



**REPUBLIC OF SOUTH AFRICA
DEPARTMENT OF WATER AFFAIRS & FORESTRY**

VOLUME I CONSOLIDATED WATER SECTOR REPORT

EXECUTIVE SUMMARY

**4th QUARTER 2006/2007
(January to March 2007)**



Submitted to:

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1. EXECUTIVE SUMMARY

The South African Government, in its drive to provide water and sanitation services to its marginalized communities, initiated an approach to service delivery that went beyond just the physical infrastructure delivery and focused on ensuring sustainability, through institutional transformation and the stimulation of social and economic growth aimed at poverty alleviation. The Department of Water and Forestry (DWF) programme, known as Water Sector (Masibambane) Programme, adopted a sector-wide approach (SWAP), to involve all the stakeholders in the water sector so that service delivery could be coordinated, rationalized, and improved, and government's performance could be transparent and accountable.

This Masibambane II Programme, **Volume I: Consolidated Water Sector Report** reflects on the progress to the processes and development of DWF's Water Services Strategy and the sector's Strategic Framework for Water Services (SFWS), which is meant to guide the sector over the next 10 years, plus instituting more coherent sector based reporting. This report describes progress of the programme against the sector objectives for the 4th quarter (January to March 2007), as well as cumulative for the 2006/2007 financial year. The report also reflects on the three years of the Masibambane II Programme i.e. April 2004 to March 2007. Emanating from this progress report, sector performance was quantified, challenges, constraints and risk areas highlighted, and recommendations were formulated for improving on mechanisms of service delivery and sector support.

The report is presented in the following structural format:

- Sections 1 – 2: Summary of Progress
- Sections 3 – 9: Background, Introduction, Masibambane Targets and M&E&R Framework
- Sections 10 – 13: The sector achievements
- Sections 14 – 16: Financial analysis and performance of the sector
- Sections 17 - 18: Analysis of key issues and recommendations proposed in quarter 4

This report is compiled in the absence of contributions for the fourth quarter from the sector partners (Department of Provincial and Local Government, Department of Housing, Department of Education, Department of Health). DPLG reported on sector progress within the MIG programme for quarter 3 of 2006/2007 financial year, as there is a 3 month lag in information supply, verification and validation; the Departments of Housing and Education are awaiting approval of information before it is published; and the Department of Health is in the process of developing a management information system that will facilitate information flow to the sector. Information for quarter 4, was unavailable at the time of preparing this report, and will be published in the next quarter.

The water sector financial information is provided as at the 31 March 2007. The **total water sector budget is estimated at R12,88 billion** for 2006/2007 financial year (excluding the multi-year drought relief budget). It is however not possible to provide an assessment of actual expenditure to this overall water sector budget due to the unavailability of certain financial information from National Treasury – Equitable Share is an unconditional grant, and no reporting is provided by WSA's in terms of the Municipal Finance Management Act.

Notwithstanding the aforementioned, individual sector partner financial analysis was conducted. DWF is no longer responsible for infrastructure service delivery, and the majority of the budget is allocated to institutional and sector support. As at 31 May 2007, **DWF as the sector leader expended R344,4 million (or 100,9%) of its R341,3 million projects budget** in the 2006/2007 financial year. Remarkably, DWF spent 51% of its budget in the 4th quarter!

DPLG through the **MIG programme** spent a further R5,16 billion on infrastructure projects as at the end of March 2007 (according to National Treasury, and DoRA). It is estimated that 61,49% of this infrastructure

expenditure is utilised on water and sanitation capital projects (i.e. an amount of **R3,17 billion**) – **55% of expenditure generated in the 4th quarter**.

The Department of Health and Department of Housing expended 89% (or R78,0 million) and 103% (or R654,7 million) of its respective water sector budgets. Information relating to schools water services expenditure was not available when this report was finalised.

Various capacity building grants have been made available for local government level strengthening. These include the **Municipal Systems Improvement Programme and the Local Government Financial Mangement Grant – estimated total of R39,87 million** allocated to the water sector in 2006/2007. As at the end of the fourth quarter, R7,84 million (39,2%) of the MSIG funds were expended. The main challenge is the synchronization of these grants (currently, these two grants are managed from different sections within **dplg**) to address the capacity issues of the sector.

Despite the absence of the fourth quarter data, the Dept. of Housing (373,331) and DPLG (1,955,869) reported **water supplied to 2,339 million people** for the period April to December 2006. The information from DPLG seems extraordinarily high, and requires further interrogation of project lists and data. Discounting any adjustments, the annual sector target of 1,5million people to be served in 2006/07 will be achieved. Overall, in the three years of **Masibambane II, in excess of 6,0million people were provided with water services**.

It is reported that a total of **272,591 households (302,659 unconfirmed)** were provided with sanitation infrastructure in to end December 2006 (during Masibambane II more than 900,000 households served). However, it was noted that for the sector to achieve its target of eradicating the sanitation backlog by 2010, the rate of delivery would need to increase substantially to 800,000 households per annum.

Under the sanitation bucket eradication sub-programme, a total of **71,747 bucket toilets were replaced** in period April 2006 to March 2007, compared to the annual target of 80,000 bucket systems to be eradicated from formal housing – **90,0% of annual target achieved**. One of the main challenges for the programme is the identification of cost effective and appropriate alternative solutions, which meet the expectation of the local communities. This has been one of the main reasons for the delay in the programme execution, where only 52% of the total bucket eradication target has been addressed.

Free basic water services was provided by **164 of the 169 WSA's**. It is reported that only **77,68% of the total population with infrastructure** benefits from the FBW programme. This figure for the provision of FBW could be higher, but the lack of reporting and updating of information by municipalities poses a serious threat to impacting the vast indigent populations.

The formalisation of **Chinese Development Aid** grants, in the form of water supply pipes and water meters provided to South Africa (total value US\$25,0 million), aims to advance the provision of potable water to indigent communities. To date **3,066km of pipes and 166,500 water meters** were installed in provinces throughout South Africa.

The status of health and hygiene education has progressed satisfactorily in 2006/07, with in excess of **1,9million people (approximately 500,000 households) reached through radio and print media campaigns**. Health and hygiene has also been incorporated into the school curriculum for grades R-9.

Drinking water quality monitoring is conducted in most municipalities. In March 2007, it was recorded that of the **2,068 sites monitored nationally, 123 sites were non-compliant and posed health related DWQ threats** (the highest non-compliance in Eastern Cape [37] and Northern Cape [29]). Urgent interventions were proposed by the DWAF Regional offices and implemented by the WSA's.

Progress with institutional arrangements such as the Section 78 process has been slow, with limited change from the previous quarter. This can be explained by the different levels of development of various WSA's, the lack of capacity and the focus of the DWAF Regional offices on the implementation of prioritised services delivery instead. Also WSA's engage in triggers/mechanisms to implement institutional change. At the MIT3 meeting in May 2006 it was resolved that the progress of S78 be monitored by DPLG, through the NJRT. To date only **76% of WSA's having commenced with the S78 process** (unchanged from previous quarter) and only 15% completed S78(3). Finalisation of the section 78 assessments has bearing on the transfer of assets and water schemes because WSA's will need to appoint Water Services Providers, with the objective of transferring both staff and infrastructure to the appointed WSP. 57 WSA's were reported to have in place WSP service delivery agreements, and 80 WSA's had senior management performance contracts.

As at the end of March 2007, **53 transfer agreements were concluded and a total of 1,666 schemes transferred in accordance with the TA's**. This represents an asset value R5,932 billion and a refurbishment value of R600 million. A concern is that of those WSA's who have received transfer and related refurbishment funds, none have met the monthly reporting requirements as set out in DoRA. In certain cases, the lack of capacity or limited distribution of refurbishment funds has resulted in refurbishment not being executed by WSA's, compromising the integrity and sustainability of the schemes. A distorted view of refurbishments is portrayed as DWAF transfers/ "expenditure" reflects a much better picture in terms of refurbishment than the actual delivery and expenditure being achieved by WSA's. This is however being addressed through the development of reporting templates and the provision of Regional support where conditions necessitate this intervention.

Refurbishment and infrastructure projects should be detailed and planned for in the WSDP's. As at the end of March 2007, **no progress with the review of WSDP's was reported for the 2006/007** financial year and only 39 adopted by council for 2005/06. There is a further need from the sector for improved integration and alignment of the WSDP with the IDP. In the absence of integration, the risk of fragmentation and uncoordinated delivery is high.

The WSA Checklist process to review legal compliance of WSA's has progressed relatively slowly, with only **154 WSA's having completed the Checklist interviews**, and **143 were signed-off and published**. This process is far behind schedule as it should have been completed in September 2005. Concerns are that the information will be outdated by the time it is published. Lack of resources and capacity at WSA's, together with availability of senior council officials were cited as primary reasons for the slow progress. The information gleaned from the Checklist process will inform the sector's collaborative initiatives.

Sector collaboration, through the Sector Wide Approach (SWAP) is institutionalised at national level in the various forums. The lesson's learnt, best practice and experiences of this collaborative approach are communicated through WIN. However, while the local government structures inherently operate in a multi-sectoral environment, which facilitates collaboration, the levels of effective community participation at local level need to be further enhanced.

In order to integrate initiatives at a regional level, DWAF has developed the **Provincial Water Sector Plans** for all 9 regions. The PWSP's aim to provide a tactical/strategic framework for the coordination of regional sector activities amongst them:- Project Consolidate's hands-on operational support in high-risk provision cases, the development of water services leadership and management capacity, a multi-annual programme of councillor development, focussed and responsive programmatic support and sector-wide planning, budgeting and implementation. It ensures that the sector is directing its resources in a co-ordinated, planned and focussed manner towards achieving measurable improvement in the delivery of water services by local government.

In relation to cross-cutting issues, it is clear that the sector continues to struggle in interpreting a succinct and universally acceptable approach to the **engagement of CSOs**. As the sector leader DWAF must

provide more direction to the Implementing Agent to ensure CSO involvement and participation in the sector.

A clear gender mainstreaming strategy needs to be developed to increase the participation of woman within the sector. Currently the sector is monitoring the participation of woman on construction projects in the regions. Since the inception of the **DPLG MIG programme (April 2004) to December 2006, a total of 7,363 million job days (34%) were created for woman**. However the MIG data does not differentiate between the various services for which the jobs were created (i.e. cannot distinguish water sector from roads, electrical and others).

No reporting is provided in respect of the implementation of **Appropriate Technology** despite the advancements in guidelines on Appropriateness of Technology and studies into new technologies. Consideration of technology is generally limited in project planning and implementation with little or no consideration given to local economic development, sustainability, potential growth in the area from projects and the future implications of operation and maintenance. DWAF, as the sector leader must appoint a champion to resuscitate this programme.

Finally, as the sector closes the chapter of Masibambane II, and moves towards the Masibambane III Programme, with the focus on "Water for Growth and Development", several challenges relating to economic and social goals must be addressed collaboration of sector stakeholders. Access to services and sustainability thereof shall remain a priority in the years ahead.

2. PROGRESS SUMMARY

Water Sector Progress - Financial Year 2006/2007								
Activity	Annual Sector Target	Total WS Sector ¹ (Apr 06 to Mar 07)	2006/07 (April 06 to March 07)					
			DWAF	DPLG ⁴	Housing ⁵	Health	DOE	
Access to Services								
Household Water	1,500,000 people	2,339,200 people	0	1,965,869	373,331	-	n/a	
Household Sanitation	350,000 households	272,591 (302,659) households	0	174,346 (204,414)	98,245	-	n/a	
School Water	597 schools	324 schools	-	-	-	-	324	
School Sanitation	2,211 schools	621 schools	-	-	-	-	621	
Clinic Water ⁴	79 clinics	8 clinics	-	-	-	8	-	
Clinic Sanitation ⁴	155 clinics	11 clinics	-	-	-	11	-	
Bucket Eradication	80,000 households	71,747 households	-	71,747	-	-	-	
Health & Hygiene	300,000 households	1,957,993 people (515,261 h/holds)	1,957,993	-	-	-	-	
FBW provision	75% people	77,68% of total population and 70,80% of poor population served with FBW 164 out of 169 WSA's providing FBW						
Chinese development aid (PTD ²)		3,066km of uPVC pipes installed; 166,500 water meters installed						
Institutional Development & Performance								
Policy and Strategy	WS Amendment Bill by Mar'05	<ul style="list-style-type: none"> Guideline document on Small Scale & Productive uses of water at household level is being finalised; Guideline Document on Private Land is being piloted in 3 DM's; Draft 2: National Water Services Bill produced. 						
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. 						
IGR and sector collaboration	WS functioning	<ul style="list-style-type: none"> Provincial sector meetings held in EC, KZN, EC, FS, and NC. Provincial WS Plans prepared. National Water Sector Plan currently being drafted 						
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 2005/06 = 29 WSDP's adopted by council; others in various stages of completion. 2006/07 = WSDP preparation in progress. 						
Information System	WSNIS Updated	<ul style="list-style-type: none"> WSNIS upgraded. Further System development in progress. Collaborative meetings held on a regular basis. 						

Water Sector Progress - Financial Year 2006/2007							
Activity	Annual Sector Target	Total WS Sector ¹ (Apr 06 to Mar 07)	2006/07 (April 06 to March 07)				
			DWAF	DPLG ⁴	Housing ⁵	Health	DOE
Drinking Water Quality		<ul style="list-style-type: none"> 2068 sites monitored for DWQ nationally; Number of health related DWQ failures – EC(37), GP(8), KZN(8), LP(17), NC(29), FS(12), WC(8), MP(2), NW(2) 					
WSA's Checklist		<ul style="list-style-type: none"> 154 WSA's checklist interviews completed 143 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 1,666 schemes transferred in accordance with TA's. 					
Project Employment	People employed - job days created (water + san)	0	19, 489 sanitation	4,072,833 job days	-	-	-

Notes:

1. YTD: Year Date (April 2006 to March 2007)
2. PTD: Programme to to Date
3. DPLG (MIG) data is provided as at the end of the 3rd Quarter 2006/07 (April o December 2006), as there is a 3 month lag in information supply, due to logistics and verification processes.
4. DPLG data for water (517,334 households) and sanitation (174,346 households) provided as at end December 2007;
5. Figures in *blue italics* refer to unconfirmed data, reported by DWAF Sanitation Unit.
6. Housing reported 98,245 houses completed (and by implication water and sanitation) as at end December 2006;
7. Conversion from households to people is a multiplication factor of 3,8 people per household
8. The clinic water and sanitation information provided by the Department of Health is unverified and included for completeness. The Department is in the process of developing its information management system.
9. The DoE information is provide to end September 2006.

