



**Masibambane Water Sector
Coordinating Committee Meeting
6 February 2008**

**STRATEGIC OVERVIEW OF WATER SECTOR
PROGRESS FOR THE 3rd 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**



- 
- **Sector Highlights**
 - **Key findings of 3rd Quarter 2007/2008**
 - **Service Delivery Progress – 2007/2008**
 - **Challenges for 4th Quarter 2007/08**
 - **Revised Financial Delegation & Work plan 2007/08**
 - **Proposal for acceptance of the 3rd Quarter 2007/8 report**

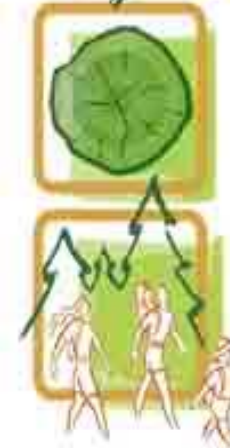


STRATEGIC WATER SECTOR HIGHLIGHTS

- **DWAF won the Vuna Awards for two consecutive years for the best local government support programme**
- EC Brussels signed Masibambane III Programme Financing Agreement and it is now with NT for NAO's signature (EU Contribution €107m over 3yrs). Due to the unexpected delays the draw down on year 1 to be reduced from Euro 31 to 10m)
- Input to Cabinet Lekgotla in January 2008 on Water for Growth and Development
- Bucket eradication programme – completed in 7 provinces. FS & EC due for completion in March 2008
- Minister's decision to use Water for Growth & development as the theme for the Water week – 17-24 March 2008
- Planning completed for the 2nd round of spot-check assessments These include review of technical standards, norms and quality of water and sanitation projects implemented by other sector partners; **Depts of Housing, Health, Education & DPLG**



STRATEGIC WATER SECTOR HIGHLIGHTS

- 
- Workshop on the Institutional re-alignment of DWAF and its agencies was held under the leadership of the Minister and PM appointed for implementation
 - Interfacing/integration WS + WR - key strategic issues;
 - progress was made towards the establishment of the Olifant's, Upper Vaal and Berg Catchments Management Agencies. Cabinet moratorium on the establishment of any new CMA's, subject to strategic review of CMA's.
 - 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 finalised for stakeholder comment
 - Business process re-engineering in DWAF regions to decentralise the WAR, licensing & consolidation of water sector activities has commenced
 - Successful Workshop held Nov 2007 in collaboration with Irish Aid in Lesotho to assist them to move towards SWAP in water sector to accelerate the delivery of MDGs



SECTOR CHALLENGES

- **Capacity and skills- DWAF loosing capacity to carry out the sector leadership role;** Regions need capacity & skills in processing and evaluating of water licence applications, WAR, engaging with the PGDS process & WSDP, LG support (FBW, WSDP, DWQ) and technical reviews;
- **Need to strengthen Provincial Water Fora incorporating WR & strengthen collaboration between sector stakeholders.** Director Sector Collaboration & IGR at DWAF national remains unfilled since July 2007
- **Progress on the schools and clinics** program has been slow due to capacity constraints of the appointed Implementing Agents in some regions
- The delays in the creation of an **effective monitoring and evaluation system/repository**, that tracks service delivery, backlog reduction and the broader sector targets
- **Cooperation with SADC in the accelerated delivery of MDGs and supporting** recently democratised countries.

2007/2008 FINANCIAL SUMMARY

as at end Dec 07



**Quadrant 1
DWF
WS specific**

1

	<i>Budget</i>	<i>Actual</i>	<i>%</i>
Projects	R421,7m	R129,6m	30.7
Recurrent	R1,891m	R983,1m	51.9

**Quadrant 2
Non DWF
WS specific**

2

	<i>Budget</i>	<i>Actual</i>	<i>%</i>
Capital	R5,080m	R2,788m	54.9
Recurrent	R7,236m	n/a	n/a

**Quadrant 3
DWF
Non WS
specific**

3

	<i>Budget</i>	<i>Actual</i>	<i>%</i>
WR Recurrent	R1,439m	R978,8m	68.0
Capital	R1,338m	R567,1m	42.3

**Quadrant 4
Non DWF
Non WS
specific**

4

	<i>Budget</i>	<i>Actual</i>	<i>%</i>
Recurrent	R87,5m	n/a	n/a

2007/2008 WS Grand total budget = R17,542bn



KEY FINDINGS - 2007/2008

(See Volume I, pages 13-19 of 222)

Overall Water Sector Budget 2007/08 = R17,542bn

- **Expenditure to date (Equitable share & CB grants exp: unavailable)= 27,8%**
 - WS expenditure is addressed with DWAF Regions and sector partners;

Water Sector DWAF expenditure (Quadrant 1)

- **DWAF WS expenditure = 48,1%**
 - Delay in finalisation of MSB agreement; DWAF DG approved risk doc lapsed at end Sept 07
 - Draw down on EU funding to be reduced from Euro 31 to 10m
 - Low expenditure on Bulk Water Infrastructure & Schools and Clinics
 - WS expenditure is addressed with DWAF Regions and sector partners;

Satisfactory expenditure on MIG Funding (Quadrant 2)

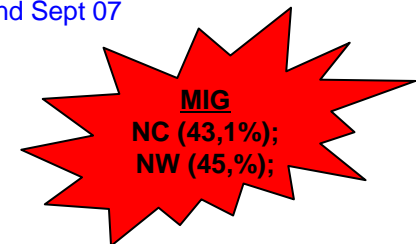
- **MIG Capital expenditure = 54,9%**
 - Working with dplg on allocation of MIG WS budget to munics;
 - Support provided to LG;
- **Equitable Share ≈ no report on expenditure from WSAs**
- **Intervention required from NT & DPLG**

WR Funding (Quadrant 3)

- **WR expenditure = 68%**

Capacity Building Grants (Quadrant 4)

- **LGFM & MSIG Grant = updated expenditure figures not available from DPLG**
- **KFA 12 = 25,3%**
 - 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;





WS SERVICE DELIVERY PROGRESS

- **Bucket eradication in formal settlements – target Dec 2007**
Backlog as at February 2005 = 255,546
Backlog as at December 2007 = 49,010
- **Eradication of water supply backlog – target 2008**
Backlog as at October 2001 = 13,1million people
Backlog as at September 2007 = 5,70million people (unofficial)
- **Eradication of sanitation backlog – target 2010;**
Backlog as at October 2001 = 4,56 million households
Backlog as at December 2007 = 3,36million households (unofficial)
- **Eradication of clinic water and sanitation backlog – target 2007**
Clinics water and sanitation backlog prioritised to those with “no or inadequate service provision”;
Clinic sanitation backlog identified = 383 clinics
Remaining clinic sanitation backlog as at Dec 2007 = 128 clinics
Clinic water backlog identified = 336clinics
Remaining clinic water backlog as at Dec 2007 = 50 clinics
- **Eradicate schools water and sanitation backlog – target 2008/09**
School sanitation backlog identified = 4,300 schools
Schools sanitation backlog as at Dec 2007 = 1,195 schools
School water backlog September 2004 = 4,744 schools
School water backlog as at Dec 2007 = 2,708 schools

SERVICE DELIVERY PROGRESS - 2007/2008

Programme 3: Water Services - Access to Services		
Activity	Annual Sector Target	Total WS Sector ¹ (Apr to Dec 07)
Household Water	2,400,000 people	1,271,511
Household Sanitation ⁵	800,000 households	<i>166,151</i> households
School Water	5% schools backlog eradicated (DoE = 345)	305 schools
School Sanitation	5% schools backlog eradicated (DoE = 930)	780 schools
Clinic Water	100% clinics backlog eradicated (Priority = 336)	286 priority clinics completed (i.e. 85%)
Clinic Sanitation ⁴	100% clinics backlog eradicated (Priority = 465)	32 priority clinics completed (i.e. 6,89%)
Bucket Eradication	100% buckets eradicated	YTD = 53,886; PTD = 79% of buckets eradicated
Health & Hygiene	800,000 households	120,873 households
FBW provision	50% people	79,20% of total population and 74,19% of poor population served with FBW; 164 out of 169 WSA's providing FBW
Chinese development aid (PTD)		3,339km of uPVC pipes installed; 185,820 water meters installed

1. Household water – MIG data for the period ending Sept 2007 (excludes KZN, EC, WC);
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 – excl. FS.

SERVICE DELIVERY PROGRESS – 2007/2008

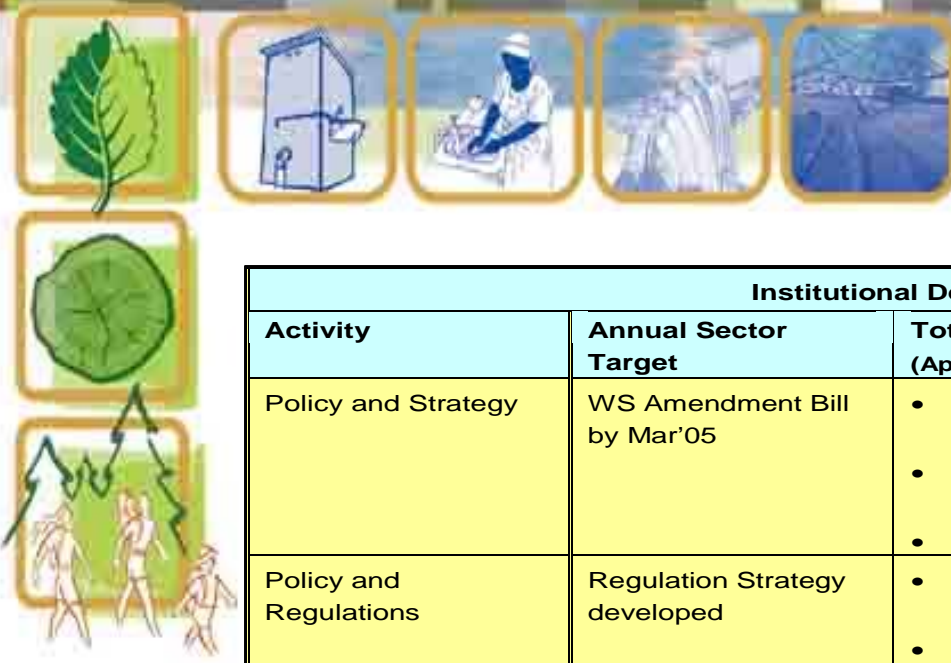


Programme 2: Water Resources

Activity	Annual Sector Target	Total WS Sector ¹ (Apr to Dec 07)
Catchment Management Agencies	Olifants, Upper Vaal & Berg	<ul style="list-style-type: none"> Professional Service Provider (PSP) appointed to support CMA development; initiating the revision of the Olifants CMA proposals; and evaluation of the Berg CMA proposal.
Water Allocation Reform	Licensing completed for Jan Dissel, Inkomati, Mhlathuze	<ul style="list-style-type: none"> Deployment of Water Use Coordinators to prioritized regions, i.e. LP, NW, MP; Finalisation of delegations to regions for WULA, lack of full time dedicated RO staff, Cases have been completed and await Water Tribunal decision on the appeals and there has been a drastic increase in unlawful water use. Verification processes commenced in Jan Dissels, Inkomati and Mhlathuze
Water Conservation/ Demand Management	WC/WDM strategies for Vaal, Inkomati & Olifants	<ul style="list-style-type: none"> Engagement of stakeholders on findings of WMA's assessment. 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 farmers	<ul style="list-style-type: none"> No RPF's supported

SERVICE DELIVERY PROGRESS – 2007/2008

Institutional Development & Performance		
Activity	Annual Sector Target	Total WS Sector ¹ (Apr to Dec 07)
Policy and Strategy	WS Amendment Bill by Mar'05	<ul style="list-style-type: none"> Strategic Assessment of the Water Services Sector website has been developed Guideline document on Small Scale & Productive uses of water at household level is being finalised; Guideline document to assist regions develop PWSP;
Policy and Regulations	Regulation Strategy developed	<ul style="list-style-type: none"> Publication of the Draft Bill on revised Water Services Act in the Government Gazette. Draft report on the Impact Assessment of the implementation of FBW policy completed; Regional bulk policy developed and list of projects approved;
IGR and sector collaboration	WS functioning	<ul style="list-style-type: none"> Provincial sector meetings held in EC, KZN, EC, FS, NW, MP and NC; Provincial WS Plans prepared for NW & FS; Draft HIV/AIDS awareness strategy developed.
LG Support		<ul style="list-style-type: none"> DWAF 5-Year Local Government Strategic Agenda developed to address Municipal Support Plans, FBW, bucket eradication, alignment of PGDS, IDP's and WSDP, hands- on support, Siyenze Manje & local economic development.
WSDP	155 WSDPs received by Mar'05	<ul style="list-style-type: none"> Support currently provided to 155 municipalities 2007/08 = 5WSDP's adopted + 75 others in various stages of assessment.
Drinking Water Quality		<ul style="list-style-type: none"> 251 health related DWQ failures in November 2007 – EC(89), GP(6), KZN(45), LP(25), NC(21), FS(26), WC(30), MP(4), NW(5)
Transfer of Schemes	58 transfer agreements & 318 schemes transferred by March 2006	<ul style="list-style-type: none"> 53 transfer agreements concluded; 3 agreements awaiting DG signature. 1,695 schemes transferred in accordance with TA's; 309 of the original 317 schemes have been transferred (97,5%)



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	37,341	51%
- Donor Funding (EU, DCI, Flemish, Swiss)	348,872	92,305	26.5%
> EU (Contract signature - S 07)	297,600	68,780	0.0%
> Irish Aid	45,187	20,025	44.3%
> Flemish	2,385	-	0.0%
> Swiss	3,700	3,500	94.6%
	421,672	129,646	30.7%
- Current Budget Prog 3: Water Services	317,378	207,575	65.4%
- Indriect Grant Water Services Operating Subsidy	1,168,782	775,561	66.4%
- Water & Sanitation @ Clinics and Schools	105,000	44,002	41.9%
- Bulk Infrastructure	300,000	49,372	16.5%
	1,891,160	983,136	52.0%
Total	2,312,832	1,112,782	48.1%

Risk management steps taken to monitor expenditure

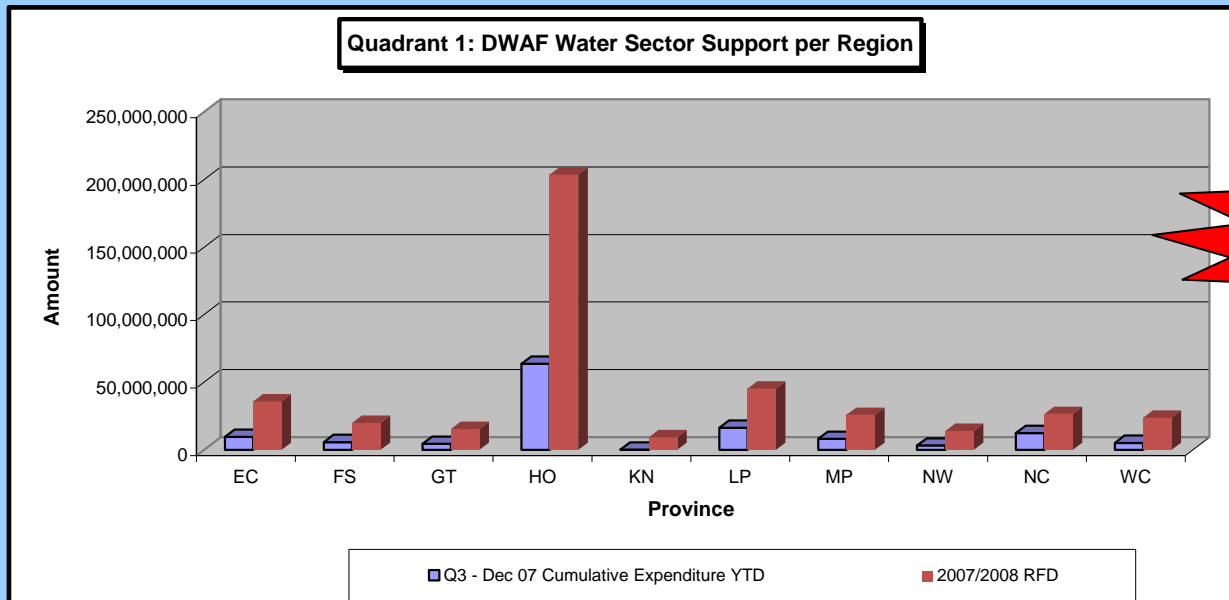




QUADRANT 1: DWAF EXPENDITURE PER PROVINCE

Province	Q1 June 07 - Cumulative Expenditure YTD	Q2 - Sept 07 Cumulative Expenditure YTD	Q3 - Dec 07 Cumulative Expenditure YTD	2007/2008 RFD	% Expenditure
EC	1,668,874	5,040,776	9,641,766	36,000,000	26.8%
FS	4,060,502	3,394,836	5,764,764	20,100,000	28.7%
GT	333,323	3,139,147	4,506,331	15,600,000	28.9%
HO	11,319,230	34,059,360	63,878,290	204,070,880	31.3%
KN	30,000	210,293	221,401	9,468,000	2.3%
LP	4,922,810	12,123,449	16,402,950	45,572,098	36.0%
MP	1,201,123	5,800,892	8,149,910	26,077,000	31.3%
NW	1,072,125	7,283,805	3,301,236	14,120,000	23.4%
NC	3,126,979	1,725,752	12,551,610	26,664,030	47.1%
WC	725,966	3,449,938	5,228,554	24,000,090	21.8%
Grand Total	28,460,932	76,228,248	129,646,812	421,672,098	

**NC (47,1%);
LP (36,0%);**

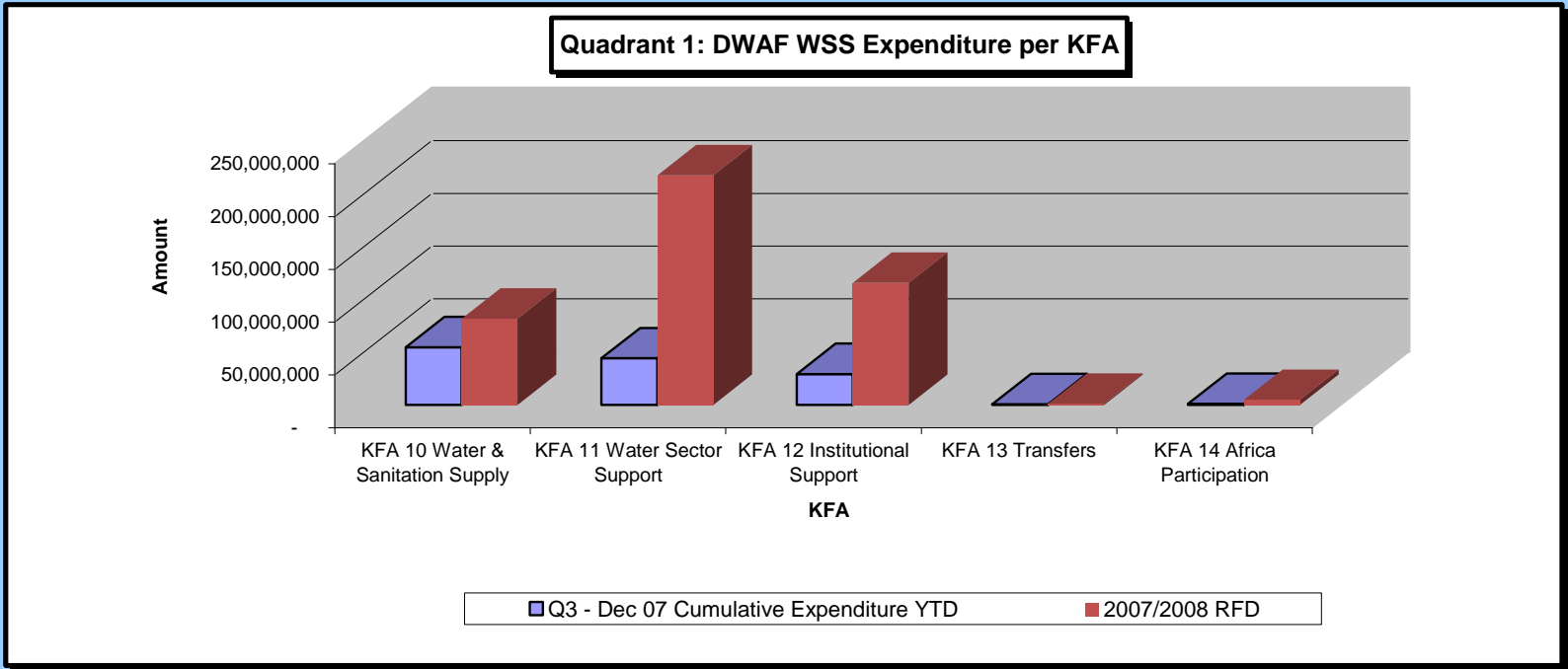


**KZN (2,3%);
WC (21,8%)**



QUADRANT 1: EXPENDITURE PER KFA

KFA & Name	Q1 June 07 - Cumulative Expenditure YTD	Q2 - Sept 07 Cumulative Expenditure YTD	Q3 - Dec 07 Cumulative Expenditure YTD	2007/2008 RFD	% Expenditure
KFA 10 Water & Sanitation Supply	8,688,447	28,756,546	54,621,189	81,935,242	66.7%
KFA 11 Water Sector Support	13,137,170	28,546,050	44,084,233	217,754,404	20.2%
KFA 12 Institutional Support	5,606,579	17,560,085	29,268,670	115,882,452	25.3%
KFA 13 Transfers	295,274	337,986	645,137	1,250,000	51.6%
KFA 14 Africa Participation	733,462	1,027,582	1,027,582	4,850,000	21.2%
Grand Total	28,460,932	76,228,248	129,646,812	421,672,098	30.7%





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) (61,49%)	6,981,788				
- Eradication of Bucket Sanitation	1,280,000	4,533,311	5,080,173	2,787,533	55%
- Dept. of Health					
Hospital Revitalisation Grant (2%)	2,140,640	-	42,813	-	0%
- Dept. of Housing					
Integrated Housing and Human Settlement Dev Grant (2%)	8,342,946	-	166,859	-	0%
	18,745,374	4,533,311	5,289,845	2,787,533	1
- Equitable Share (35%)	20,675,620	-	7,236,467	-	0
	20,675,620	0	7,236,467	0	0.0%
Total	39,420,994	4,533,311	12,526,312	2,787,533	22.3%

No information received

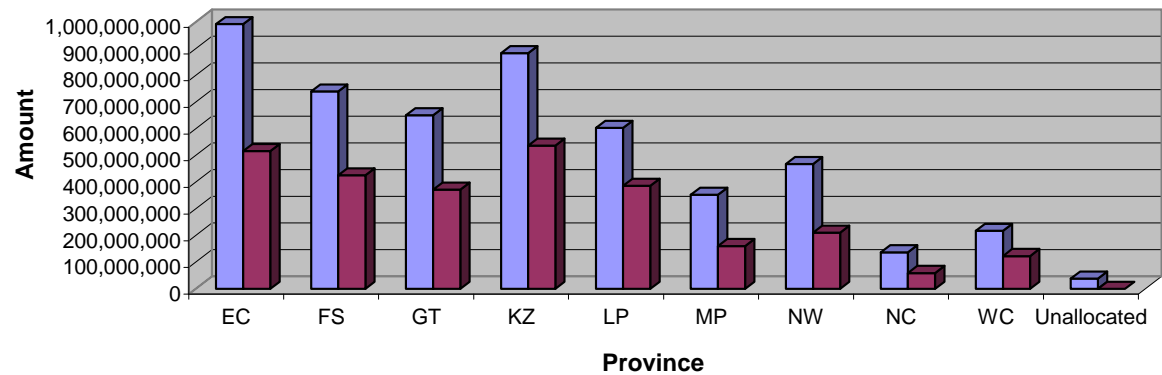


QUADRANT 2: MIG EXPENDITURE PER PROVINCE

Province	MIG BUDGET 2007/08 as per DoRA	Total MIG Funds Transferred YTD Dec 07	Q3 MIG Cumulative Expenditure 2007/08 as per DoRA	Estimated MIG WS Budget 2007/2008 (61.49% of DoRA allocation)	Q3 - MIG WS Cumulative Expenditure (Apr - Dec 2007)	% MIG WS Expenditure 2007/08
EC	1,613,090,913	1,170,182,453	838,770,074	991,889,602	515,759,719	52.0%
FS	1,202,704,269	911,522,169	692,215,663	739,542,855	425,643,411	57.6%
GT	1,058,152,344	638,611,893	604,362,004	650,657,876	371,622,196	57.1%
KZ	1,435,425,735	954,055,400	872,408,998	882,643,284	536,444,293	60.8%
LP	980,188,408	766,344,711	628,114,813	602,717,852	386,227,799	64.1%
MP	573,277,095	352,543,179	260,075,630	352,508,086	159,920,505	45.4%
NW	760,641,647	508,008,847	342,029,842	467,718,549	210,314,150	45.0%
NC	222,453,322	148,251,022	95,940,265	136,786,548	58,993,669	43.1%
WC	353,186,254	237,749,044	199,393,733	217,174,228	122,607,206	56.5%
Unallocated	62,668,013	0	0	38,534,561	0	0%
Grand Total	8,261,787,999	5,687,268,719	4,533,311,024	5,080,173,441	2,787,532,949	54.9%

MIG
LP (64,1%)
KZ (60,8%)

MIG Water Services Expenditure per Province



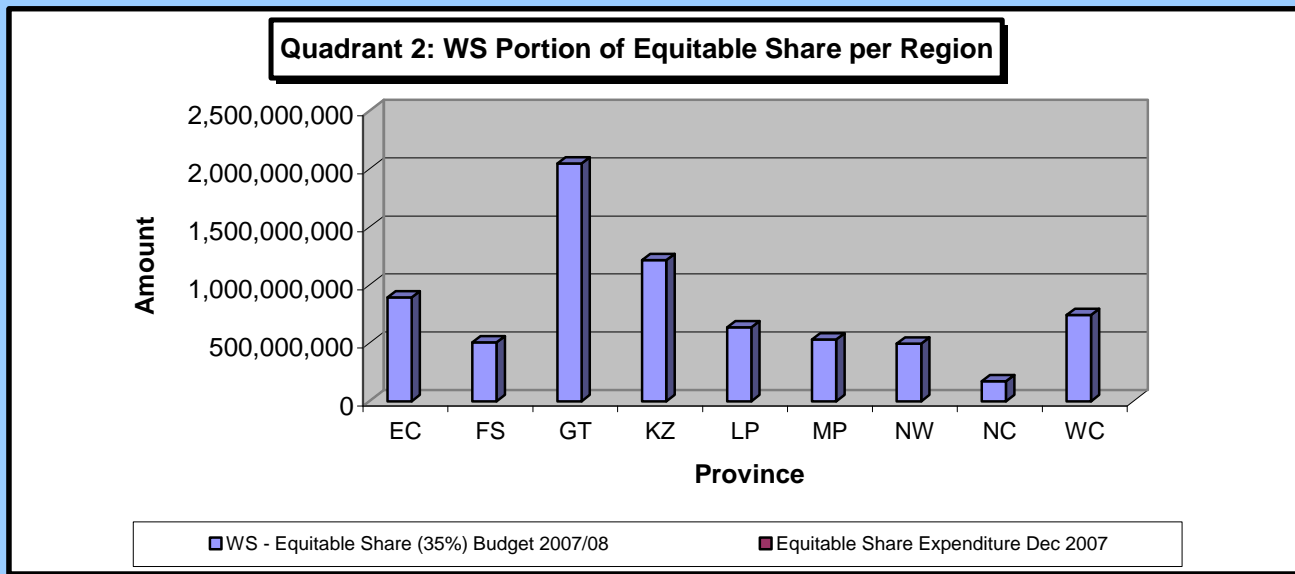
MIG
NC (43,1%);
NW (45,0%);

■ Estimated MIG WS Budget 2007/2008 (61.49% of DoRA allocation) ■ Q3 - MIG WS Cumulative Expenditure (Apr - Dec 2007)



QUADRANT 2: EQUITABLE SHARE

Province	Equitable Share Sector Budget 2007/08	WS - Equitable Share (35%) Budget 2007/08	Equitable Share Expenditure Dec 2007
EC	2,550,316,629	892,610,820	Information not available
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	



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	1,438,801	978,825	68.0%
Augmentation of Trading Account			
+ Infrastructure	1,043,694		0.0%
+ Assistance to small scale farmers	33,116		
Disaster Funds - Drought Relief	100,000		0.0%
Total	2,615,611	978,825	37.4%



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 (10%)	145,250	-	14,525	-	
- Local Government Restructuring Grant (10%)	530,000	-	53,000	-	
- Municipal Systems Improvement Grant (10%)	200,000	-	20,000	-	
Total	875,250	0	87,525	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 a Strategic Framework for *Water for Growth and Development*** - ready for cabinet Lekgotla July 08

• **Award of Financial & Programme management tender currently under evaluation with sector partners NT, DPLG & SALGA – this will provide capacity to sector stakeholders to improve on FM/PM**

- **Second revision of PWSPs to meet Water 2008 & Sanitation 2010- linked to support plans**
- **EU Financing Agreement and funds flow; Review cash flow and expenditure of MSB III 2007 -12 with CFO and EU**
- **Business process re-engineering in DWAF and institutional realignment 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;**
- **Meeting national targets for bucket eradication.**
- **Extending cross- cutting to incorporate water resources and review as sustainability pillars**
- **Finalisation of Strategy & POA for ‘Partnerships in the accelerated delivery of MDGs in SADC and NEPAD**
- **National Water Week 17-21March 2008.**



CHALLENGES FOR remaining 2008



- **African + 5 - Conference 17-20th Feb 08**
- **NEPAD –Africa meeting MDGs 28-29 Tunis Organised by AfDB**
- **CSO Knowledge sharing conference 4-5 March 08- Durban**
- **Water week 17-24 March Water week ‘national conference on W4GD’ +regional activities**
- **WISA Conference Suncity July 08**
- **Stockholm water week Aug – Sept 08**
 - **W4GD**
 - **Scaling up delivery through SWAP approach**
 - **Partnerships in the accelerated delivery of MDGs in Africa**
 - **Sanitation delivery & lessons from bucket eradication programme**
- **5th World Water Forum March 2009- promoting W4GD, Sanitation, meeting MDGs in Africa, Knowledge sharing and best practice promotion**



CONCLUSION

- 
- Water sector progress reports for Masibambane Programme III for the 3rd quarter 2007/2008 were compiled, after consultations held with provincial and national stakeholders, 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 MWSCC, subject to incorporation of the comments made today at the meeting.

THE END