



**Masibambane Water Sector
Coordinating Committee Meeting
22 August 2007**

**STRATEGIC OVERVIEW OF WATER
SECTOR PROGRESS FOR THE 1st QUARTER
2007/2008 AND KEY ISSUES FOR THE
NEXT QUARTER**



water & forestry

Department:
Water Affairs and Forestry
REPUBLIC OF SOUTH AFRICA

**Kalinga Pelpola
Masibambane Programme Manager**



INDEX

- **Sector Highlights- Ministerial Expert panel discussion on Water for Growth & Development & key outcomes-20 June 07; Stockholm Water Conference Aug 07;DWQ workshop Suncity 19-22 Aug 07**
- **Key strategic outcomes of the Final evaluation & spot checks on W&S projects**
- **Key findings of 1st Quarter 2007/2008**
- **Service Delivery Progress – 2007/2008**
- **MSB II Programme Final Evaluation & spot check assessments of W&S projects – Key strategic findings**
- **Challenges for 2nd Quarter 2007/08**
- **Proposal for acceptance of the 1st Quarter 2007/8 report**



Ministerial Expert panel discussion on Water for Growth & Development & key outcomes

Minister's keynote address

- **Water Sector to Respond to Asgi-SA & other development initiatives in country-** multi-purpose development aligning with all other sectors
- **Importance of the new policy direction of WfGD-** move beyond basic services in an attempt to redistribute economic benefits to people in the second economy
- **Question:** is investment in Infrastructure equals economic growth ?
- **Most important question:** What does WfGD mean for South Africa?



Ministerial Expert panel discussion on Water for Growth & Development & key outcomes contd:
David Gray's presentation

- Water is an enabler for growth and development BUT can be destructive and contribute to poverty alleviation
- Linkage between poverty, underdevelopment and “difficult hydrology”
- Importance of investment in irrigation
- Role of other sectors e.g. roads and education
- Balance in infrastructure investment and institutions
- Invest in small infrastructure, big infrastructure and management institutions
- Governance, political leadership -critical success factors
- Importance of improving storage capacity- dams of various sizes to cater for different users
- An integrated approach that looks at environment, socio-political aspect, economic environment etc.
- Confirmation that we are on right track- the world is watching- if we want others to follow, we should lead



Ministerial Expert panel discussion on Water for Growth & Development & key outcomes contd: Panelists



- **Confirm the new approach by Masibambane 3; the correct one as it emphasises balance between investment in infrastructure & institutions**
- **The need for the sector to address HIV/AIDS - not a water borne deases**
- **Caution on careful appropriate allocation for different users**
- **Negative experience in irrigation management in Africa**
- **Correlation between hydrology and economics**
- **Need to diversify investment in water**
- **Confirmation that principles outlined are in support of NEPAD AND THE IMPORTANCE OF INTERNATIONAL PARTNERS**
- **DWAF planning- need to focus on water conservation water demand management..., better regulation, compliance**
- **Water is a basic right and a constitutional mandate, central to livelihoods of the rural poor**



Ministerial Expert panel discussion on Water for Growth & Development & key outcomes contd: Panelists



- **The need to bridge the first & second economies-** Water allocation reforms (WAR) job creation, skills developments, small business development
- **The importance of a sector wide approach with the vulnerable poor being central to discussions**
- **Importance of institutions and governance thereof**
- **The need for our utilities and other institutions to align to strategic agenda of government and needs of the sector**



Ministerial Expert panel discussion on Water for Growth & Development & key outcomes contd:

WfGD: WHAT DOES IT MEAN FOR SOUTH AFRICA ?

- **The time has come for South African Water sector to look carefully on the contribution of water to development and poverty eradication**
 - **We are on the right track, foundation has been built through political leadership and policies- NWRS, SfWS**
 - **Our strategy has to speak to SA's unique challenges given its historical background**
 - **DWAF to lead the process - develop a WfGD strategy by end 2007 to be ready for January 08 Cabinet Legothla. Such a strategy must reflect the views of the sector, needs of community, aspirations of our country. Have to look at policy implications; how we do our business**
 - **We have already put in place a formal process to take the process forward.**
 - **This ground breaking experience that will take SA water sector to new heights**

STRATEGIC WATER SECTOR HIGHLIGHTS

- Finalisation of the Masibambane III Programme Financing Agreement (EU Contribution €107m over 3yrs)
- Key results:
 - Stakeholder collaboration is in place and focused on sustainable water management;
 - Catchments management agencies are established and operational;
 - Municipalities are proficient in their designated water resource management and water services role ;
 - DWAF is a strong, capacitated leader providing policy direction, regulation and support to the WS;
 - CSOs are able to provide training and support to, and advocacy in the WS;
 - Review of alternative financing mechanisms for sustainable delivery of WS and WRM;
 - WSP's are operating in an effective and efficient manner, meeting norms and standards; and
 - Sustainable, ecosystem based IWRM is contributing to social development.

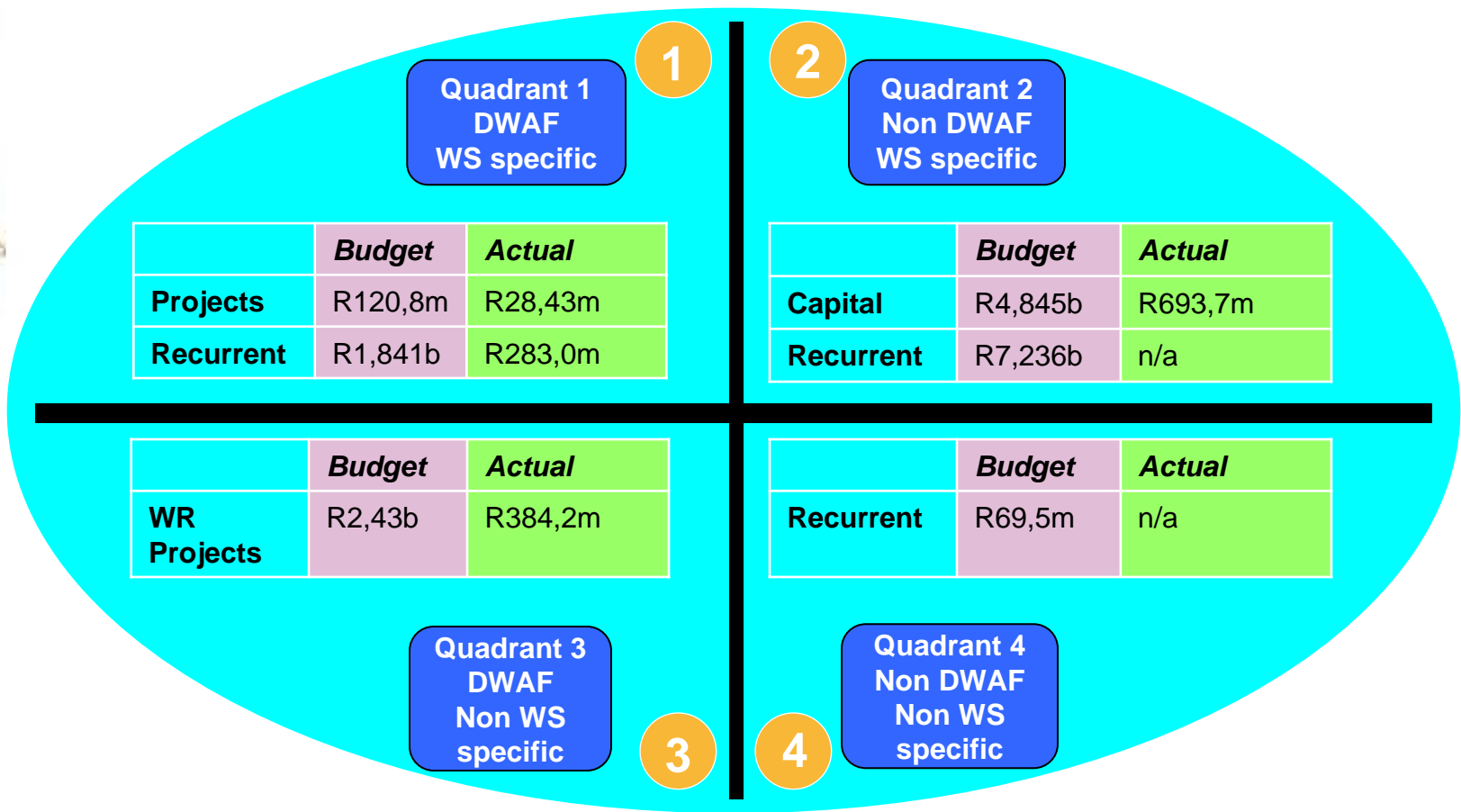


STRATEGIC WATER SECTOR HIGHLIGHTS

- Stockholm Water Conference August 2007
 - 43 Participants from South Africa led by the Minister- SA well received- Minister expressed the need for better collaboration in the Water Sector- William Nomxoli will add
- Drinking Water Quality Conference 19-22 Suncity: Still ongoing ;some interim outcomes
 - **Not all WSAs are prioritising DWQ focus mainly on meeting targets;**
 - **Technical support needed urgently to municipalities;**
 - **Regulatory support to municipalities and DWAF regions needed**
 - **Water Utilities & CSOs are ready to support**



ANNUAL FINANCIAL SUMMARY - 2007/2008



2007/2008 WS Grand total budget = R16,542bn



STRATEGIC WATER SECTOR HIGHLIGHTS




Meeting the targets; Water 2008 & Sanitation 2010

- **National concept plan developed; 9 Provincial Plans to be developed linked to the PWSPs; FS plan ready for consultation with stakeholders;**
 - **Establishment of the Siyenze Manje WS Coordination unit jointly managed by DWAF, DBSA & DPLG to coordinate the placement of Engineers (retired, young graduates, trainees etc); commenced operation 1st May 2007 incorporating ENERGY's programme**
 - **9 Provincial Support Plans (rolling up of Municipal Support plans MSPs) linked to Cabinet approved LG Support Agenda are available for use by WS support Managers in DWAF regional offices**
 - **Mobilising of SANDF in support of municipalities; appointment of ERWAT as IA to support O&M in the municipalities**
-
- Improved collaboration between NGO's in the sector, with WS, WR and Water Caucus groups working together;
 - Exit strategy for donor funds developed with the DWAF's CFO to be implemented over 3 years to increase the baseline for exchequer funding for core functions;
 - Regional Bulk Infrastructure projects identified – limited progress, with no expenditure to date.
 - Business process re-engineering in Operation Branch commenced



STRATEGIC WATER SECTOR HIGHLIGHTS

- 
- Masibambane II Programme Final Evaluation – key findings:
 - ...overall the MSB II Programme was rated as “**satisfactory**”, with **institutional development** rated “**highly satisfactory**”...
 - Capacitating local sphere + transfers were critical interventions; alignment was good; targeting good;
 - SWAP approach working well - though can be deepened and broadened (WR; DEAT; DfiD; planning);
 - M&E is advancing well;
 - Crosscutting issues (gender, environment, appropriate technology, civil society) were weak *[addressed by the appointment of the CSIR as IA for all X cutting issues]*
 - **O&M poses a critical concern to long term sustainability** *[addressed as an important component of MSB III].*

STRATEGIC WATER SECTOR HIGHLIGHTS

- **Spot-check Assessment of Water and Sanitation Projects:**
 - A spot-check assessment process was developed and piloted by CSIR, forming part of DWAF's strategic framework for M&E;
 - Aim of the spot-checks was measuring compliance of dplg MIG water and sanitation projects to quality, standards and norms;
 - Key issues of compliance :
 - **Average compliance score of about 80% for all projects.** No significant difference between Water and Sanitation projects.
 - Bulk projects higher compliance scores than Household projects (both Water and Sanitation)
 - Relatively few projects were compliant:
 - » Only 20% of all projects compliant (80% non-compliant)
 - » None of household sanitation completed projects were compliant, while
 - » Only 2.6% of household water completed projects compliant.
 - » Highest compliance levels on bulk water & sanitation current projects.
 - » Very few significant differences between provinces, project size, location or settlement type.





STRATEGIC WATER SECTOR HIGHLIGHTS

- Joint programmes and reporting on total Water Sector i.e. 1st April 2007
- MSB III focus on interfacing/integration WS + WR: Water resources key strategic issues;
 - Re-establishment of WRMS as Directorate Regulatory and Institutional Support within CD:WSPMS
 - In the 1st quarter of 2007/2008, satisfactory progress was made towards the establishment of the Oliphant's, Upper Vaal and Berg Catchments Management Agencies
 - Verification processes commenced in Jan Dissels, Inkomati and Mhlathuze catchments, aimed at establishing water allocation reform;
 - Draft 7 of the Compliance, Monitoring and Enforcement guideline document was distributed for stakeholder comment; and
 - 3 Water User Associations were approved.



SECTOR CHALLENGES

- **Challenges:**

- Lack of skills and public service capacity;
- Meeting the water and sanitation targets;
- O&M and long term sustainability of infrastructure;
- Effective implementation of Local Government Support Programmes;
- Monitoring and information management;
- WfGD - Poverty eradication through economic opportunities in the WS;
- Supporting delivery of MDGs in Africa/Nepad with special focus on emerging countries out of demo/peace processes.

- **Issues to be addressed:**

- Promote effective sector collaboration;
- Decentralisation and empowerment of DWAF Regional Offices;
- Engage Institutions of Higher Learning to fast track talent building.





KEY FINDINGS - 2007/2008

(See Volume I, pages 13-20 of 210)



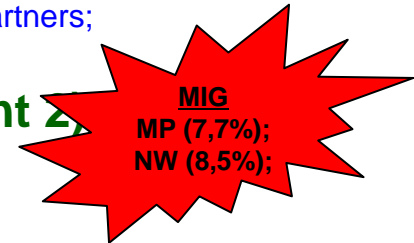
- **Overall Water Sector Budget 2007/08 = R16,542bn**
 - **Expenditure to date (excl. Equitable share & CB grants) = 8,4%**
 - WS expenditure is addressed with DWAF Regions and sector partners;

Water Sector DWAF expenditure (Quadrant 1)

- **DWAF WS expenditure = 15,9%**
 - WS expenditure is addressed with DWAF Regions and sector partners;

- **Satisfactory expenditure on MIG Funding (Quadrant 2)**

- **MIG Capital expenditure = 15,1%**
 - Working with dplg on allocation of MIG WS budget to munics;
- **Equitable Share ≈ no report on expenditure from WSAs**
 - National Treasury is in the process to implement reporting (expenditure etc.) against the Equitable Share grant. **This project aims to implement reporting on Equitable Share on all 284 municipalities by March 2009;**



- **Capacity Building Grants (Quadrant 4)**

- **LGFM & MSIG Grant = updated expenditure figures not available from DPLG**
- **KFA 12 = 11,9%**
 - The trend on under expenditure and lack of reporting continues – this is a serious issue and was brought to the notice of DDG:PC at dplg and will be dealt with at the high level meeting;

SERVICE DELIVERY PROGRESS - 2007/2008

Water Sector Progress - Financial Year 2007/2008							
Activity	Annual Sector Target	Total WS Sector ¹ (Apr 07 to Mar 08)	1 st Quarter 2007/08 (April to June 07)				
			DWAF	DPLG ⁴	Housing ⁵	Health	DOE
Programme 3: Water Services - Access to Services							
Household Water	2,400,000 people	n/a	0	n/a	n/a		
Household Sanitation	800,000 households	<i>175,338</i> households	0	<i>175,338</i>	n/a		
School Water and Sanitation	5% schools backlog eradicated	n/a	-				n/a
Clinic Water and Sanitation	100% clinics backlog eradicated	n/a	-			n/a	
Bucket Eradication	100% buckets eradicated	56% of buckets eradicated		9,771			-
Health & Hygiene	800,000 households	175,338 households		175,338	-	-	-
FBW provision	50% people	76,38% of total population and 69,44% of poor population served with FBW 164 out of 169 WSA's providing FBW					
Chinese development aid (PTD ²)		3,232km of uPVC pipes installed; 172,565 water meters installed					

1. Three month lag in provision of DPLG and Housing information (i.e. Q1 end of Sept 07);
2. Conversion from households to people is a multiplication factor of 3,8 people per household.
3. Information in *blue italics* is unconfirmed sanitation stats provided by DWAF Sanitation Unit.

SERVICE DELIVERY PROGRESS – 2007/2008



Water Sector Progress - Financial Year 2007/2008

Activity	Annual Sector Target	Total WS Sector ¹ (Apr 07 to Mar 08)	1 st Quarter 2007/08 (April to June 07)				
			DWAF	DPLG ⁴	Housing ⁵	Health	DOE
Programme 2: Water Resources							
Catchment Management Agencies	Olifants, Upper Vaal & Berg	<ul style="list-style-type: none"> Draft proposal for Olifants CMA received; Upper Vaal planning progress; Final Draft Berg proposal received. 					
Water Allocation Reform	Licensing completed for Jan Dissel, Inkomati, Mhlathuze	<ul style="list-style-type: none"> Verification processes commenced in Jan Dissels, Inkomati and Mhlathuze catchments 					
Water Conservation/ Demand Management	WC/WDM strategies for Vaal, Inkomati & Olifants	<ul style="list-style-type: none"> Final Draft work plans for Vaal (Emfuleni, Mogale City, & Ekurhuleni Metro) 					
Compliance, monitoring & enforcement	CME finalised & implemented	<ul style="list-style-type: none"> Draft 7 of of guideline submitted for stakeholder inputs 					
Water User Associations	5 WUA's to be approved	<ul style="list-style-type: none"> 3 WUA's approved 					
Resource poor farmers	300 Resource poor famers	<ul style="list-style-type: none"> No RPF's supported 					

SERVICE DELIVERY PROGRESS – 2007/2008

Water Sector Progress - Financial Year 2007/2008							
Activity	Annual Sector Target	Total WS Sector ¹ (Apr 07 to Mar 08)	1 st Quarter 2007/08 (April to June 07)				
			DWAF	DPLG ⁴	Housing ⁵	Health	DOE
Institutional Development & Performance							
WS performance Monitoring	Regulation Strategy developed	<ul style="list-style-type: none"> Finalising appointment of PSP for National Water Services Consumer Survey; 57 WSA's with WSP Service Delivery agreements and 80 WSA's with senior management performance contracts. 					
LG Support		<ul style="list-style-type: none"> DWAF 5-Year Local Government Water Sector Support Plan Support provided to municipalities through Project Consolidate. 					
WSDP	155 WSDPs received by Mar'05	<ul style="list-style-type: none"> Support currently provided to 155 municipalities 2006/07 = 28 WSDP's adopted + 61 others in various stages of assessment. 					
Information System	WSNIS Updated	<ul style="list-style-type: none"> WSNIS upgraded. Further System development in progress. Collaborative meetings held on a regular basis. 					
Drinking Water Quality		<ul style="list-style-type: none"> 2,262 sites monitored for DWQ nationally; Number of health related DWQ failures in June 2007 – EC(26), GP(6), KZN(33), LP(6), NC(4), FS(4), WC(23), MP(0), NW(5) 					
WSA's Checklist		<ul style="list-style-type: none"> 158 checklist results published; . 					
Transfer of Schemes	58 transfer agreements & 318 schemes transferred by March 2006	<ul style="list-style-type: none"> 53 transfer agreements concluded 1,695 schemes transferred in accordance with TA's. 					
Project Employment	People employed - job days created (water + san)	0	32,992 jobs - sanitation		-	-	-



2007/2008

EXPENDITURE ANALYSIS

QUADRANT 1: DWAF WATER SERVICES

Quadrant 1: DWAF - Water Services Specific

	2007/2008		
	Budget	Expend.	% Expenditure
	R'000	R' 000	
- DWAF Funding			
> Management Support Overheads	72,800	5,785	8%
- Donor Funding (EU, DCI, Flemish, Swiss)	47,968	22,642	47.2%
> EU (Contract signature - Sep 07)	-	18,801	0.0%
> DCI	42,083	3,841	9.1%
> Flemish	2,385	-	0.0%
> Swiss	3,500	-	0.0%
	120,768	28,427	23.5%
- Current Budget Prog 3: water	267,078	152,105	57.0%
- Indirect Grant Water Services Operating Subsidy	1,168,782	130,856	11.2%
- Water & Sanitation @ Clinics and Schools	105,000	-	0.0%
- Bulk Infrastructure	300,000	-	0.0%
	1,840,860	282,961	15.4%
Total	1,961,628	311,388	15.9%

Risk management steps taken to monitor expenditure



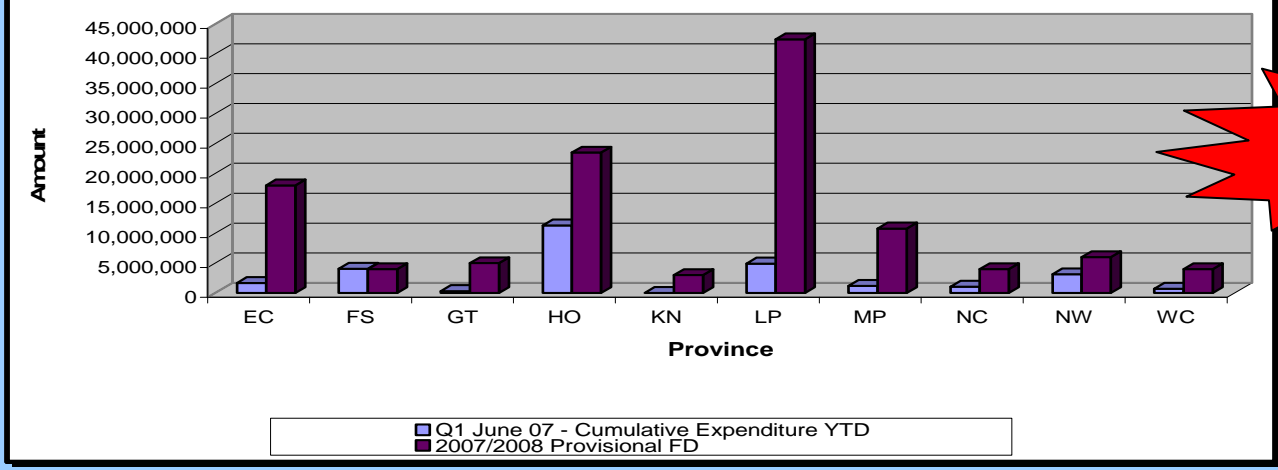


QUADRANT 1: DWAF EXPENDITURE PER PROVINCE

Province	Q1 June 07 - Cumulative Expenditure YTD	2007/2008 Provisional FD	% Expenditure
EC	1,668,874	18,000,000	9.3%
FS	4,060,502	4,000,000	101.5%
GT	333,323	5,000,000	6.7%
HO	11,319,230	23,500,000	48.2%
KN	30,000	3,000,000	1.0%
LP	4,922,810	42,467,764	11.6%
MP	1,201,123	10,800,000	11.1%
NC	1,072,125	4,000,000	26.8%
NW	3,126,979	6,000,000	52.1%
WC	725,966	4,000,000	18.1%
Grand Total	28,460,932	120,767,764	23.6%

**FS (101,5%);
NW (52,1%);**

Quadrant 1: DWAF Capital Expenditure per Region

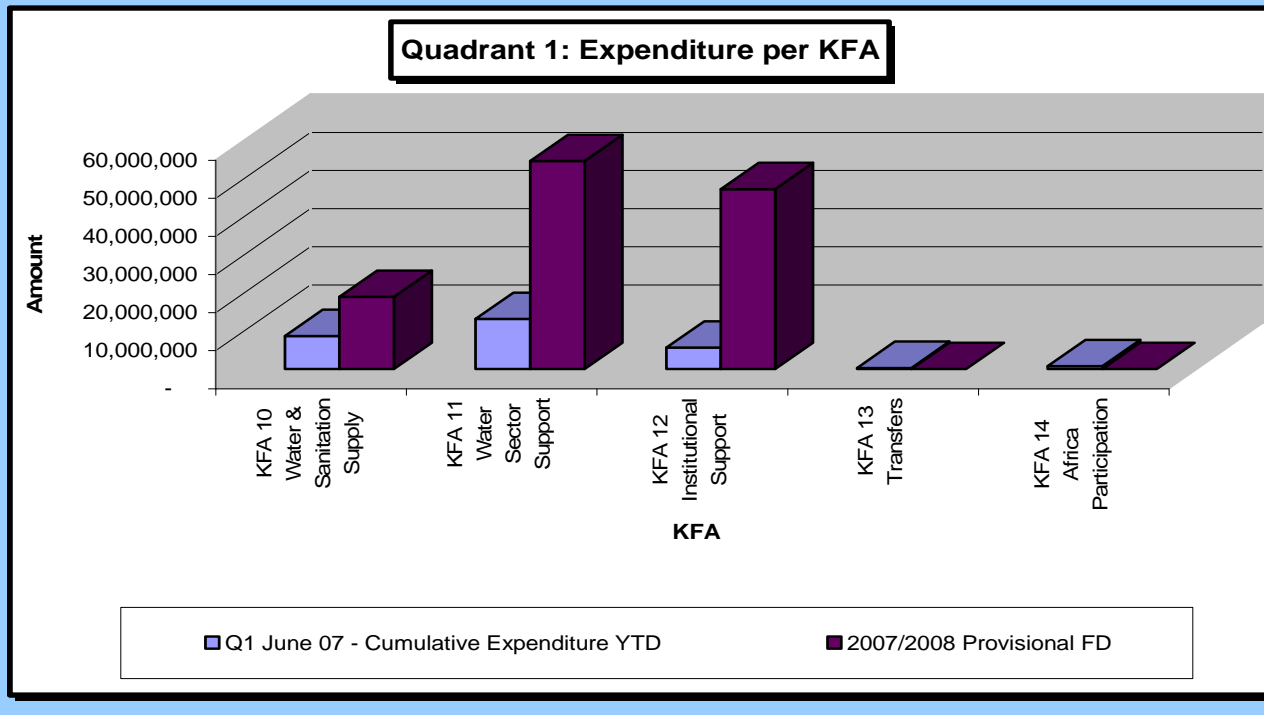


**KZN (1,0%);
GT (6,7%)**



QUADRANT 1: EXPENDITURE PER KFA

KFA & Name	Q1 June 07 - Cumulative Expenditure YTD	2007/2008 Provisional FD	% Expenditure
KFA 10 Water & Sanitation Supply	8,688,447	18,915,000	45.9%
KFA 11 Water Sector Support	13,137,170	54,603,000	24.1%
KFA 12 Institutional Support	5,606,579	47,249,764	11.9%
KFA 13 Transfers	295,274	-	0.0%
KFA 14 Africa Participation	733,462	-	0.0%
Grand Total	28,460,932	120,767,764	23.6%





2007/2008

EXPENDITURE ANALYSIS

QUADRANT 2: NON-DWAF WATER SERVICES

Quadrant 2: Non-DWAF - Water Services Specific					
	2007/2008				
	Budget	Expen	WS Budget	WS Expend.	% WS
	R'000	R'000	R' 000	R' 000	Expenditure
- Municipal Infrastructure Grant (MIG)	6,548,564				
- Eradication of Bucket Sanitation	1,000,000	1,137,235	4,641,612	693,713	15.1%
- Dept. of Health					
Hospital Revitalisation Grant (2%)	1,906,629	-	38,133	-	0.0%
- Dept. of Housing					
Integrated Housing and Human Settlement Dev Grant (2%)	8,237,946	-	164,759	-	0.0%
	17,693,139	1,137,235	4,844,504	693,713	14.3%
- Equitable Share	20,675,620		7,236,467		0.0%
	20,675,620	0	7,236,467	0	0.0%
Total	38,368,759	1,137,235	12,080,971	693,713	5.7%

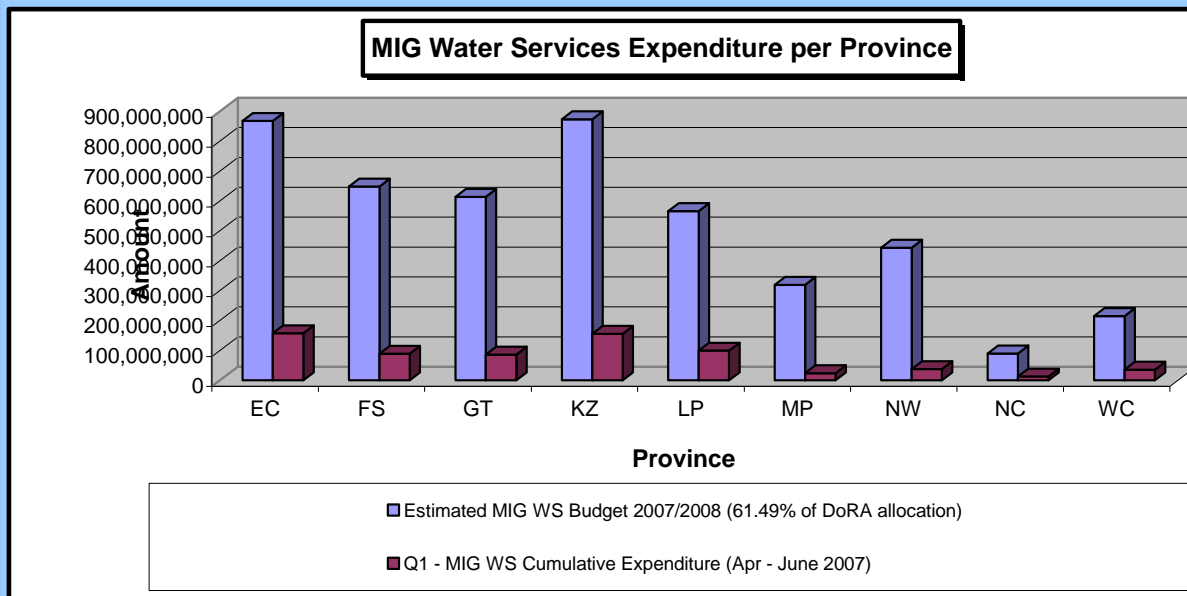
No information received

Unconditional Grant - No reporting provided to date from WSA's ito PFMA/MFMA; Project to get info by 2009



QUADRANT 2: MIG EXPENDITURE PER PROVINCE

Province	MIG BUDGET 2007/08 as per DoRA	Total MIG Funds Transferred YTD Jun 07	Q1 MIG Cumulative Expenditure 2007/08 as per DoRA	Estimated MIG WS Budget 2007/2008 (61.49% of DoRA allocation)	Q1 - MIG WS Cumulative Expenditure (Apr - June 2007)	% MIG WS Expenditure 2007/08
EC	1,412,883,165	356,063,672	256,021,788	868,781,858	157,427,797	18.1%
FS	1,055,304,269	236,023,842	144,781,421	648,906,595	89,026,096	13.7%
GT	998,855,176	142,420,753	140,101,136	614,196,048	86,148,189	14.0%
KZ	1,420,909,864	294,767,306	253,380,702	873,717,476	155,803,794	17.8%
LP	921,648,101	186,428,282	162,057,141	566,721,417	99,648,936	17.6%
MP	520,129,344	65,587,369	39,834,068	319,827,534	24,493,969	7.7%
NW	721,801,413	87,874,704	61,520,834	443,835,689	37,829,161	8.5%
NC	146,846,413	30,441,886	20,772,533	90,295,859	12,773,031	14.1%
WC	350,186,254	71,219,414	58,765,620	215,329,528	36,134,980	16.8%
Grand Total	7,548,564,000	1,470,827,228	1,137,235,244	4,641,612,004	699,285,951	15.1%



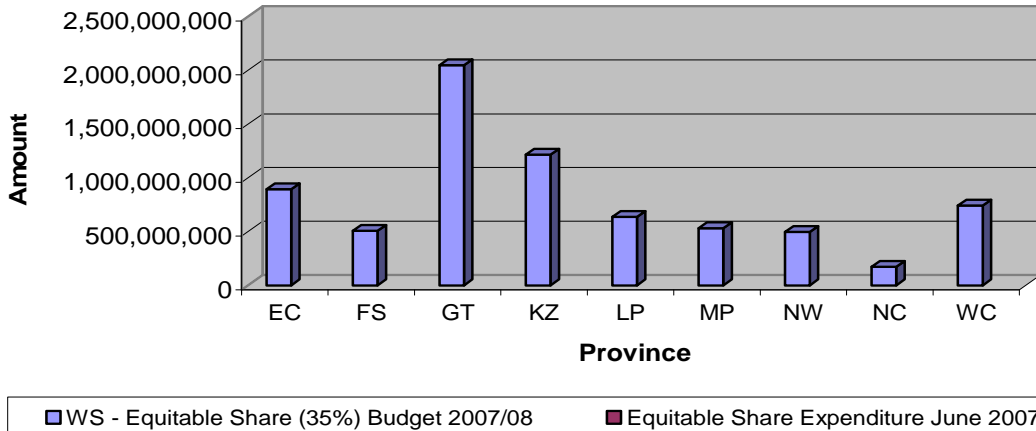
MIG
EC (18,1%)
KZ (17,8%)

MIG
MP (7,7%);
NW (8,5%);

QUADRANT 2: EQUITABLE SHARE

Province	Equitable Share Sector Budget 2007/08	WS - Equitable Share (35%) Budget 2007/08	Equitable Share Expenditure June 2007
EC	2,550,316,629	892,610,820	Information not available; refer to note below.
FS	1,450,084,997	507,529,749	
GT	5,845,721,170	2,046,002,410	
KZ	3,471,086,528	1,214,880,285	
LP	1,820,528,900	637,185,115	
MP	1,520,879,916	532,307,971	
NW	1,413,339,972	494,668,990	
NC	487,348,154	170,571,854	
WC	2,116,313,733	740,709,807	
Grand Total	20,675,620,000	7,236,467,000	

Quadrant 2: WS Portion of Equitable Share per Region



National Treasury is in the process to implement reporting (expenditure etc.) against the Equitable Share grant.
- all 284 municipalities reporting by March 2009.



QUADRANT 3: DWAF NON-WATER SERVICES (WATER RESOURCES)

Quadrant 3: DWAF - Non-Water Services Specific			
	2007/2008		
	Budget	Expend.	% Expenditure
	R' 000	R' 000	
Programme 2 - Water Resources			
- Current	1,082,771	336,905	31.1%
Augmentation of Trading Account			
- Infrastructure	1,055,049	-	0.0%
- Current	292,212	47,272	16.2%
Total	2,430,032	384,177	15.8%



EXPENDITURE ANALYSIS

QUADRANT 4: NON-DWAF, NON WATER SERVICES (CAPACITY BUILDING GRANTS)

Quadrant 4: Non-DWAF - Non-Water Services Specific					
	2007/2008				
	Budget	Expen	WS Budget	WS Expend.	% WS
	R' 000	R'000	R' 000	R' 000	Expenditure
- Local Government Financial Management Grant	145,250	-	14,525	-	
- Local Government Restructuring Grant	350,000	-	35,000	-	
- Municipal Systems Improvement Grant	200,000	-	20,000		
Total	695,250	0	69,525	0	0.0%

- *Capacity Building Grant expenditure not available from DPLG at the time of preparing this report; will be updated in the next quarter*



CHALLENGES FOR remaining 2007/2008

- 
- **Development of the Country Strategy & Prog: of action for *Water for Growth and Development*** - ready for cabinet Legothla Jan 08
 - **Finalisation of provincial plans to meet Water 2008 & Sanitation 2010- linked to support plans**
 - **Signing of the EU Financing Agreement and funds flow;** currently operating on 6 months financial delegation with bridging financing from exchequer
 - **Business process re-engineering in DWAF and offer assistance to sector stakeholders** -Improve programme management and financial management culture in DWAF and the sector;
 - **Consolidate integrated Water Sector (WS +WR interface) M&E&R;** Aligning sector reporting timelines - DPLG and Dept. of Housing report 3-month after reporting quarter;
 - **Acceleration of the sanitation delivery and bucket eradication to meet Dec 2007 target.**
 - **Addressing cross- cutting issues in an integrated manner with focus on 5 year Programme of Action for HIV/AIDS**
 - **Finalisation of Strategy & POA for 'Partnerships in the accelerated delivery of MDGs in SADC and NEPAD**

CONCLUSION

- In view of consultations held with provincial and national stakeholders, progress reports for the 1st quarter 2007/2008 were compiled into:
 - Volume I: Consolidated Water Sector Report
 - Volume II: Regional Reports
 - Volume III: Sector Partner Reports
- It is recommended that the above reports are formally accepted by the WSCC, subject to incorporation of the comments made today at the meeting.

THE END