategic Framework for Water Services.
 - The Directorate drafted a Strategic Assessment report on the water sector. The report aims at quantifying the current water services strategy and identifying areas for improvement. The draft is now being circulated to the sector stakeholders for input.
- Implementation of free basic water and sanitation:
The process of providing free basic services to all South African Citizens has progressed well. The following provides the key achievements of the quarter:
 - The free basic sanitation strategy has been approved by the national free basic services task team.
 - The free basic services website is operational. The website provides a guideline for Local Authorities, frequently asked questions and answers and information on the implementation of free basic services.
 - The first of the pilot implementations has been completed and three more commenced during the quarter.
 - The financial model for free basic services has been completed and approved. The model will be used to assess the cost implications of free services in the planning and implementation phases of the programme.
 - A number of Municipalities are still not implementing free basic services. The implementing team aims to have halved this number by the end of the first quarter of Masibambane II. Reporting on the implementation of free basic services are at the same time enhanced to provide a better national view.
 - Progress on the implementation of free basic water are summarised in the following table.

Indicator Description	Cumulative to date
Total population served with free basic water (% of population)	30.5m (65.6%)
Total poor population served with free basic water (% of population)	15.1m (51.4%)
Number of local authorities providing free basic water (% of total)	161 (94.7%)

Further analysis of the above figures indicate that the most significant improvements in terms of delivering free services to the poor was made in the provinces KwaZulu-Natal (5%), Eastern Cape (5.6%) and Limpopo (5.6%).

- Sanitation policy:

The following progress in terms of the sanitation policy issues that have been highlighted on previous occasions:

- A sector sanitation strategy is in the process of being drafted. The strategy will include basic as well as higher levels of services. It is unfortunate that this policy has not been in place prior to the release of free basic sanitation strategy as users often confuse the focus and purpose of the two documents. A communication strategy should accommodate the release of the sector sanitation strategy to provide the necessary perspective.
- A set of sanitation sector KPIs are being developed to enhance reporting on the progress made in terms of reducing the backlog. A consulting process was used in which the sector partners provided input to the final set, thus ensuring consistency of measurement across the sector.
- A study to assess the sustainability of sanitation facilities provided by the sector departments was started in September 03 and is due to finish in July 04. The objective of the study is to assess whether or not the sanitation programme implemented by various departments namely DPLG (CMIP), Housing, Public Works, Education and Health are sustainable and whether or not government objectives were achieved.
- A project to communicate all sanitation policies, strategies, tools and guidelines has been initiated. It is anticipated that this initiative will resolved the problems experienced with interpretation of the various sanitation policies and guidelines.
- Together with the Department of Health the Sanitation Unit is in the process of developing a health and hygiene strategy as well as the norms and standard for H&H. This strategy will help to inform and set a benchmark for the Health and Hygiene education component of the national sanitation programme.

3.4.1.4 Overall summary

There has been commendable improvement in the collaboration among sector players since the mid-term review. SALGA, which was not actively involved at the time of the mid-term review, is now playing a key role in sector. SALGA has indeed joined hands with DWAF and DPLG in managing the implementation of the programme. The participation and improved role played by SALGA in ensuring the continued involvement of local government in programme was attributed to the support given by Masibambane, in particular, its capacity building section.

The appointment of SALGA officials at national and provincial levels has had a political spin-off as the local government leadership became more visible in supporting coordinated water

supply and sanitation services. In Limpopo, SALGA currently chairs collaborative structures meetings.

It was stated that there was now better coordination of efforts and resources in the provinces through joint planning and funding. However, there was a need to avoid duplication of appointing consultants particularly for the development of IDPs and WSDPs. If these were done concurrently, other sectors within municipalities could learn and benefit from the integrated approach to planning.

The Department of Provincial and Local Government (DPLG) involvement has improved since the mid-term review. DPLG has been co-chairing the PSC. However, there was still a view that DPLG had not been engaging with Masibambane convincingly. There was the view that the appointment of a DPLG at regional level, i.e. DWAF technical counterpart, was critical to ensuring that key policy issues and decisions were cascaded effectively to local government structures provincial structures. Noting the envisaged changes in roles, it was critical to have a DPLG person working hand in hand with that of DWAF. In that way, DPLG would not have been seen as engaging with MSB at a remote level.

In so far as capacity building is concerned, it appears there has been adequate collaboration with the donor. Some of the funds allocated to the WSS sector and in turn to MSB were used for capacity building and support at national, provincial, and local spheres. The donor even earmarked 25% of the funds for civil society support. Even though there seems to have been different provincial interpretation of how this should have been used for civil society participation in some provinces like the NW research on civil society involved in this sector and development of a framework for civil society involvement will go a long way in clarifying civil society role and capacitating it for such a role.

The donor is a member of the Steering committee and was immediately available for interviews. The donor having supported the sector over a long period is also aware of the sector problems.

The sector role players collaborate in various structures e.g. Watsan in KZN, Collacom in Limpopo, Integrated Water Sector Management Forum in the EC, Prowsco in Mpumalanga, W.C. MSB Forum in WC and NW WSF in NW. In all the provinces there is a provincial body to which the forum reports. This seem an adequate way of collaboration as some of these provincial structures also have sub-structures like Planning Committees, PSTT, Sustainability and Transfer Task teams to name a few. This works well in most of the provinces. The missing sector in most provinces including the MSB provinces were the Health, Education, Environment, Housing and traditional leaders, except for Western Cape and North West, which include these sectors minus traditional leaders in their collaboration structures. In some provinces like Limpopo these sectors are included in Planning Task Teams, and therefore defined as included in MSB activities. Some of these sectors are crucial for collaboration for WSS provision as they also provide water and sanitation in houses, clinics or schools built.

There is insufficient collaboration taking place at DPLG, at the local government and DM and LM spheres. There is thus a need to demonstrate what can be achieved through collaboration at this sphere; in particular taking into account that MIG will now be one pot of funding for DM's and LM's. This sphere has constitutional responsibility for water services, thus most of the capacity building and support should be directed at this sphere. The next MSB grant could be used to demonstrate the usefulness of the approach at this sphere.

The allocation of 25% of the budget to civil society participation has caused a sizeable division between the various sector stakeholders. It is most evident at the local level where the NGO's are effectively excluded using the criteria of the procurement policy frameworks.

Hence the collaboration amongst sector role players as envisaged in the original contractual agreement has not materialized as seamlessly as was anticipated.

The development of MAAP's and strategies has contributed somewhat to the development of the collaborative approach amongst certain role players within the NGO environment. However, the time lapse between formulation and implementation results in very little impact on participants. Accordingly, the resources invested in the planning process at the organizational level have minimum impact, as its benefits are rarely applicable at time of fruition.

- Adapting the Approach to sector context:

The government has been promoting the integrated sector approach towards rural development and urban renewal. It has even selected nodal areas in province in which integrated resources can be directed. Therefore even at national and provincial government sphere the departments have been clustered so that they can work together. Thus the MSB approach fits neatly into this government strategy and demonstrates even to those who have no experience of sector collaboration that it works.

The problem is that there is inadequate or no capacity to replicate this at the local level. The opportunity presented by the division of powers should be used by MSB to support DPLG to cascade this approach to the local sphere and equivalent of MSB teams should be available at the local sphere led by DPLG and by DPLG capacity building unit for capacity. Taking into account that DPLG has developed a Local Government Capacity Development Framework it should be possible to capacitate the structures to be formed at this level to work the "Masibambane way"

3.4.2 Theme 2: Service Delivery / KFA 10: Provision of Basic Water Supply and Sanitation

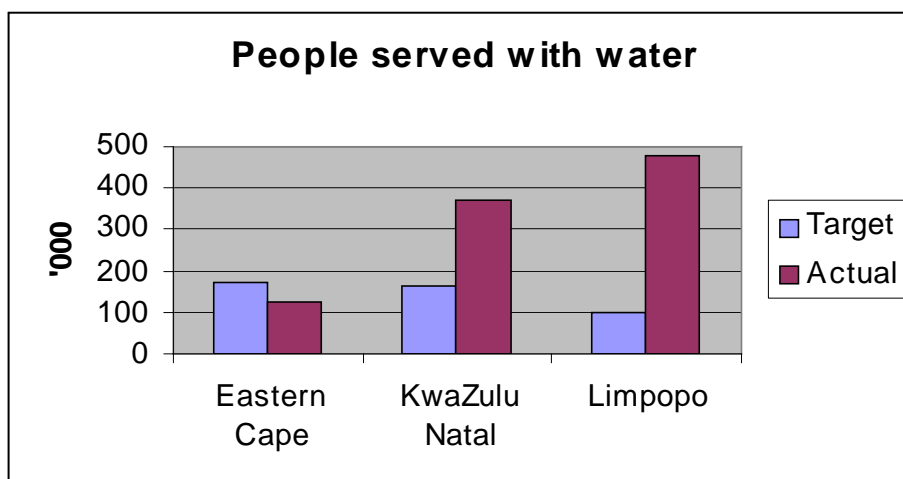
3.4.2.1 Financial Year 2001/02: Highlights / Achievements

- Water Supply Key Performance Indicators

Province	People served with water Target	People served with water Actual	Jobs created Target	Approximate** number of jobs created	Number of schemes* transferred
Eastern Cape	173 000	128 043	12 700	17 507	2
KwaZulu-Natal	163 000	367 321	13 400	25 905	4
Limpopo	100 000	475 579	11 200	11 319	1
Totals	436 000	970 943	37 300	54 731	7

* = A scheme can include more than one project

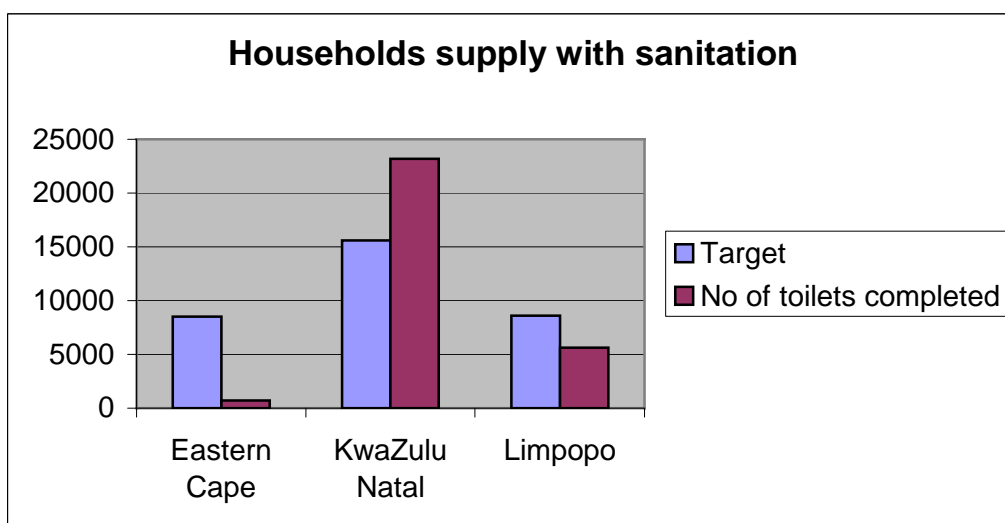
** = Assuming average duration of three months for each job created



- Sanitation Supply Key Performance Indicators

Province	Households served Target	People served Actual *	Actual number of jobs created	Number of new toilets completed (Phase A & Phase B)
Eastern Cape	8 500	18 344	700	718
KwaZulu-Natal	15 600	235 680	1 556	23 188
Limpopo	8 600	51 767	1 638	5 637
Totals	32 700	305 791	3 894	29 543

* = It is assumed that all people served are also impacted by Health & Hygiene Education



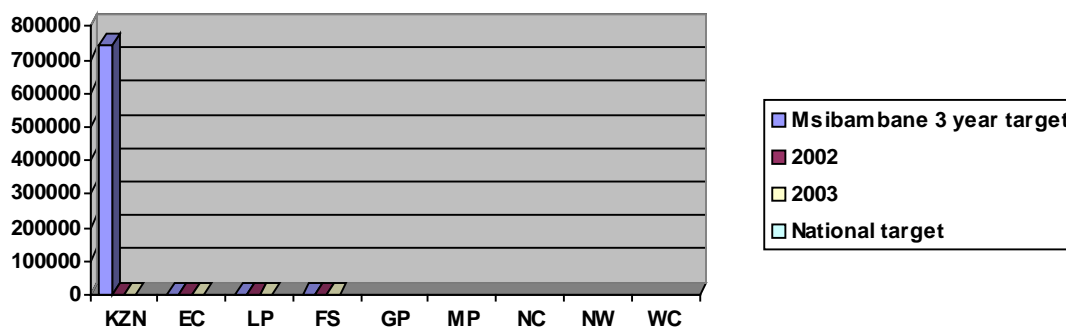
3.4.2.2 Financial Year 2002/03: Highlights / Achievements

For the 3 Masibambane Provinces – Eastern Cape, KwaZulu Natal and Limpopo Province, water delivery targets were only exceeded in KwaZulu Natal.

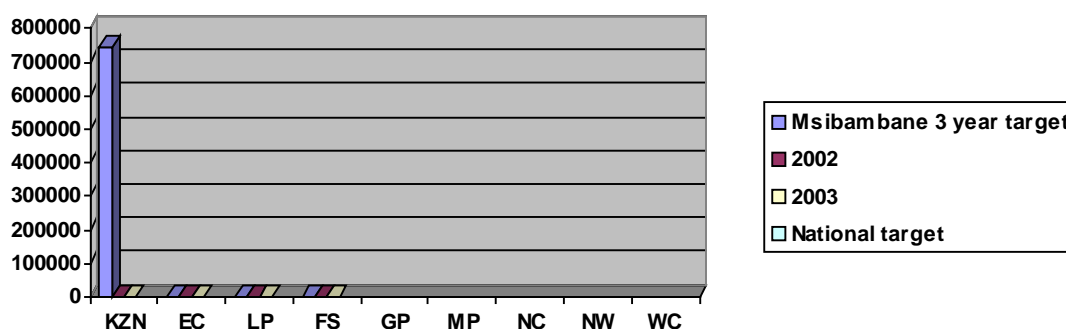
The delivery of household sanitation exceeded the targets in Eastern Cape and KwaZulu Natal largely in response to cholera outbreaks, but not in the Limpopo Province.

Still to be completes – fill in exact figures

- Water: People Served



- Sanitation: household Served



3.4.2.3 Financial Year 2003/04: Highlights / Achievements

Performance in the delivery of basic water and sanitation facilities to RDP level and below, are summarised as follows:

Split in a) water delivered and b) sanitation – finalised figures and put in graph format

Target for 2003/2004	Year to Date
931,215	1,569,320

Please note the following comments concerning the figures: - update

- The figures are subject to confirmation.
- The year to date figure includes people served with funds carried over from the 2002/2003 financial year. This amounts to 636,536 people.
- The target reflected applies to only the 2003/2004 funding. People served with the 2003/2004 budget amounts to 101% of the target.

3.4.2.4 Overall National Performance

Table 2 below provides an overview of the impact of the programme in terms of number of people served with water and sanitation services over the period of the Masibambane programme. The table also indicates the level of delivery in the non-Masibambane provinces as well the cumulative performance in the sector over the past 10 years.

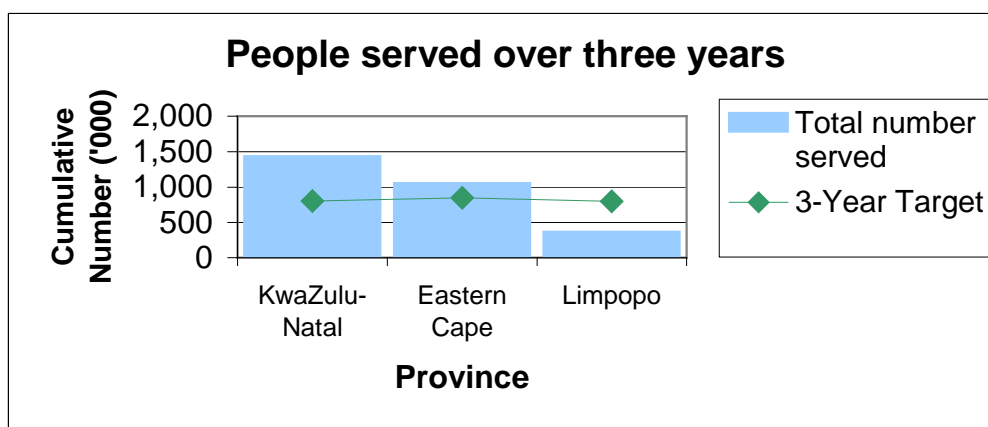
Table 2 Level of delivery in the non-Masibambane provinces, as well the cumulative performance in the sector over the past 10 years

PEOPLE SERVED	2001 / 2002		2002 / 2003		2003 / 2004		Cumulative 1994 – 2004	
	Province	Sanitation	Water	Sanitation	Water	Sanitation	Water	Sanitation
Western Cape	1,251	15,397	10,200	83	0	0	11,451	137,670
Eastern Cape	17,815	125,172	87,679	188,591	172,350	744,212	281,244	2,279,848
Northern Cape	59,330	35,925	-25,200	1,564	18,980	0	77,990	182,752
Free State	-278,278	27,464	36,504	433,165	56,148	0	98,798	712,774
KwaZulu Natal	193,223	341,689	201,909	374,815	225,258	717,464	688,479	2,724,273
North West	42,555	32,129	51,768	70,151	71,149	60,870	196,236	1,379,006
Mpumalanga	-22,210	109,596	31,626	366,212	50,498	20,269	95,914	1,350,553
Limpopo	50,729	443,269	47,223	-101,248	43,227	26,505	174,527	1,351,134
TOTAL:	64,415	1,130,641	441,709	1,333,333	637,610	1,569,320	1,624,639	10,118,010

It is evident from the above table that delivery of basic water services has reached over 10 million people in the past 10 years with over 4 million people being served with water in the past 3 years, indicating that the rate of service delivery during the Masibambane period has effectively been double compared to that of the previous years. In addition, the rate of service delivery has also steadily improved by approximately 18% per annum during the 3 years commencing 2001.

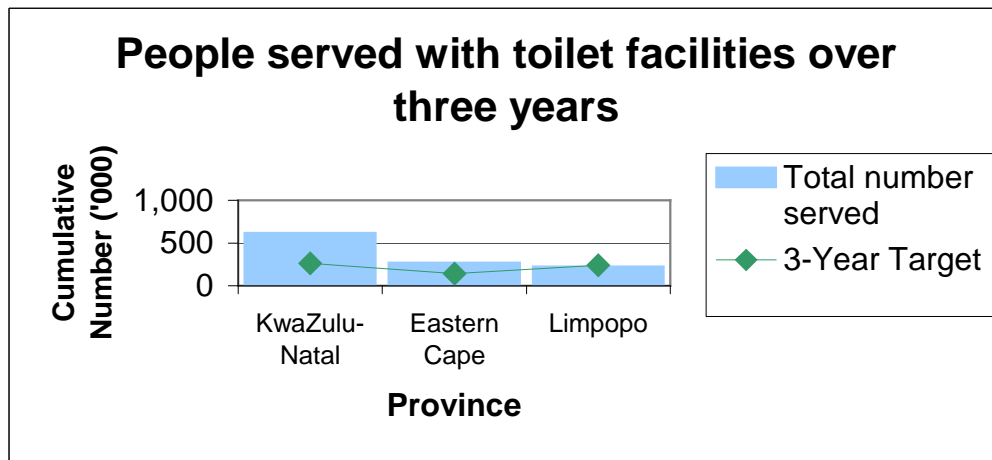
The delivery of sanitation has however lagged delivery on water services. Sanitation did not receive the same attention as water, and following the recent Cholera outbreaks in KwaZulu Natal and the recommendations of the Mid-Term Evaluation (MTE) of the Masibambane programme, the delivery of sanitation infrastructure has gained momentum. It is evident from the table above that the delivery of sanitation services is approximately 10 times greater than it was 2 years ago. This is a commendable achievement, particularly in KwaZulu Natal and the Eastern Cape.

- **Water:**
In the Masibambane financing agreement targets were set for the number of people to be served in the three original provinces. The following figure compares the actual achievement with the targets set for the three years.



The graph indicates that the targets were exceeded in KwaZulu-Natal by 75% and in the Eastern Cape by 25%. Cumulative delivery in the Limpopo Province was lower than the original estimate.

- Sanitation:
Delivery in terms of people served with sanitation facilities against the targets set in the financing agreement for the three-year period is as follows:



The figure again indicates that the targets KwaZulu-Natal and Eastern Cape was well exceeded, but that delivery in the Limpopo Province was slower than expected. Note that the targets set for water and sanitation service delivery are theoretical values set at the beginning of the programme. The target values were not adjusted according to variations that occurred in terms of funding, projects prioritisation and WSA capacity.

There is, however, some doubt about the sustainability of the achievements in service delivery to date. The delivery has been measured in easily quantifiable indicators such as number of people served or number of toilets built. Although these are practical KPIs, these measures do not necessarily give a good indication of project effectiveness in terms of underlying purpose. For example, in terms of sanitation delivery, the number of toilets built or the number of people that attend health and hygiene workshops do not necessarily give a good indication of whether a complete sanitation service has been delivered. Ongoing hygiene promotion complimented with on-going monitoring and evaluation of the impact of the sanitation programme is a key to ensuring the success of sanitation delivery.

Following the MTE, which indicated that the commitment to health and hygiene was not as good as the commitment to infrastructure delivery, it is pleasing to note that health and hygiene considerations have become foremost in the minds of several communities that have been interviewed. This is the result of concerted health and hygiene promotion campaigns that have complimented the delivery programme. Unlike the previous review, it is pleasing to see that more people are using their toilets and that the Department of Health is now actively involved in a health and hygiene promotion campaign, particularly in the Eastern Cape.

In terms of the National Sanitation Policy, “Sanitation improvement must be demand-responsive, supported by an intensive Health and Hygiene Programme. Household sanitation is first and foremost a household responsibility and must be demand responsive. Households must recognise the need for adequate toilet facilities for them to make informed decisions about their sanitation options. For users to benefit maximally, they must also understand the link between their own health, good hygiene, and toilet facilities.”

Still worrying, however, is the fact that sanitation is not following an entirely demand-responsive approach. Although there has been an improvement following the MTE, there still appears to be the case of people demanding a toilet merely because they have a right to basic sanitation. This, fortunately, is not widespread and there is generally some contribution, albeit minimal, by homeowners, mostly in the form of sweat equity.

There does still appear to be the problem of ongoing operation and maintenance of VIP's. Most beneficiary communities were either unaware that the pits will fill up or confident that the pits will be emptied by the government. Alternatively that government will build new toilets. This perception is the result of poor communication or misinformation and the fact that toilet construction is not truly demand-responsive. Naturally this is exacerbated by government's policy relating to free basic services.

With the current government focus being on delivery, it is clear that delivery is succeeding.

However it appears that the delivery may be at the expense of sustainability.

- There are a number of municipalities that are not complying with effluent discharge standards. In the Western Cape this could cost the R5 billion per annum fruit industry access to European markets because of no compliance with EU standards for irrigation water.
- Cost recovery is almost non-existent on most CWSS schemes.
- Drinking water quality may not be compliant as testing is not done regularly.
- The M&E system does not do post implementation monitoring.

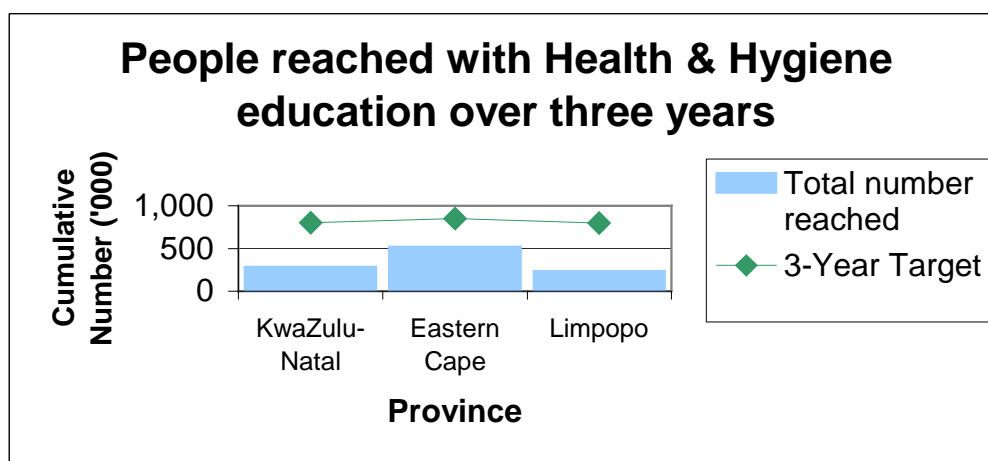
- Health and hygiene education:

Achievements in terms of health and hygiene education are outlined below.

People Impacted Programme to Date
1,378,718

The year to date total amounts to 63% of the target set for the year.

The graph below depicts delivery against the targets set in the financing agreement for the three provinces.



The graph indicates that health and hygiene education targets have largely not been met. The Masibambane Coordinating Committee will have to elicit reasons as to why this is the case in order to devise a more effective way of prioritising and implementing health and hygiene education in the successor programme.

The national initiative in support of health and hygiene education is the WASH campaign. WASH aims at educating large numbers of people through national road shows, radio broad casts and newsletters. WASH has been active in the provinces through regional WASH programmes, particularly during the national water week. A hand washing device for rural and urban poor has recently been completed and is now being demonstrated throughout the country.

- **Project Employment and Training**

Employment and training achievements for both the water and sanitation are outlined below.

Employment Created	Programme to Date
Water services	151,151
Sanitation services	18,741
Total	169,892

A total of 37,680 of the above employment opportunities were created for people between the age 18 and 25, of which 12% (4,654) was created during the 2003/2004 financial year.

People Trained	Programme to Date
Water services	46,821
Sanitation services	17,887
Total	64,708

A total of 14,442 of the people trained were unemployed, thus enabling them to seek employment.

3.4.3 Theme 3: Institutional Development / KFA 12: Effective Water Services Institutions (WSIs)

3.4.3.1 Financial Year 2001/02: Highlights / Achievements

Institutional Development lies at the heart of the Masibambane Programme, as it is the bedrock for any of the long-term objectives to be met. It has taken much more time than expected to lay foundations and put plans in place. The focus this year has been on establishing the WSA function which will lay the basis for a more concentrated effort on strengthening WSP's in the following years of the programme

Each Province has its own dynamics and context and strategies developed have differed – however it has been valuable to learn and share lessons across the provinces.

With national support approaches, guidelines and tools have been developed and refined.

The DPLG expressed interest to learn from DWAF experiences, share tools and agreement was reached to coordinate initiatives.

Problems within the NGO (Non Government Organisations) sector were identified and addressed and a steering committee was appointed to improve the development of business plans.

A total of at least R28.6 million (9%) was utilized through the NGO sector in KwaZulu-Natal for implementation for the year.

3.4.3.2 Financial Year 2002/03: Highlights / Achievements

Greatest focus on Theme 3 has been on WSA support and to limited extent on WSP support.

Powers and Functions brought about changes that make it difficult to uniformly measure WSA and WSP functionality – as most municipalities have taken on new areas of service delivery. Where DM's are the WSA they now include the urban core and where LM's are the WSA the service area has been extended. Service delivery continues through interim arrangements and contracts.

Support for reorientation within the Powers and Functions was given to municipalities through Masibambane. The focus is now on preparing Section 78s determine water service provision arrangements.

A coordinated approach was taken centred on the needs of the institution rather than from a supply perspective. First order and/or WSA Capacity Development business plans are drawn up by the municipality on the basis of a capacity assessment and gap analysis.

The 3 year Log Frame KPIs of 50% of WSA's functioning and 80% of WSPs are extremely ambitious and it should be noted that in the WS Strategic Plan this has been revised to 30% of 50% respectively.

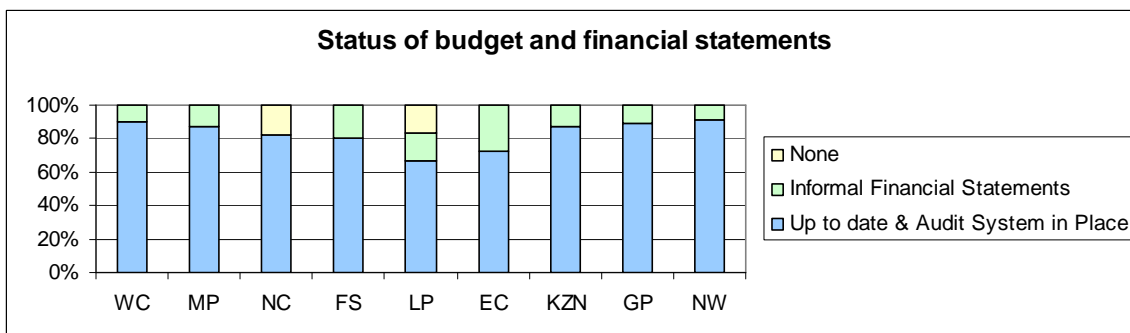
A tracking system has been established with KPIs for both the functioning of WSAs and WSPs. These include WS development plans, by-laws, tariff structure, free basic water and sanitation policies being in place; whilst those for WSP focus on % of households with RDP services and payment for such. The means to qualitatively measure performance will only evolve over time, which will be important as DWAF takes up its regulatory responsibilities.

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3.4.3.3 Financial Year 2003/04: Highlights / Achievements

During November 2003 a questionnaire based survey on WSA/WSP functionality was done. The overall response was good with 69% (117) of the WSA's responding. The data can therefore be accepted as a reasonable reflection of the national situation.

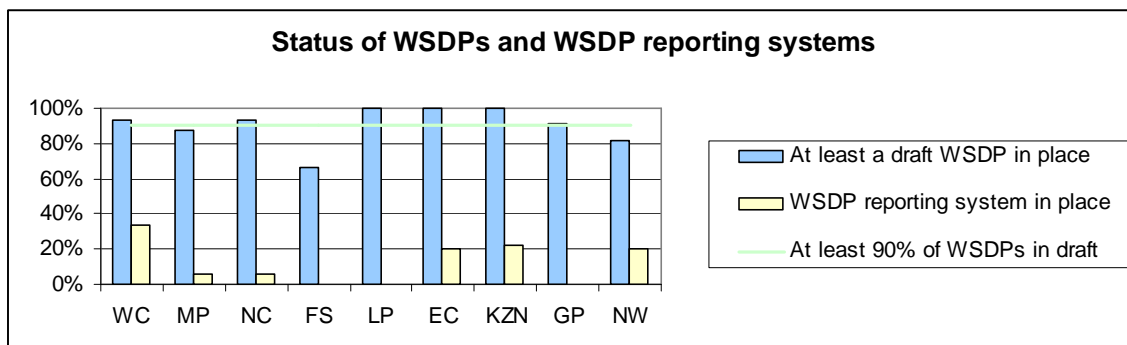
- WSA functionality:
 - Budget and Financial Statements:
Overall the results appear impressive with between 65% and 90% of the WSAs in each province having up to date financial statements and audits in place. However, the fact that some responses indicate a lack of budget and financial statements does raise some concern.



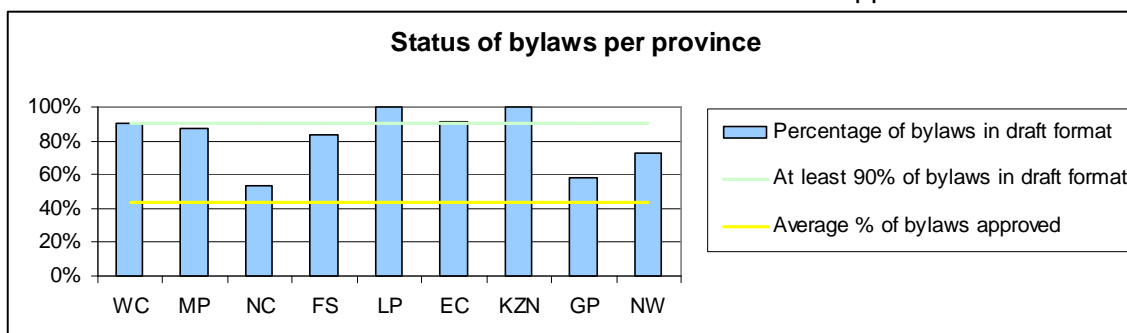
- **Water Services Development Plans and Reporting on WSDPs:**
The WSDP is a basic building block of WSA performance and is an essential requirement for planned infrastructure investment. A concerted effort has been made by DWAF since the publication of the Water Services Act to ensure that WSDPs are developed in each WSA – this includes the appointment of private companies to assist with the compilation of the WSDP.

The average percentage of WSAs who have officially approved WSDPs is 46%, which is probably not as high as what would have been anticipated. However, it should be noted that the number of WSDPs that are at least in draft stage (i.e. either draft or approved) are at least 90% as indicated in the figure below.

The figure further shows that very little authorities have a system for WSDP reporting and Water Services Audit in place.



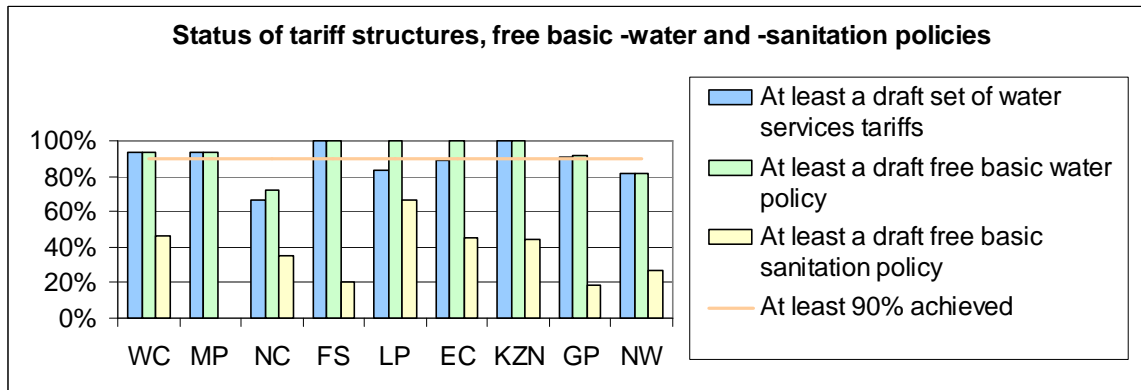
- **Bylaws:**
The figure below illustrates the status of bylaws in the provinces. The survey did not investigate the quality of these bylaws and, depending on the quality it should not be difficult to have the 45% that is in draft format approved.



- **Water Services Tariff, Free Basic Water and Free Basic Sanitation:**

With the exception of Northern Cape, Limpopo and North West, at least 90% of the WSAs of each province have a draft set of water services tariffs. Similarly, with the exception of Northern Cape and North West, at least 90% of the WSAs of each province have at least a draft free basic water policy.

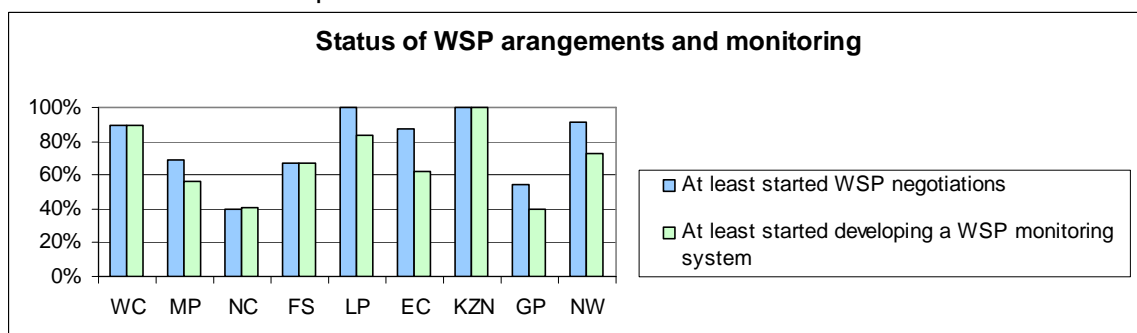
The free basic sanitation policy is however far behind with less than 50% of municipalities having even a draft level policy. In Mpumalanga no WSAs even have a draft level free basic sanitation policy. This is probably due to the fact that DWAF has developed a free basic sanitation policy relatively recently compared to the free basic water policy which has been promoted for a number of years.



- **Water conservation and demand management:**
From the available information it seems as though this is not presently a high priority for municipalities. However, if the policy of recovering the cost of bulk water sold to municipalities is applied, and if municipalities have to transfer portions of their equitable share to water boards and other bulk water services providers to cover shortfalls in their own cost recovery, it is imagined that this area could become one of the highest priorities.

- **WSP functionality**

- **WSA/WSP Arrangements and monitoring WSP Compliance:**
With the exception of Northern Cape, at least 67% of the WSAs in each province have made progress, to at least the negotiations stage, with establishing WSP arrangements. With the exception of the Northern Cape, at least 60% of the WSAs in each province are currently developing a system to monitor WSP compliance.



- **Reliable Water Supply:**
The original three Provinces included in the Masibambane programme estimate a very low percentage of households with a reliable supply, i.e. a supply with few interruptions (Limpopo 32%, Eastern Cape 60%, KwaZulu Natal 27%). It

should be noted that these are estimates and would probably have to be measured by Local Authorities in future and reported to DWAF as regulator.

- Targets
The targets set for Masibambane and in the WS Strategic Plan are shown in the block below:

Masibambane Finance Agreement Targets:

50% of WSAs functioning effectively.

80% of WSP functioning effectively.

Water Services Strategic Plan targets for 2004/05:

30% of WSAs functioning effectively.

50% of WSP functioning effectively.

Although the WSA sustainability KPIs are merely indicators of whether WSAs and WSPs are functioning effectively, it could be stated that in almost all provinces more than 30% (or even 50%) of municipalities have the basic requirements of a WSA, at least to the draft stage. Efforts should now be concentrated around getting council buy in and approval on the work that has already been done. The 80% target for WSP functionality does however appear to be ambitious.

3.4.3.4 Overall Summary

There has been concerted effort towards establishing collaborative structures at national and regional levels. There was a division of functions and responsibilities by key institutions involved in waters supply and sanitation activities.

- Institutional arrangements at national level:
 - (a) Decision Making Structures at National Level Relevant to Water Services
 - The decision-making structures have incorporated key role players in water service delivery. These are the Department of Water Affairs and Forestry (DWAF) and the Department of Provincial and Local Government (DPLG). DWAF and DPLG report to their respective MINMECs. DPLG and DWAF (through the Social Cluster Task Team) participate in the Water Services Sector Leadership group (WSSLP).
 - (b) Masibambane support structure
 - A support structure was developed as a vehicle for effective sector collaboration. Water Services Sector included the following key stakeholders:
 - DWAF
 - DPLG
 - SALGA
 - Water Services Institutions including Water Boards
 - Non-Governmental Organisations
 - Local Government
 - It was agreed and accepted that DWAF would be the custodian of the programme. To this effect DWAF has been playing a leadership role through its Water Services Cluster. It has been responsible for regional coordination, sanitation, transfers as well as local government liaison and support. It reported progress with regard to agreed upon activities to all water services sector partners. DWAF and DPLG managed the programme jointly. DWAF, DPLG and SALGA cooperated in the implementation of the programme. It should be noted, however, that SALGA participated actively only after the mid-term review, after the appointment of a dedicated person.
 - (c) Project Steering Committee

- A Project Steering Committee (PSC) was formed as a joint decision-making as well as a communication and monitoring vehicle for Masibambane activities. The committee meets on a monthly basis to review progress, share experiences and plan appropriate intervention measures. It is a vehicle in which sector partners report progress on development in their respective clusters to ensure that they are incorporated harmoniously, where appropriate, in Masibambane activities.
- Institutional arrangements at regional levels:
The following collaborative structures, which are policy and decision making bodies, were formed in all three Masibambane regions of Eastern Cape, KwaZulu Natal (KZN) and Limpopo:

Eastern Cape:	Integrated Water Sector Management Forum (IWSMF)
KwaZulu Natal:	Water and Sanitation (WATSAN)
Limpopo:	Collaboration Committee (COLLACOM)

The following were identified as objectives¹ of the collaborative structures:

- To provide strategic direction and leadership for the water services sector
- To create an environment that is conducive for collaboration, mutual support and learning
- To promote coordination and cohesion amongst sector partners in the province
- To promote effective communication and joint problem-solving amongst sector stakeholders in the province
- To develop common goals and strategies to improve coordination and integration within the water services sector in the province
- To influence water services policy-making at national level

Institutions that are actively involved in these structures include DWAF, SALGA and WSAs. The indirect involvement of the Departments of Housing, Education, Health and Environment was not apparent. It was mentioned that these institutions were represented at Task Team levels. The respective Task Teams reported to the collaborative structures.

The role of civil society organisations as an institution in the structures developed was not clear. It was interesting to note, however, that a study was being undertaken in the North West (a non-Masibambane province) to identify all civil society organisations in the region.

The aim was to assess their capacity, encourage and support their participation in basic service delivery programmes. Interestingly, civil society structures that were identified for support and strengthening included ward committees. The inclusion of ward committees in the civil society list demonstrated the broad-base understanding of not the inclusive approach in service delivery. It also showed broader understanding of the key role played by a structure developed by the Department of Provincial and Local Government (DPLG), which is meant to ensure maximum community participation in service delivery.

Task teams were established at all three regions. Task teams deal with operational matters and report to the collaborative structures. The following are task teams that are still functional:

¹ Terms of Reference: North West Water Services Forum

- Institutional development
- Transfer
- Infrastructure
- Sanitation.

3.4.4 Theme: Transfers / KFA 13

3.4.4.1 Financial Year 2001/02

Still do obtain this information

3.4.4.2 Financial Year 2002/03: Highlights / Achievements

- Development of a joint transfer policy which was sector driven and owned.
- Transfer programme established – with implementation plan, allocation of budget and human resources.
- 84 Receiving municipalities identified, informed & consulted.
- Audit and evaluation of 334 schemes for a.
- Few Transfer Agreements are being signed due to concern over maintenance.

3.4.4.3 Financial Year 2003/04: Highlights / Achievements

The total present day value of the water services works is estimated at R 7.13 billion, with a replacement value is R 9.95 billion. The estimated refurbishment costs for the water services works to be transferred is R 710 million. DWAF currently employs 8044 people to operate and maintain these water services works.

The transfer programme will affect 84 WSAs, based on the location of the water services works in relation to those local and district municipalities authorised as water services authorities. Of the 84 water services authorities, 2 are Metros, 18 are district municipalities and 64 are local municipalities.

There are some municipalities, particularly those with weak administrative and technical capacity where special arrangements will have to be made. Support will be given to these Municipalities through the Joint Response Facility which was mobilized in January 2004. Through this facility specialist Service Providers are available on a “call down” basis to give support to both the transfer programme and the section 78 assessments.

Fourteen transfer agreements have already been concluded with municipalities and three concluded with water boards. Negotiations are well advanced with a further fifteen municipalities, which could still be concluded by the end of the 2003/04 Municipal financial year (30 June 2004). Agreements concluded and those under negotiation represents 34 % of the major agreements which must be concluded. Progress can further be summarised as follows:

- 17 Agreements (14 municipalities, 3 water boards);
- 67 Schemes transferred;
- R 846,536,276 total asset value of schemes transferred;
- 419 staff transferred and/or seconded;
- R 37,345,781 transferred to municipalities and water boards for refurbishment;

3.4.4.4 Overall summary

Note: this section will be reviewed in the final draft report

To ensure financial viability in operations after the transfer, a number of measures have been incorporated in the Joint Policy:

- a) grants to provide assistance to recipient WSA to meet once-off costs for refurbishment and capacity building – essential to ensure that the schemes are fully operational,
- b) conditional grants for operational costs, to cover salaries of DWAF staff to be transferred, for a period of three years after the transfer and thereafter on a declining basis for another three years – to be met through the operational subsidy currently being given to DWAF and transferred to the Equitable Share later,
- c) conditional grants to cover the costs of operation and maintenance to be determined on the basis of the financial model and included in each transfer agreement on a case-to-case basis, available on a declining basis, but only from July 2003 to June 2006. This arrangement provided an incentive for the WSAs to agree for an early transfer.

Project level sustainability issues thus seem to have been well addressed under this Program in the medium-term. Each recipient authority will also need assistance to ensure that over the three-year period it prepares adequately for the longer-term as the conditional grant is phased out as a part of the general institutional support to WSAs under MSBP. This is important as it is estimated that 70 percent of the 7.5 million population being served by these schemes fall under FBS.

A review of current initiatives on sustainability such as the ongoing DFID benchmarking study for O&M including unit costs, HSRC sustainability audits in KZN for 20 projects will be part of the final draft.

3.4.5 Theme: Cross-Cutting

3.4.5.1 Financial Year 2001/02

Still do obtain this information

3.4.5.2 Financial Year 2002/03: Highlight / Achievements

- **Involvement of Civil Society Organisations**
An important element of Masibambane has been the stipulation that 25% of the EU contribution is to be allocated to civil society organisations. This remains a contentious issue and difficult to track especially when NGO's are sub-contracted.

What is important is to strengthen the involvement of civil society as a whole, especially Community Based Organisations (CBOs). Hitherto there has been too much of a focus on contracting service providers NGOs. This terrain has a lot of competing interests.

However, the expenditure through NGOs in the first two years of the Masibambane programme is at least R 70.25 million or approximately 17% of the EC contribution of R412 million.

A civil society strategy has now been developed, which includes:

- The development of a capacity building framework and materials;
- The development of a monitoring and evaluation programmes;
- The development of an NGO / Municipality interface programme; and
- The promotion of partnerships.

- **Gender and Equity Mainstreaming**
Gender mainstreaming is a principle of the South African Government, which is well reflected in all the policy documents of the water sector. The water service sector has successfully implemented the ruling of 30% women participation on the community

based project and water committees. This is being increased to 50% in recognition of the central role played by women.

With Masibambane support much had been done in the past year to put gender firmly on the agenda primarily through advocacy and training. Achievements include:

- A national communication campaign, including promotional material such as posters, pamphlets, banners and a booklet.
- A series of Gender Awareness Raising workshops held in Limpopo, Eastern Cape, KwaZulu Natal and North West provinces. Participants ranged from DWAF to municipal officials and NGOs to Implementing Agents.
- Train-the-trainer workshops run in the same provinces and Northern Cape.
- A Gender Officer was appointed at national level and Gender Forum established in the Eastern Cape.

- **Appropriate Technology**

South Africa can boast appropriated technology innovations. However much more needs to be done to ensure better understanding of appropriate technology and its applications – from inception to implementation and the long-term cost effective maintenance of water and sanitation services.

A range of projects have been executed, including handpumps installed in Limpopo and KwaZulu Natal, capped springs in the Eastern Cape and KwaZulu Natal plus gravity fed water schemes in the latter. But these have been ad-hoc. Synergy with the NORAD funded sustainable groundwater for community water supply project is being pursued.

Following a successful 2001 Masibambane sponsored Conference on *Appropriate Technology for Sustainable Water Supply and Sanitation Services* and action plan was developed.

The aim is to ensure a more systematic approach whereby appropriate technology is integrated into the planning and implementation frameworks - supported by policy, information and tools.

- **Environmental Protection**

South Africa has, among other success stories:

- Put in place new policies and legislation to safeguard South Africa's biodiversity that are based on principles of equity, accountability, participation, the right to clean, healthy and protected environment and the right to have the environment protected.
- Established voluntary partnerships between Government, communities and the private sector, to establish conservancies and biosphere reserves;
- Transformed our institutions, including neighbouring communities on park's management committees;
- Made parks more accessible to the majority of our people;
- South Africa is a full participant in global environmental initiatives and has signed and ratified all key protocols. In fact it is becoming one of a few countries in the world to have promulgated legislation specifically to give effect to all these agreements.

Clearly water resource management is a critical component of this approach. In terms of water services, we are promoting the value of water through appropriate pricing, consumer awareness and effective management. In the water services sector, policy guideline, contract conditions for service providers as well as workshops were conducted to ensure that environmental protection underlies the

consciousness and practice of role players within the sector. The achievements include:

- refining the Environmental Impact and Management System (EIMS) processes and procedures;
- Conducting awareness workshops on legal issues and sound environmental practice;
- The development of environmental assessment and management tools for the EIMS and environmental management support; and
- The drafting of Terms of references for Professional Service Providers procurement process.

Sadly there was a high personnel turnover, which impacted on the continuity of the project and skills and knowledge transfer. The ultimate success of implementing environmental management in the sector will depend on the capacity built in the provinces and especially in local government.

3.4.5.3 Financial Year 2003/04: Highlights / Achievements

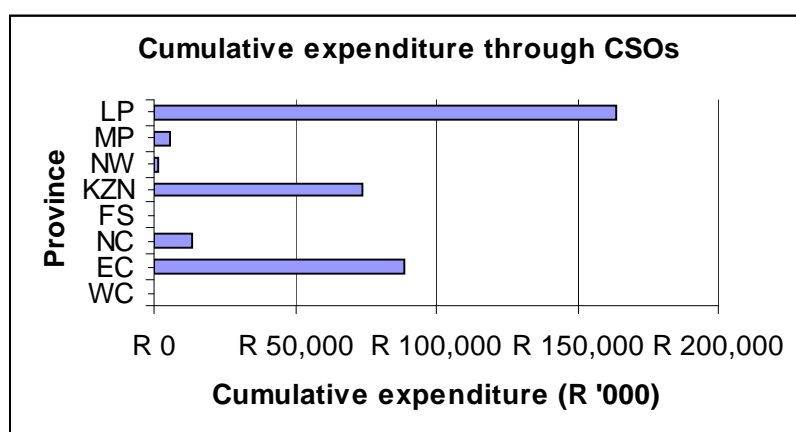
- **Involvement of Civil Society Organisations**
The Programme developed an approach to enhance meaningful involvement of civil society through a multi-pronged strategy that was to address both contextual and structural factors. The approach focused on:
 - Enhancing the technical and institutional capacity of existing CBOs and NGOs to deliver consistent and quality services.
 - Provide an environment for the emergence of new CBOs and NGOs and the entrance of existing civil society organizations into the water and sanitation sector.
 - Promote the profile and role of CBOs and NGOs with local government.
 - Promote the engagement of NGOs, CBOs and communities with planning and delivery processes at a local level.
 - Increase procuring and contracting service providers from civil society.
 - Promote greater awareness and recognition of NGO and CBO roles in the water and sanitation sector amongst government and private sector.

The Masibambane programme intends to increase the involvement of Civil Society Organisations (CSOs) in the Water Services Sector by ways of key deliverables set out for the programme. An effective way to ensure involvement is to channel programme funds through CSO's.

The flow of funds to these organisations was not directly monitored throughout the programme and can therefore not be reported with a reasonable level of confidence. An alternative is to measure the involvement of CSOs as project implementing agents. An analysis of this measurement reveals the following:

Indicator Description	Cumulative to date
Percentage of schemes where CSO have been involved since 1994	19%
Number of projects implemented through CSOs since 1994	324
Construction cost of projects implemented through CSOs since 1994	R 347,033,529
Construction cost of projects implemented through CSOs under Masibambane (last three years)	R 168,379,912

The following graph illustrated the provincial distribution of CSOs expenditure:



Further progress of strategic importance are the following:

- A marketing strategy for CSOs has been developed and will be implemented as part of the Masibambane II programme. The strategy includes the profiling of CSOs and a CSO database for the nine provinces.
 - A CSO monitoring and evaluation system has been completed. Key measurements from this system should be incorporated in the indicators being developed for Masibambane II.
 - The process of evaluating existing training material in-line with NQF/SAQA and the development of an assessment guide has been completed. Further development of training material continues.
 - Capacitating CSOs to provide accredited training has been completed in KwaZulu-Natal. The process will be continued under Masibambane II to include the other eight provinces.
 - Provincial workshops were conducted to develop a CSO workplan for Masibambane II. The workshops revealed that the development and approval of provincial business plans would be crucial to the success of a CSO programme.
- **Gender and Equity Mainstreaming**
With Masibambane support much had been done to put gender firmly on the agenda primarily through advocacy and training.

The table below provides a progress summary on the gender profile of people trained, employed and utilised in the execution of Masibambane projects:

Number of women employed / trained (Percentage of total)	Cumulative to date
Number of women employed	60,930 (36%)
Number of women trained	8,793 (14%)
Number of youth employed (18 – 25 yr)	37,680 (22%)
Number of youth trained (18 – 25yr)	4,327 (7%)

A business plan for Gender mainstreaming was developed and approved in September 2003.

- **Appropriate Technology**
Progress made in terms of the use of appropriate technical solutions for water services are as follows:

- The Department has initiated the establishment of a resource centre where information can be stored and accessed on appropriate technical solutions for water services. The Council for Science and Industrial Research (CSIR) has been appointed to assist in this task. A business plan detailing the scope of work, deliverables and project funding is currently being developed. It is expected to be approved in May 2004 after which work will commence.
 - The work undertaken on appropriate solutions under the NORAD programme is being documented and will be made available for distribution later in 2004.
 - Project level indicators for measuring the advocating and use of appropriate technologies have been developed. A list was provided in the previous (2003/2004 3rd quarterly) Masibambane report published in February 2004. It has since been established that the current reporting systems used by the Department does not carry this information. A process to institutionalise these indicators in the project planning and implementation phases will therefore be required.
- **Environmental and Resource Management**
Progress on environmental and resource management activities related to the Masibambane programme entails the follows:
 - Sub-Directorate: Environment and Recreation has appointed a Professional Service Providers (PSPs) to finalise the Environmental Decision Support System (DSS). The system will be used in the planning and implementation phases of Water Resources and Service Delivery business process.
 - A PSP was also appointed for the development of environmental monitoring and auditing protocols.
 - A process to procure legal assistance for review of the Environmental Impact Management System for water services was initiated.
 - Procurement procedure initiated for review of Legal Register of Environmental Laws applicable to DWAF (with specific reference to legislation influencing DWAF's responsibility towards water services) and subsequent development of a legal booklet for easy reference.
 - Appointment of the Assistant Director: Environmental Services for Masibambane has been finalised and duties assumed on 2 February 2004.

3.4.5.4 Overall Summary

- Civil Society

Note: this section will be reviewed in the final draft report

- Gender and Equity Mainstreaming

Note: this section will be reviewed in the final draft report

- Appropriate Technology

The inadequate consideration of Appropriate Technology in the Masibambane programme was identified in the MTE but very little progress has been made to date in terms of actively investigating and incorporating appropriate technologies in infrastructure implementation projects.

DWAF National has attempted to draw awareness to the use of appropriate technologies in water services projects through the Conference on Appropriate Technologies, which was held in November 2001. However, the conference was not satisfactorily followed up by the communication of appropriate technology benefits to

the sector. Hence the current apparent lack of attention to appropriate technology in the planning and delivery process.

The policy on the use of appropriate technology has not been clearly communicated to most stakeholders. It is important that a common understanding of appropriate technology should be promoted. The definition of appropriate technology should also be simple and practical. The use of appropriate technology should also be aligned with the economic, social and technical capacities of beneficiaries.

Appropriate Technology	1994-2001	2001/02	2002/03	2003/04
Planning, Policy & Strategy				
Planning Considerations	1	1	2	2
Policy & Strategy implementation	1	1	2	2
Institutional & Social Development				
Employment Creation	2	3	4	4
Emerging Contractor Development	2	3	4	4
Training & Capacity Building	1	2	3	3
Use of Local Materials	1	1	3	4
Local Economic Development	1	1	3	3
Technology				
Technology Investigation	1	2	3	3
Information Systems	1	2	3	4
Reporting Systems	1	2	3	4
Sustainability				
Sustainability	1	2	2	2
Effectiveness and Efficiency	1	2	3	3

The above table is intended to provide a consolidated timeline of how the programme has progressed in terms of appropriate technology adoption. The measure is not absolute but rather a mechanism to provide comparisons to give a sense of relative progress. It is also noted that the table provides an indication of progress on average across the programme and that individual projects may have performed significantly better (or worse) than the above indications.

- Environmental and Resource Management

Note: this section will be reviewed in the final draft report

3.4.6 Theme: Millennium Targets

Still to be completed – is there anything to report on?

3.4.6.1 Financial Year 2001/02

	Intervention	Objectively Verifiable Indicators	Progress Achieved
	Not Applicable.	Not Applicable.	
	Not Applicable.	Not Applicable.	
	Not Applicable.	Not Applicable.	
	Not Applicable.	Not Applicable.	

3.4.6.2 Financial Year 2002/03

	Intervention 2002/03	Objectively Verifiable Indicators	Progress Achieved
	Knowledge, experiences and lessons shared with other developing countries especially in Africa.	<ul style="list-style-type: none"> • Development of a DWAF position on water services and water resource management indigenous knowledge in Africa started. • Participation and support information sharing workshops and networks in Africa held. 	
	Proactive engagement with and provision of expertise to NEPAD and SADC water services initiatives.	<ul style="list-style-type: none"> • Support to the SAAWU initiative for twinning of Public Sector Utilities provided. • Participation in the World Bank development of performance indicators project in Africa. 	
	Cooperation with and participation in international WS forums strengthened.	<ul style="list-style-type: none"> • Staff engagement in International WS forums supported. 	
	Increased political commitment and resources for sanitation in Africa achieved.	<ul style="list-style-type: none"> • Impact of Afrisan Conference hosted in SA sustained. • Impact of WASH campaign sustained. 	

3.4.6.3 Financial Year 2003/04

	Intervention	Objectively Verifiable Indicators	Progress Achieved
	Knowledge, experiences and lessons shared with other developing countries especially in Africa.	<ul style="list-style-type: none"> • Development of a DWAF position on water services and water resource management indigenous knowledge in Africa. Complete. • Participation and support information sharing workshops and networks in Africa held. 	
	Proactive engagement with and provision of expertise to NEPAD and SADC water services initiatives.	<ul style="list-style-type: none"> • Support to the SAAWU initiative for twinning of Public Sector Utilities provided. • Support on corporate governance for public institutions in Lesotho provided. • Participation in the World Bank development of performance indicators project in Africa. 	
	Cooperation with and participation in international WS forums strengthened.	<ul style="list-style-type: none"> • Staff engagement in International WS forums supported. 	
	Increased political commitment and resources for sanitation in Africa achieved.	<ul style="list-style-type: none"> • Impact of Afrisan Conference hosted in SA sustained. • Impact of WASH campaign sustained. 	

4 ASSUMPTIONS

In the original Financing Agreement, these special condition and accompanying measures to be taken by the government, were stated:

- DWAF shall seek co-operation with and support from the national and provincial Departments of Local Government in the transfer of Water and Sanitation (W&S) schemes, and with other concerned Departments and parastatals (e.g.Eskom); it will ensure meaningful participation of NGOs during the implementation of the programme (it is envisaged that 25% of the EC contribution will be channelled by DWAF through NGO structures).
- DWAF will ensure adequate levels of staff in the Limpopo Province, Eastern Cape and KwaZulu Natal, in order to secure smooth implementation of the proposed activities, and will implement a management support programme.
- A commitment is made by the Government of South Africa that DWAF will provide financial contribution as indicated in the attached budget.
- DWAF will ensure that the EU support of the Limpopo Province, Eastern Cape and KwaZulu Natal water sector programme is given sufficient visibility.
- The Government, provincial and regional administrations will take all necessary measures to ensure that cost recovery mechanisms are effectively enforced for all W&S schemes in the Limpopo Province, Eastern Cape and KwaZulu Natal. Specific reporting on this issue will be included in the programme reporting.

In the Rider, the following was added:

- DWAF will enhance the monitoring, evaluation and reporting system to include indicators to capture and monitor sustainability.

5 IMPLEMENTATIONS

5.1.1 Physical and non-physical means

According to the Financing Agreement, the EU grant of 75 million EURO will be used as a direct financial support to the government budget for the implementation of the programme. The programme is based on Multi Annual Action Plans (MAAPs), elaborated by DWAF in close co-operation with the main stakeholders in the three provinces. The Rider stated that the procurement will be done through South African government procurement procedures.

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5.1.2 Organisational and implementation procedures

In the Financing Agreement it was stated that DWAF is responsible for the overall implementation of the programme. The Regional offices of the Department will be responsible for the direct implementation. The Sector Support Programme for water and sanitation in Limpopo Province, Eastern Cape and KwaZulu Natal is monitored through MAAPs, and the Rider added that their associated work plans will also be used to monitor the Programme progress. They indicated the objectives, results and detailed activities with verifiable indicators and include relevant budget breakdown, timetables and specific modalities of implementation. The MAAPs have been prepared using the Logical Framework approach and provide the planning, implementation and monitoring basis for the programme. According to the Financing Agreement this programme will be in the form of a direct budget support to DWAF, but the Rider amended this procedure to the form of a direct contribution to the programme's budget. In derogation to the provisions of art 5 of the General Conditions, the implementation will be undertaken according to the DWAF procurement procedures. First phase payments were made to the Government RDP account as follows:

- The first instalment of Euro 22,080,000 was released upon request after signature of the Agreement and after submission to EC and approval of the MAAPs.
- The second instalment of Euro 25 million was released upon acceptance by the EC of a detailed plan of action for financial 2002-2003 (outlining the expected results and the planned activities); the annual programme report (covering the implementation and results achieved during financial year 2001-2002, the financial audit for financial year 2001-2002.
- The second phase contribution (third instalment) of Euro 27,920,000 is to be made to the Government RDP account upon acceptance by the EC of a detailed plan of action for financial year 2003-2004 (outlining the expected results and the planned activities); the annual programmes report (covering the implementation and results achieved during financial year 2002-2003); the financial audit for financial year 2002-2003.

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5.1.3 Appropriate technology

Careful consideration had to be given to the choice of large bulk schemes as opposed to local single community schemes such as boreholes and spring protection, particularly in remote rural areas. The principle of "Some for all rather than all for some" will be applied in appropriate instances where it is not possible initially to provide full RDP standards of service. Upgrading of services using higher levels of technology, may follow in later

development programme. Furthermore, the choice of technology will be influenced by environmental considerations.

During the first eighteen months of the programme, the investigation and implementation of appropriated technologies were very limited on the Masibambane programme. Although there was some indication that technological options have been considered on specific project feasibility studies, significant improvements were possible in ensuring that appropriate technologies were adequately considered in the programme.

The first 18 months of the programmes has concentrated to a large extent on service delivery and specifically expenditure on capital works.

During financial year 2002/2003 a range of projects have been executed, including handpumps installed in Limpopo and KwaZulu Natal, capped springs in the Eastern Cape and KwaZulu Natal plus gravity fed water schemes in the latter. But these have been ad-hoc. Synergy with the NORAD funded sustainable groundwater for community water supply project is being pursued.

Following a successful 2001 Masibambane sponsored Conference on *Appropriate Technology for Sustainable Water Supply and Sanitation Services* and action plan was developed. However, the conference was not satisfactorily followed up by the communication of appropriate technology benefits to the sector. Hence the current apparent lack of attention to appropriate technology in the planning and delivery process.

The aim was to ensure a more systematic approach whereby appropriate technology is integrated into the planning and implantation frameworks - supported by policy, information and tools.

During financial year 2003/2004 progress was made in terms of the use of appropriate technical solutions for water services as follows:

- The Department has initiated the establishment of a resource centre where information can be stored and accessed on appropriate technical solutions for water services. The Council for Science and Industrial Research (CSIR) has been appointed to assist in this task. A business plan detailing the scope of work, deliverables and project funding is currently being developed. It is expected to be approved in May 2004 after which work will commence.
- The work undertaken on appropriate solutions under the NORAD programme is being documented and will be made available for distribution later in 2004.
- Project level indicators for measuring the advocating and use of appropriate technologies have been developed. A list was provided in the previous (2003/2004 3rd quarterly) Masibambane report published in February 2004. It has since been established that the current reporting systems used by the Department does not carry this information. A process to institutionalise these indicators in the project planning and implementation phases will therefore be required.

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5.1.4 Timetable: Cost and Financing Plan

In the original Financing Agreement the programme has to be implemented over a three-year period in accordance with the Medium Term Expenditure Framework from April 1, 2001 until 31 March 2004.

The Rider amended this and stated that it be concluded by 31 December of the year in which the global financial commitment was adopted. Failing this, the correspondence appropriations will be cancelled. The end of the period of execution of the Rider is hereby set

at 15/12/2004. Any balance of funds remaining available under the EC grant, shall be automatically cancelled 6 months after the end of period execution of the Rider.

Table: Summary of Programme Financing (in ZAR and Euro million)

	SA Rand	%	Euro
Total cost of programme	3,161	100,0	328,6
Government of South Africa	2,336	73,9	242,85
Other sources	825	26,1	85,75
Indicate donor support			
European Commission	721	22,8	75
Ireland	61	1,9	6,25
Netherlands	43	1,4	4,5
Total indicated Donor support	825	26,1	85,75

Based on audited figures for 2001/02, preliminary figures for 2002/03 and draft work plan for 2003/04

Exchange rate on 1/06/03: ZAR 9.62 = 1 Euro.

The EU contribution will be implemented through the existing budget management system, the Medium Term Expenditure Framework (MTEF), of DWAF for the financial years 2001/02 to 2003/04.

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5.1.5 Special condition and accompanying measures to be taken by the government

Same as assumptions???

6 FACTORS ENSURING SUSTAINABILITY

6.1.1 The Financing Agreement required:

- Ownership by final beneficiaries

Ownership by the beneficiaries depends on commitment to ongoing coordination and joint planning procedures by all role players at regional level for the successful implementation of the sector support programme. Particular support will be provided to community water committee which are acting as local water service providers. Support to community based organisations will generally be provided through NGOs and organisation such as Mvula Trust.

Important activity in many instances will be provision of support for the establishment of water service providers which may also include establishment financing. The programme will result in improving coordination between national, provincial and local government, NGOs communities, the private sector and other role players.

The strengthening of the social consultant fraternity is a specific objective of the programme in order to ensure that there is an adequate interface between providers of services and the consumers and to ensure that consumers participate fully in decisions which will affect them such as levels of service and tariffs.
- Cross sectoral sustainability

Government is in the process of reviewing the role, mandate, powers and responsibilities of local government and its relations with provincial and national governments to ensure sustainable service delivery. The sustainability of the programme is dependent on good governance and effective coordination between relevant tiers of government, the private sector and relevant stakeholders. This will be achieved by DWAF taking the strategic leadership in the programme.
- National policy measures

Water services sector policy is classified into three broad areas. The first area encompasses the national overarching policy context within which water sector policy has been developed, the second area is the development of specific water services sector policy, and the third are addresses other government policies that influence the water services sector.

The policy development has reached the stage where the delivery of services is undertaken within a Medium Term Expenditure framework (MTEF), reflecting the importance of planning and budgeting. Policy developments further reflect the importance of establishing and providing the provision of services. Integrated panning in the provision of services institutions and local government in taking responsibility for the provision of services. Integrated planning in the provision of services and policy coordination between government departments is essential and ensured in the Integrated Sustainable Rural Development Strategy (ISRDS).
- Institutional and management capacity

The strengthening of institutional and management capacity is a major focus area of the programme at all levels from senior management in the DWAF Head Office to rural communities and water committees. A particular area of focus will be at local government level strengthening of water services authorities and the development and strengthening of service providers.
- Complementarily and sectoral co-ordination between donors

The process of developing the WS-SSP has been an inclusive process involving all relevant stakeholders, including the donor community (especially the EU member states). DWAF will continue to take the lead roles in the coordination of donor support to ensure coherence with the Government's policies and strategies and complementarily amongst donors. Donor support will be mobilised by Steering Committees established at national and provincial levels to guide the implementation and monitoring of the Sector Programme.

- Economic and financial sustainability

It is not possible to quantify the exact economic benefits of the programme, however it is expected to be positive in all activities. During implementation of the programme a detailed cost effectiveness analysis will be undertaken for each project. DWAF has established from socio-economic data and household incomes and from experience gained in on-going programmes that between 70%-80% of the population can afford RDP service levels.

Sector orientation is expected to result in improved sustainability of water and sanitation services and more efficient deployment of finances throughout the sector in South Africa and not only in the provinces which are the focus of the programme. The provision of basic services in poor rural communities is expected to contribute towards improved quality of life and economic development in general. Strengthening the various institutions responsible for different elements of the provision of services and their regulation, and ensuring that each institution fulfils its designated responsibilities, will substantially contribute to the effective long-term provision of basic services. Considering all these factors therefore, the overall economic benefit of the programme exceeds its cost.

6.1.2 Key areas of success and issues in programme sustainability

6.1.2.1 Overview

- Sector collaboration.

This has been successful at national and provincial spheres. The collaborative structures that meet frequently and discuss sector issues and act on issues identified are testimony to this. This is apparent when you compare the MSB provinces to the others e.g. Mpumalanga and WC. Even NW which has had collaborative structures at district level had such structures mainly for sanitation and not the sector as a whole. Emerging issues however point to the fact that sector collaboration requires strengthening at local sphere now.

- Capacity Building

MSB has been successful in building capacity at SALGA and provincial and local sphere, and when this capacity was not available it brought in capacity by using consultants. At DPLG it did succeed in having an agreement to place two directors for capacity and collaboration and availing financial support for these positions. The 18 months to 24 months contract, and possible criteria of management position is perceived as contributing to the inability to fill these positions at the time they were advertised for. Issues that need to be addressed are capacity at local sphere for WAS's , WSP's, WSI's and in some provinces even ISD's

- Transfers

In some provinces capacity has been built for transfers through supporting S78 assessments.

- Report production

A uniform format for report production and insistence on timely arrival of the quarterly reports from all provinces has been achieved.

- Accounting procedures

The BAS system has been introduced for all provinces however there have been challenges of breakdown of the system

6.1.2.2 Specific Key Successes

Masibambane has made impressive progress in achieving outputs as stipulated in the original logframe. Key success areas are summarised here.

- **Sector orientation and institutional arrangements**
 - The development of key focus areas (KFAs) has addressed key delivery issues on the ground.
 - Functionality of Water Service Authorities – generally, there is increased functionality of WSA's supported by Masibambane
 - Establishment of collaborative structures at national and other levels
- **Service Delivery**
 - Delivery targets have been met in 2 out of 3 MSB Regions.
 - Relatively high level of delivery has been obtained throughout the country in terms of people served with water and sanitation.
 - Local contractors have been used and employment has been created.
- **Sanitation**
 - Improved rate of sanitation delivery relative to Mid-Term Review.
 - Successful health & hygiene promotion programmes.
 - Sanitation getting attention
 - Notable progress in basic level of service
 - Collaboration now occurring
- **Programme Finances**
 - Support materials developed by DWAF to assist with cost effective technology choices
 - Support materials developed by DWAF to support municipalities in effective implementation of free basic water policy by WSAs
 - Development and implementation of transfer policy

6.1.2.3 **Key issues**

- **Sector orientation and institutional arrangements**
 - Consolidation of the sector approach to service delivery
 - Oversight capacity lacking. Regional support, i.e. legal, financial and technical, is required for oversight functions. PMU to assist the monitoring units.
 - Regional intervention still required for programme sustainability
 - Regional financial support required for staff transferred from DWAF
 - The functionality of MIG not understood by DMs. Committed projects are not catered for in MIG. This approach compromises the sector approach.
- **Institutional Strengthening**
 - Lack of capacity at local sphere.
 - It is crucial to have capacity at this sphere for collaboration, implementation, operations and maintenance, and monitoring and evaluation. Even if capacity was acquired through use of consultants, it will not be sustainable.
 - Addressing backlogs caused by leakages, illegal connections, and population increase will also affect sustainability.
 - Other provinces define their sustainability issues as problems with
 - a) Water quality (pollution in WC)
 - b) Possible transfer of non-rehabilitated schemes and lack of money to rehabilitate them.
 - c) Transfer of DWAF personnel, which in some DM's and LM's are double their existing staff and may not be qualified for their needs.
 - d) FBW and inability to monitor, how much is used
 - Cost recovery issues related to the fact that some communities were already receiving free water and are not willing to pay. Lack of poverty and the need to supply water to a rising indigent population.
- **Programme Finances**
 - Scope, capacity and incentives for monitoring:

- Introducing incentives for sustainability: cost effectiveness and operational sustainability within the new MIG formula and appraisal process
- Developing an information base on water services costs and revenue capacity, and possible proxy variables, as a contribution to the NT and FFC in adapting the LES formula to reflect local variations in costs and fiscal capacity and to the MIG formula to provide incentives for improved performance.
- **Civil Society Participation**
 - Current financial benefits of the programme to NGO's (excluding Mvula Trust) negligible and hence civil society involvement and its ability to be sustainable in the short to medium term is questionable
 - Capacity building programmes and SAQA accredited training programmes for Civil Society Organizations have been embarked upon, yet if the role of civil society organizations within the sector is not clarified, it may have minimal impact on civil society participation.
 - Revision of current procurement policies to accommodate the invidious position of civil society organizations in respect of the financial obligations required by the PFMA and MFA with effect from 1 July 2004

6.1.2.4 Summary

Inadequate attention to sustainability has been identified as the main failure of the programme. It is apparent from the foregoing that municipalities may not be able to sustain their institutions and their infrastructure without the funding that they have received during the period of the Masibambane programme. Similarly, in terms of operation and maintenance of infrastructure, municipalities will not be able to satisfactorily operate and properly maintain their infrastructure. The recovery of costs for operation and maintenance is virtually non-existent in view of the policy to provide free basic water services. The equitable share is also inadequate to cover operating and maintenance of the systems. Therefore, it is clear that sustainability of services will be difficult to achieve if "top-up" funding or an increased equitable share is not provided to municipalities.

The Free Basic Water policy needs to be supplemented with adequate counter-funding to ensure that services are maintained and that infrastructure is properly maintained. Free Basic Water policy is seen to have serious implications on the appropriate level of service as communities would rather have the highest level of service if services are 'free'. Why should a community settle for a standpipe at a distance of 200m when a neighbouring community gets a yard tap at no cost? The sustainability of services therefore hinges, to a large extent, on government's free basic services policy and its implementation.

The use of appropriate technologies under these circumstances has been difficult on the programme. Programme managers and implementing agents have given some consideration to appropriate technology use on the programme. However, given the relatively high design standards demanded, DWAF policy and the heavy emphasis on delivery of visible infrastructure projects, the investigation and implementation of appropriate technologies has been limited to finding solutions that can be implemented within the budget constraints of the programme.

Labour practice and employment creation has been very good on Masibambane projects. However this employment has essentially been temporary, and understandably so. Efforts have been made to create sustainable employment through training programmes, both on and off- site, but the impact of this training has not been measured in terms of sustainability of employment.

7 MONITORING AND EVALUATION

The Financing Agreement stated that the government's budgetary monitoring and evaluation systems had to be applicable and strictly adhere to. DWAF had to submit quarterly reports on the physical and financial executions including the software components (such as training) comparing them to targets stipulated in the MAAPs.

Reviews/evaluations/audits: procedures and reports

An external mid-term review was carried out between November 2002 and January 2003 on the basis of terms of reference agreed between DWAF and the EC. A Financial Audit for 2001/02 has been completed and another one will commence in June 2003 for the 2002/03 financial year. A final evaluation and financial audit will be carried out after the completion of the programme.

A provision for audit is included in the budget of phase II of the programme in order to verify compliance with relevant rules and procedures. It is understood that the Chief Authorising Officer, in accordance with Art. 23 of the Financial Regulation, may use this provision to organize an independent audit of expenditure realized under this project.

Audit and evaluation contracts and framework contracts are always concluded by the Commission acting on behalf of the recipient State.

Simplifying M&E Systems

Since the mid-term review, in response to the major changes in financing rural water and sanitation through WSAs, and in response to DWAF's monitoring and regulatory roles, MSBP I has supported conceptual development of a new monitoring and evaluation system (DWAF 2004b). This M&E systems seeks to track achievements of the strategic framework for water services that was approved by the cabinet in September 2003 in the context of rapid decentralisation. It also seeks to contribute to sector processes at three levels: i) national for strategy and policy, ii) region for tactical planning, and iii) WSA for implementation and operations, through detailed indicators for 19 knowledge topics.

While the approach suggested is good, a few concerns need to be addressed:

- 1. There seems to be an information overload in terms of level of details and number of indicators being suggested. It would be good to explore the possibility of a limited number of golden indicators that would enable its more efficient use.*
- 2. With decentralisation, the M&E system will need to be integrated with an overall municipal information system.*
- 3. It is essential to maintain a two-way flow of information that provides comparative analysis and information to DMs/WSAs. This could also be backed by performance rewards that would provide incentives in the form of finance, but even more importantly, recognition. It would be food to review the experience from Uganda for the proposed use of golden indicators, and from India for the performance-linked rewards for sanitation.*

A high level of importance has been attached to Monitoring and Evaluation of the programme to the extent that detailed M&E reports are required by National DWAF on a monthly basis. The monitoring is measured against certain KPI's which have been developed in the MAAP and are recently under review. The Masibambane provinces (with the exception of Limpopo) currently have M&E consultants and programme management support consultants whose primary function is to ensure that the projects under the programme are appropriately monitored.

However, certain problems have been identified in the monitoring:

- a. Although the KPI's are effective in measuring whether milestones have been achieved, they do not cover quality or sustainability issues.
- b. There is a very real problem of "double accounting". The Evaluation has found that DPLG and DWAF each have their own monitoring systems and that figures produced by CMIP and Masibambane are not necessarily cumulative as the CMIP focus is more on bulk infrastructure.
- c. There also does not appear to be a consistent treatment of reporting of work-in-progress by the regional offices and DWAF National, with the result that, according to at least one Regional Office, figures supplied by regional offices are different to those reported at the National level.

Monitoring and evaluation needs to go beyond reporting of numbers and greater consideration needs to be given to quality of outputs and outcomes. Greater emphasis needs to be placed on issues of sustainability, specifically in terms of post-construction monitoring and evaluation. Consideration needs to be given to evaluation of outcomes rather than focussing on outputs only. Monitoring should focus on 'value-for-money' and post implementation indicators to facilitate continuous learning and improvement of our current knowledge base.

The reporting system needs to be refined with appropriate management and control information. However, the 80:20 principle needs to be observed and the KPIs should realistically be based on information that can be easily collected and assimilated. DWAF must strategically decide which of the KPIs are really meaningful and focus on those. This will make the M&E process sustainable once funds have been transferred to municipalities.

It is understood that new KPIs and reporting formats are currently being derived and it is hoped that the complexity of reporting is reduced through this process.

Another important area that requires attention is the "double handling" of information at municipal, provincial and national level. It is believed that a system that allows direct input into the system by municipalities reduces errors that are often associated with double handling. A system of direct access for municipalities, with the necessary controls in place, would probably make the M&E process a lot easier. Naturally this would require competent officials at the municipal level. This official could be used for M&E on the ground, and not just transmittal of numbers from the implementing consultants to DWAF National.

8 CONCLUSIONS & LESSONS LEARNED

8.1.1 Summary of key areas of success and key factors for success

- **Service Delivery**
 - Delivery targets have been met in 2 out of 3 MSB Regions.
 - Relatively high level of delivery has been obtained throughout the country in terms of people served with water and sanitation.
 - Local contractors have been used and employment has been created.
- **Sanitation**
 - Improved rate of sanitation delivery relative to Mid-Term Review.
 - Successful health & hygiene promotion programmes.
- **Appropriate Technology**
 - Appropriate Technology needs to be driven by sustainability in operation and maintenance, and not only budget constraints.
 - Best practice adoption needs to be communicated to stakeholders.
 - More consideration needs to be given to upgradeable solutions in order to address problems that will arise in the medium term as socio-economic circumstances change.
 - Use of indigenous labour and materials must be continually promoted.
 - Post-construction monitoring and evaluation is crucial for ensuring sustainability of current and future schemes.
 - Business plan scrutiny must pay more meaningful attention to technology choice.
 - Feasibility studies should concentrate more on life cycle costing.
 - Standards should be revisited to ensure a balance is achieved between time, cost and quality, where quality includes issues of technical sustainability.
 - Practical decision support tools and guidelines are required more than abstract policies.
 - Solutions need to be found for allowing small contractors to develop beyond their own communities.
- **Programme management**
 - National and Regional Programme Management structures in place.
 - Timely monthly and quarterly reporting in place from Project to Head Office.
 - Coordination of programme management consultancies benefited to some extent by appointment of SU although coordination was already managed by mini PEP process.
 - Well thought out milestones for the implementation phase of water and sanitation projects.

8.1.2 Summary of key issues and measures to address these

- **Service Delivery**
 - Failure of Limpopo to deliver services since funds transferred to WSAs.
 - Claims that the number of people still to be served has been underestimated is so widespread that it warrants investigation, even if only to confirm Census figures in project areas.
 - Sustainability (cost recovery, potable water quality, environmental pollution, and managerial capacity) should be measured as it qualifies whether service delivery has actually been achieved in the longer term.
 - Cost recovery is very low.
 - Business planning has been seen as a closed gate to service delivery rather than as an opportunity to provide support to WSAs.

- DWAF and CMIP and Dept Housing standards and per capita expenditure limitations were not standardised.
- Local preference rules that were created to promote the establishment of local contractors may be double edged and may prevent the same emerging contractors from expanding their base of operations and hence being sustainable.
- **Sanitation**
 - Only a marginal improvement achieved in adopting the demand-responsive approach.
 - Per capita limits for development (cost per VIP) do not always reflect the circumstances.
 - Plans have not been made for a fully sustainable cycle once the pit latrines start filling up.
- **Appropriate Technology**
 - There is little awareness at Regional or Local level of Programmes appropriate technology initiatives.
 - Life cycle Feasibility studies have only recently been adopted as a prerequisite to the business planning process.
- **Programme management**
 - A substantial development effort might prove to be wasted if MIG does not adopt similar reporting systems.
 - DWAF, CMIP and Dept Housing M&E reporting is not integrated and may have led to double counting.
 - DWAF BPs cost R100 000 each to compile and in a few extreme examples have taken up to two years to obtain approval.

8.1.3 Recommendations and way forward

- **Sector approach**
 - Consideration should be given to introducing the Masibambane as a multi sectoral cooperation brand under the municipal infrastructure banner and not the DWAF banner.
- **Service Delivery**
 - An alternative solution must be found to support Limpopo WSAs.
 - Investment in Sanitation and Water should be balanced.
 - Backlogs in potential programme areas should be scientifically reassessed – even if to prove that current estimates are correct.
 - Life cycle planning must be implemented.
- **Sanitation**
 - Sanitation delivery should be more demand-responsive.
 - Consideration needs to be given to sustainability issues at the design stage.
 - Consideration needs to be given to an increased subsidy per capita to improve sustainability of technology choice and to allow for truly appropriate technology.
- **Appropriate Technology**
 - Appropriate Technology needs to be driven by sustainability in operation and maintenance, and not only initial investment budget constraints.
 - Best practice needs to be adopted on actual projects.
 - More consideration needs to be given to upgradeable solutions.
 - Use of indigenous labour and materials must be promoted.
 - Post-construction monitoring and evaluation is crucial for ensuring sustainability of current and future schemes.
 - Business planning to pay more attention to technology choice.

- Feasibility studies should concentrate more on life cycle costing.
- Revisit DWAF standards to ensure a balance is achieved between longevity, cost and quality, where quality includes issues of technical sustainability.
- Policies, guidelines, procedures and funding criteria for appropriate technology must be developed and introduced into all WS infrastructure delivery programmes in the sector.
- Sector players must be supported and strengthened to adopt and apply appropriate technology best practice.
- **Programme Management**
 - A single national programme management consultancy should be appointed with a clear brief (TOR) to serve the MIG. The programme management consultancy should not be used as a body shop available to serve any client who does not have the time or capacity to follow proper procurement procedures.
 - Consideration should be given to establishing the programme management consultancy within DPLG.
 - DM level programme management consultancies should be appointed to serve municipal infrastructure delivery and not just “Masibambane”.
 - The M&E system should be integrated into the MIG system.
 - M&E system must be operated more consistently across regions.
 - The emphasis in reporting must be on sustainability indicators, and not just the numbers of people served initially.
 - Monitoring and Evaluation must also cover the post implementation period and post implementation indicators must be developed.
- **Civil Society**
 - Definition of the term “civil society organization” and “civil society participation” to be developed within the national policy framework
 - Uniform understanding and application thereof to be fostered and communicated through all levels of operation
 - Review role of Mvula Trust as civil society organization. Its characterization as such has caused prejudice to the other NGO’s by resulting in their non-appointment as service providers and hence the spirit of the Agreement has not been adhered to.
 - Distinction to be drawn between project based funding (civil society participation) and core funding (civil society support) in order to facilitate the development of different performance criteria. This distinction may assist the development of an appropriate procurement policy framework with application to civil society organization at local level.
- **Gender Mainstreaming**
 - National government must ensure that local government develop and implement a gender policy.
 - DWAF address the structural weaknesses of gender mainstreaming in its systems, including the location of the gender committee, its composition, and gender analysis capacity.
 - There be a consultative forum, attended at senior management level by the sector, to review and adopt the sector-wide gender strategy. This strategy should address the coer concerns raised in the final evaluation, including leadership; structures and management systems for ensuring gender mainstreaming.
 - The strategy should, in particular, address the key issues of KPIs and indicators for gender and ensure that these are incorporated into all sector tools and systems.

- The strategy should also place particular attention on how to ensure meaningful community participation and social sustainability, including advancing gender equality, following the transition to local government.
- Funding for Masibambane II be made conditional on these recommendations being addressed, to avoid a situation in which the same issues resurface in future evaluations.

