



Water Sector Coordinating Committee

29 October 2008

Financial Overview of the Water Sector June 2008



water & forestry

Department:
Water Affairs and Forestry
REPUBLIC OF SOUTH AFRICA



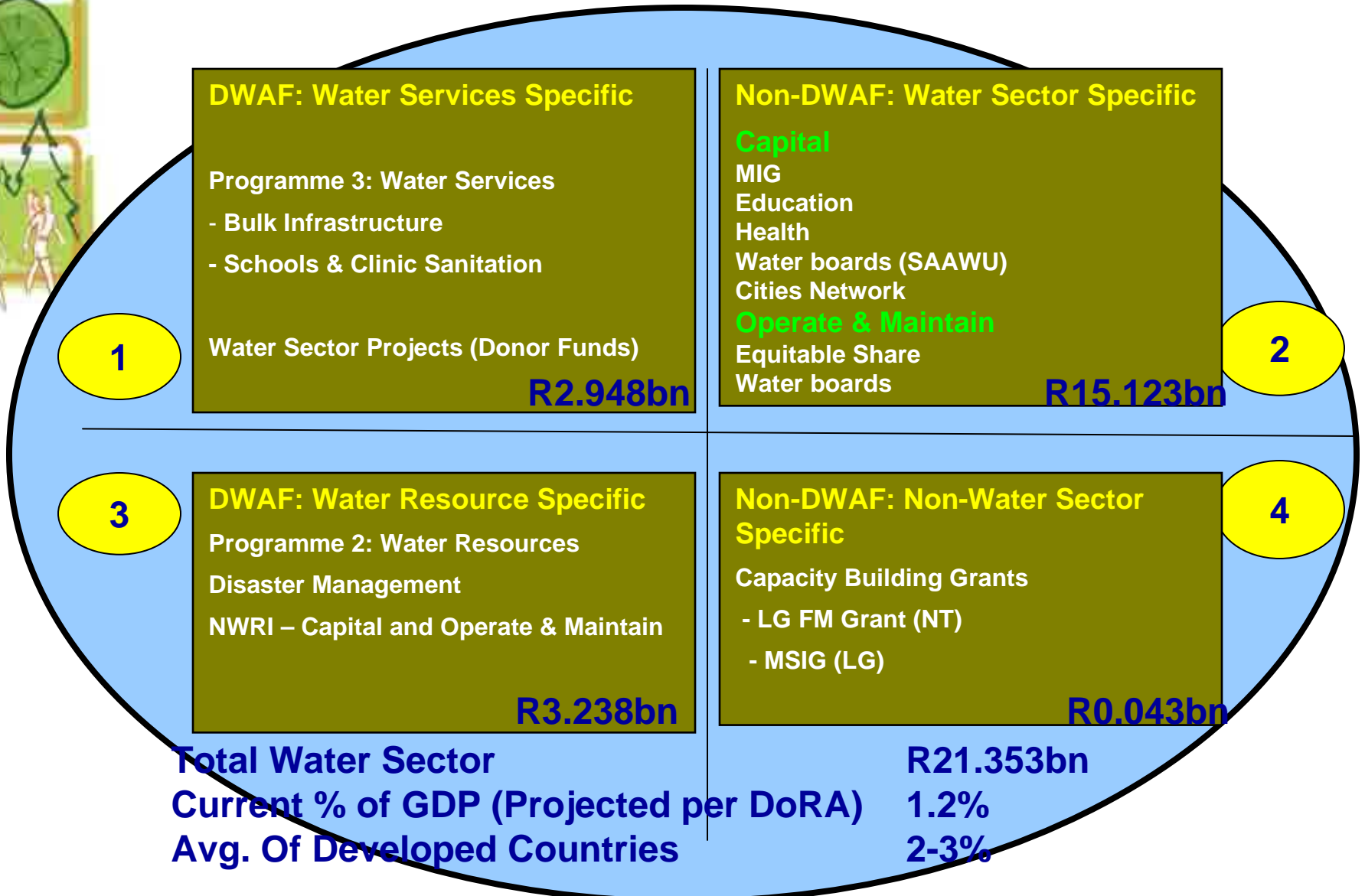
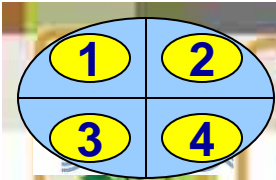
- **Water Sector Budget – 2008/09 to 2011/12**
- **Expenditure Performance – 30 June 2008**
- **Funding Support from Donors for Masibambane III**
- **Donor Budget Allocation Process – Status**
- **Donor Expenditure Performance – 30 September 2008**



Water Sector Budget

QUADRANT VIEW OF NATIONAL WATER SECTOR

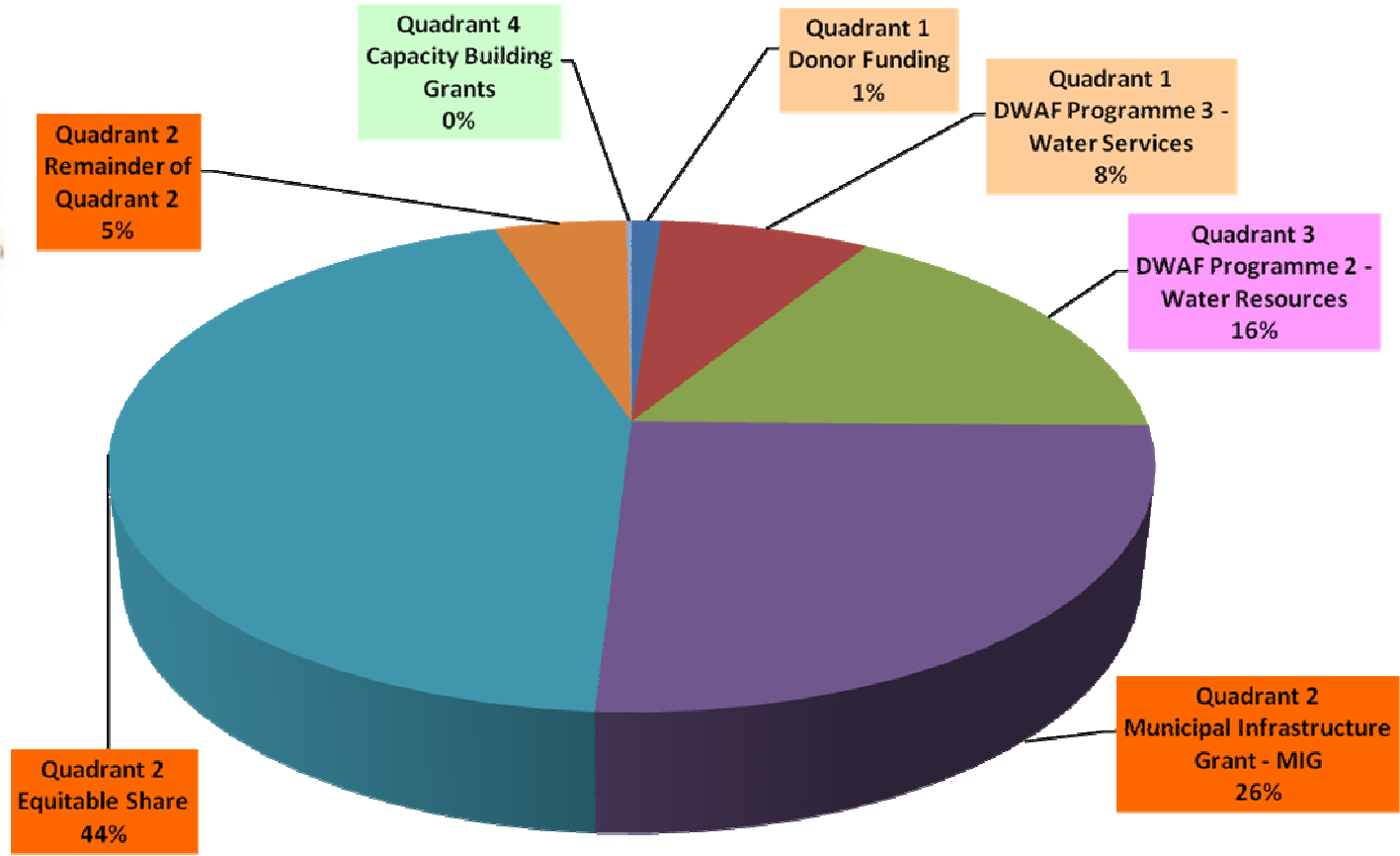
2008/09



Water Sector Budget



2008/09 to 2011/12 Water Sector Budget



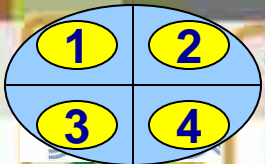
Total Budget for the Period - R104 billion



Expenditure Performance

June 2008

EXPENDITURE PERFORMANCE – JUNE 2008



DWAF: Water Services Specific

Programme 3: Water Services

- Bulk Infrastructure
- Schools & Clinic Sanitation

1

Water Sector Projects (Donor Funds)

R393m (13.3%)

Non-DWAF: Water Sector Specific

Capital

MIG **R1,129m (13%)**

Education

Health

Water boards (SAAWU)

No Expenditure Info

Cities Network

Operate & Maintain

Equitable Share

No Expenditure Info

Water boards

2

3

DWAF: Water Resource Specific

Programme 2: Water Resources

Disaster Management

NWRI – Capital and Operate & Maintain

R531m (19.9%)

Non-DWAF: Non-Water Sector Specific

Capacity Building Grants

- LG FM Grant (NT)

- MSIG (LG)

R0.735m (0.2%)

4



Funding Support from Donors for Masibambane III



EU Financing Agreement & Fund Utilization

- **Financing Agreement approved in March 2008**
 - Late approval delayed planning and implementation of projects for 2007/08 and 2008/09
- **Funds Utilization & Alignment to Exit Strategy**
 - Release of EU funds depends on meeting conditions as per Financing Agreement at certain deadline dates
 - To ensure smooth transition according to Donor Fund exit strategy EU funds utilization will be spread over 4 years

	2007/08	2008/09	2009/10	2010/11	2011/12	Total
EU Funds Per Agreement	€ 31m	€ 38m	€ 38m	-	-	€ 107m
Irish Aid per Agreement	€4.1m	€ 3.0m	€ 4.1m	€ 4.1m	€ 4.1m	€ 15.3m
Swiss Aid	R0.8m	-	-	-	-	R0.8m
Exit Strategy Funds	-	-	-	R 200m	-	R 200m

Planned Donor Fund Drawdown Masibambane III



EU Financing Agreement	2007/08	2008/09	2009/10	2010/11	2011/12	Total
	million	million	million	million	million	million
Fixed Tranche – 2007/08	€ 23.4	€ 7.6	-	-	-	€ 31.0
Fixed Tranche – 2008/09	-	€ 24.0	-	-	-	€ 24.0
Variable Tranche – 2008/09 ¹	-	€ 11.2	€ 2.8	-	-	€ 14.0
Fixed Tranche – 2009/10	-	-	€ 25.0	-	-	€ 25.0
Variable Tranche – 2009/10 ¹	-	-	-	€ 13.0	-	€ 13.0
Total EU Funding²	€ 23.4	€ 42.8	€ 27.8	€ 13.0	€ -	€ 107.0
Irish Aid ²	R 45.2	€ 3.0	€ 4.1	€ 4.1	€ 4.1	€ 20.5
Irish Aid Roll-over	R 43.3	R 3.5	€ -	€ -	-	-
Swiss	R 3.7	R 0.8	-	-	-	R 4.5
Flemish	R 2.4	-	-	-	-	R 2.4
Exit Strategy Funds received from National Treasury	-	-	-	R 200.0	-	R 200.0
Total Funds Available for WS Support	R 381.24	R 525.24	R 357.28	R 391.52	R 45.92	R 1,701.20

¹ – Variable tranche is dependent on certain Key Performance Indicators to be achieved at certain deadlines.

² – Exchange rate used R/€ = 11.20



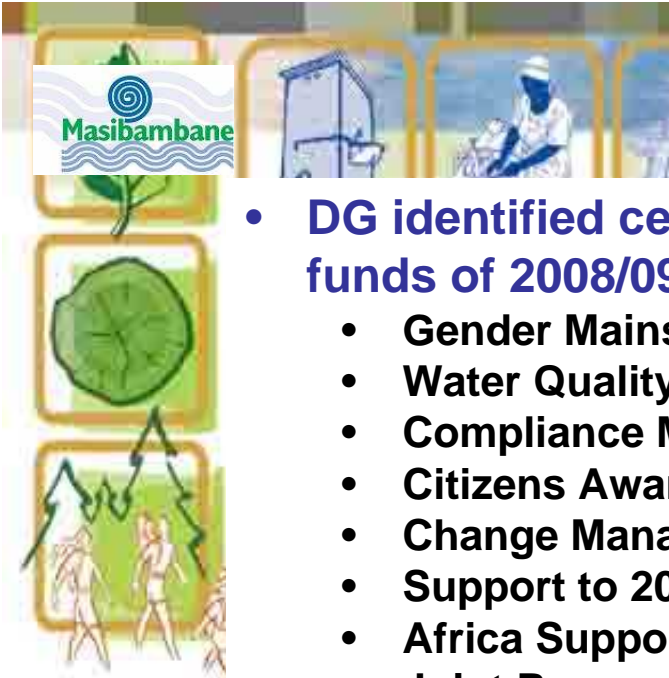
Donor Budget Allocation

2008/09 DONOR BUDGET ALLOCATION



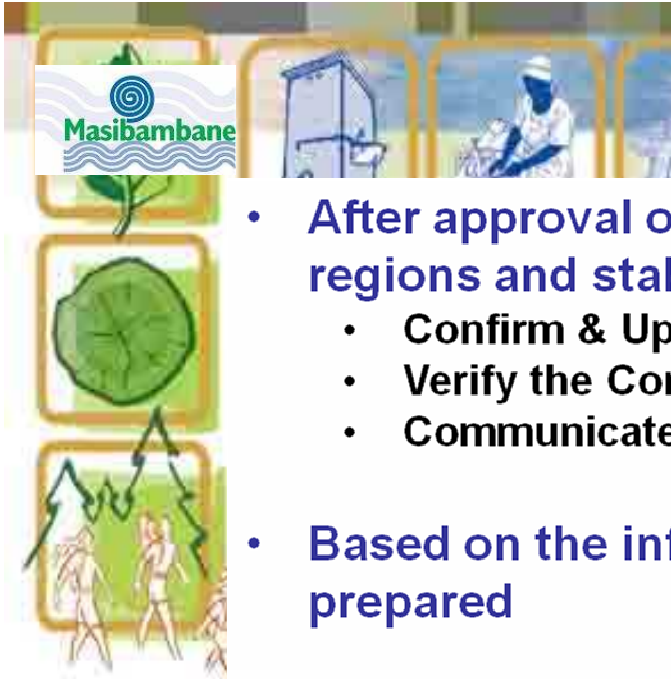
- The total estimated Donor Funds available for the 2008/09 Financial Year is R418m plus R108m = R526 million
- To be able to provide the DG with the necessary information Donor Budget Requests forms had to be prepared for each project to gain the following minimum information
 - Multi-year budget requirements
 - Contractual Status
 - Project Objectives and Deliverables
 - Alignment to Strategy
- DG approved Contractual Committed projects amounting to R418 million
 - Some projects were incorrectly classified as being in Business Plan stage but are actually contractually committed e.g. Northern Cape

2008/09 DONOR BUDGET ALLOCATION



- **DG identified certain key areas to be funded from the remaining funds of 2008/09 = R108 million which are:**
 - **Gender Mainstreaming**
 - **Water Quality & Water Conservation & Demand Management**
 - **Compliance Monitoring & Enforcement**
 - **Citizens Awareness**
 - **Change Management – Sector Leadership**
 - **Support to 2010**
 - **Africa Support**
 - **Joint Programmes with Sector Stakeholders**
- **Based on the information received a proposed allocation of the R108 million was submitted to DG for approval**
 - **Approval pending**
- **In the above submission the DG was requested to ID the key priority areas for 2009/10 budget.**
- **DG want to ascertain that all donor projects are aligned to the DWAF Consolidated Business Plan and funds are used optimally during the last 3 years of donor funds**

2008/09 DONOR BUDGET ALLOCATION



- After approval of the R108 million the DBA team will visit all regions and stakeholders to:
 - Confirm & Update information per project
 - Verify the Contractual Commitments
 - Communicate DG priority areas for 2009/10
- Based on the information received the 2009/10 DBA will be prepared

Note:

That the current exchange rate used to predict the amount of Donor Funds to be received from Donors is R/€ = 11.20.

However the current rate is R13.22 (28/10/08 15:00)

- If this level is maintained until payment from the EU it will result in approximately R140 million (Based on €71m) additional funds for 2009/10



Donor Expenditure Performance

30 September 2008

EXPENDITURE PERFORMANCE – SEP 2008

Province	Sep 08 EU	Sep 08 Irish	Sep 08 Flemish	Sep 08 Total Donor	DBA 2008/09	% Exp
Head Office	32,535,418	0	0	32,535,418	209,400,000	15.5%
CD: Eastern Cape	4,165,021	0	0	4,165,021	21,292,323	19.6%
CD: Free State	1,894,950	0	0	1,894,950	30,125,569	6.3%
CD: Gauteng	1,581,097	0	0	1,581,097	44,795,597	3.5%
CD: Kwazulu Natal	0	0	0	0	9,044,034	0.0%
CD: Limpopo	0	13,759,798	2,688,858	16,448,656	39,792,478	41.3%
CD: Mpumalanga	2,027,517	0	0	2,027,517	13,200,000	15.4%
CD: Northern Cape	8,862,700	0	0	8,862,700	3,500,000	253.2%
CD: North West	2,120,270	0	0	2,120,270	14,700,000	14.4%
CD: Western Cape	900,000	0	0	900,000	32,600,000	2.8%
Grand Total	54,086,973	13,759,798	2,688,858	70,535,629	418,450,001	16.9%

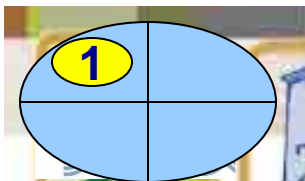


Information Purposes Only



Water Sector Budget

2008/09 to 2011/12



Water Sector Budget – 2008/09 to 2011/12

Quadrant 1 – DWAF Water Services

Quadrant 1: DWAF - Water Services Specific

2008/2009	2009/2010	2010/2011	2011/2012	Total
Budget	Budget	Budget	Budget	Budget
R'000	R'000	R'000	R'000	R'000

Masibambane Support

- Department of Water Affairs & Forestry

Management Support Overheads (Programme 3)

77,531 83,352 289,610 96,338 546,831

Donor Funding ¹

-

- *European Union*

479,360 311,360 145,600 - 936,320

- *Irish Aid*

40,479 45,920 45,920 45,920 178,239

- *Swiss*

800 - - - 800

- *Flanders*

- - - - -

598,170 440,632 481,130 142,258 1,662,190

Programme 3

- Remainder of Recurrent Budget

307,398 332,268 350,236 371,250 1,361,152

- Indirect Grant Water Services Operating Subsidy (Incl VAT)

1,383,070 1,119,778 850,667 901,707 4,255,222

- WS Bulk Infrastructure

450,000 650,000 689,000 - 1,789,000

- Schools & Clinic Sanitation

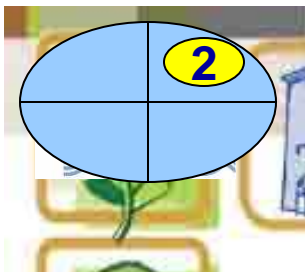
210,000 350,000 - - 560,000

2,350,468 2,452,046 1,889,903 1,272,957 7,965,374

Total

2,948,638 **2,892,678** **2,371,033** **1,415,215** **9,627,564**

¹ - Donor Funds were converted to ZAR at a rate of R/€ = 11.20



Water Sector Budget – 2008/09 to 2011/12

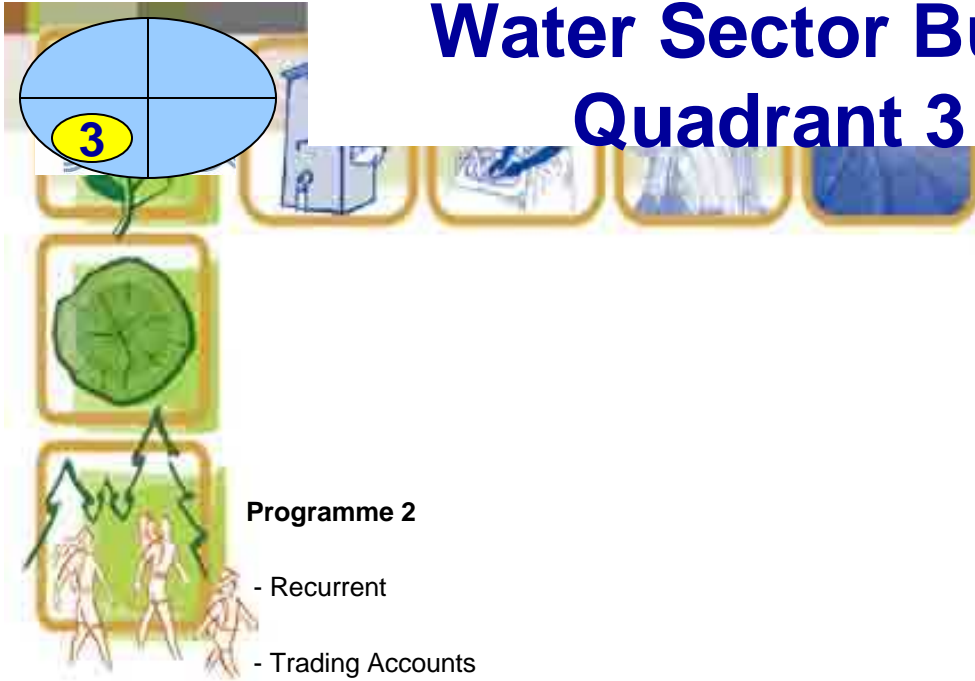
Quadrant 2 – Non DWAF Water Services

Quadrant 2: Non-DWAF - Water Sector Specific

	% for Water Sector	2008/2009		2009/2010		2010/2011		2011/2012		Total
		Budget	WS Budget	Budget	WS Budget	Budget	WS Budget	Budget	WS Budget	WS Budget
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Capital										
- Department of Provincial & Local Government										
Municipal Infrastructure Grant - MIG	61.5%	8,657,090	5,323,245	10,330,230	6,352,058	11,678,044	7,180,829	12,378,727	7,611,679	26,467,811
- Department of Health										
Hospital Revitalization Grant (5%)	5.0%	2,882,663	144,133	3,081,796	154,090	3,636,704	181,835	3,854,906	192,745	672,803
- Department of Housing										
Integrated Housing and Human Settlement Dev Grant	5.0%	9,852,842	492,642	11,730,823	586,541	14,222,672	711,134	15,076,032	753,802	2,544,118
- Department of Education										
Provincial Infrastructure Grant	2.5%	7,246,707	181,168	8,796,707	219,918	10,080,467	252,012	10,685,295	267,132	920,229
- Capital Expenditures of Municipalities										
Cities Network		271,000	271,000	239,000	239,000	179,000	179,000	179,000	179,000	868,000
		28,910,302	6,412,188	34,178,556	7,551,607	39,796,887	8,504,810	42,173,960	9,004,358	31,472,963
Recurrent										
- Equitable Share	35.0%	24,888,692	8,711,042	30,155,606	10,554,462	36,196,067	12,668,623	38,367,831	13,428,741	45,362,869
		24,888,692	8,711,042	30,155,606	10,554,462	36,196,067	12,668,623	38,367,831	13,428,741	45,362,869
Total		53,798,994	15,123,230	64,334,162	18,106,069	75,992,954	21,173,433	80,541,791	22,433,099	76,835,831

Water Sector Budget – 2008/09 to 2011/12

Quadrant 3 – DWAF Water Resources



Programme 2

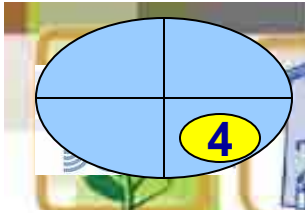
- Recurrent
- Trading Accounts

2008/2009	2009/2010	2010/2011	2011/2012	Total
Budget	Budget	Budget	Budget	Budget
R'000	R'000	R'000	R'000	R'000

1,239,904	1,405,267	1,500,479	1,590,508	5,736,158
1,998,495	2,908,893	3,063,693	3,247,515	11,218,596

Total

3,238,399	4,314,160	4,564,172	4,838,022	16,954,753
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Water Sector Budget – 2008/09 to 2011/12

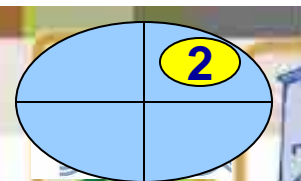
Quadrant 4 – Non-DWAF Non-Water Sector

	% for Water Sector	2008/2009		2009/2010		2010/2011		2011/2012		Total
		Budget	WS Budget	Budget	Budget	Budget	Budget	Budget	Budget	WS Budget
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Recurrent										
- National Treasury										
Local Government Financial Management Grant	10.0%	230,000	23,000	299,990	29,999	364,589	36,459	386,464	38,646	128,104
- Dept. Provincial & Local Government										
Municipal Systems Improvement Programme	10.0%	200,000	20,000	200,000	20,000	212,000	21,200	224,720	22,472	83,672
		430,000	43,000	499,990	49,999	576,589	57,659	611,184	61,118	211,776
Total		430,000	43,000	499,990	49,999	576,589	57,659	611,184	61,118	211,776
TOTAL WATER SECTOR BUDGET			21,359,625		25,362,906		28,166,297		28,747,455	103,636,283
TOTAL WATER SERVICES BUDGET			18,058,908							
Total GDP per DoRA for 2008/09			2,095,900,000							
0.75% for Water Services			15,719,250							



Water Sector Expenditure Performance

June 2008





Quadrant 2 – Non DWAF Water Services



- Municipal Infrastructure Grant (MIG) (61.49%)
- Hospital Revitalisation Grant (5%)
- Integrated Housing and Human Settlement Dev Grant (5%)
- Provincial Infrastructure Grant (2.5%)
- Cities Network

2008/2009					
Budget	Expen	WS Budget	WS Expend.	% WS Expenditure	
R'000	R'000	R' 000	R' 000		
8,657,090	1,128,831	5,323,245	694,118	13%	
2,282,663	-	114,133	-	0%	
9,852,842	-	492,642	-	0%	
7,246,707	-	181,168	-	0%	
271,000	-	5,420	-	0%	
<hr/>					
28,310,302	1,128,831	6,116,608	694,118	0	
<hr/>					
- Equitable Share (35%)					
24,888,692	-	8,711,042	-	0	
24,888,692	0	8,711,042	0	0.0%	
<hr/>					
Total	1,128,831	14,827,650	694,118	4.7%	

 Information not readily available
 Unconditional Grant - No reporting available.

Quadrant 4 – Non-DWAF Non-Water Sector



- Local Government Financial Management Grant (10%)
- Municipal Systems Improvement Grant (10%)

2008/2009				
Budget	Expen	WS Budget	WS Expend.	% WS Expenditure
R' 000	R'000	R' 000	R' 000	
180,000	[Redacted]	18,000	-	
200,000	735	20,000	74	
Total				
380,000	735	38,000	74	0.2%

Information not readily available