



water affairs

Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA

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SELECT COMMITTEE ON APROPRIATIONS

PROGRESS ON MUNICIPAL WATER INFRASTRUCTURE GRANT (MWIG)

Presented by:

Ms L Mokoena

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1:Background and Overview

- a. Interim/Intermediate Water Supply Programme (**IIWSP**) was initiated in **2012** by the Minister in recognition of the **plight** of the many people without services, particularly in **rural** areas.
- b. Programme focused on the **24 DM** with the highest backlogs and therefore merge with the existing initiatives to address 2014 water backlogs
- c. Programme was initiated by the **DWA** as part of its leadership role in the water sector.
- d. The programme will **facilitate solutions** and where possible provide direct support and funding in areas that are not covered by existing projects.
- e. Programme was envisaged as a schedule 6 (Grant in kind) but was approved as a schedule 5

Aim / Purpose

The **purpose** of this programme is not to duplicate other existing programmes or initiatives but to supplement them where there are gaps and to also provide some **short-term** and **quick win** solutions.

The programme also envisages addressing **functionality** related problems and not only addressing new infrastructure requirements.

The programme is part of the new paradigm promoted by the DWA: **“Source to tap – tap to source”**

Goals / Scope

Goals:

1. All communities living in settlements greater than 50 households must receive a minimum **interim water supply** before 30 June 2015 either through a permanent water supply scheme or an interim or intermediate water supply intervention.

2. In addition to the Interim, Intermediate, Intermediate Water Supply interventions facilitate a solution to the “**hot-spot**” areas related to water service delivery challenges in the 24 priority DMs before 30 June 2015.

Motivation for schedule 6 instead of schedule 5

- Schedule 5 B. "Specific purpose allocations to municipalities" (money is transferred to municipalities)
- Schedule 6 B. "Allocations-in-kind to municipalities for designated special programmes"

Motivation for MWIG to be a schedule 6

- DWA has more flexibility to stop allocations and re-allocate money until problems are rectified.
- DWA can determine who the most appropriate entity is who should own and implement the project
- DWA can terminate the role of an IA and appoint another IA.
- MWIG was conceptualised to add additional capacity through DWA/Water Boards to the Water Service delivery challenge (this is limited through Sch 5)

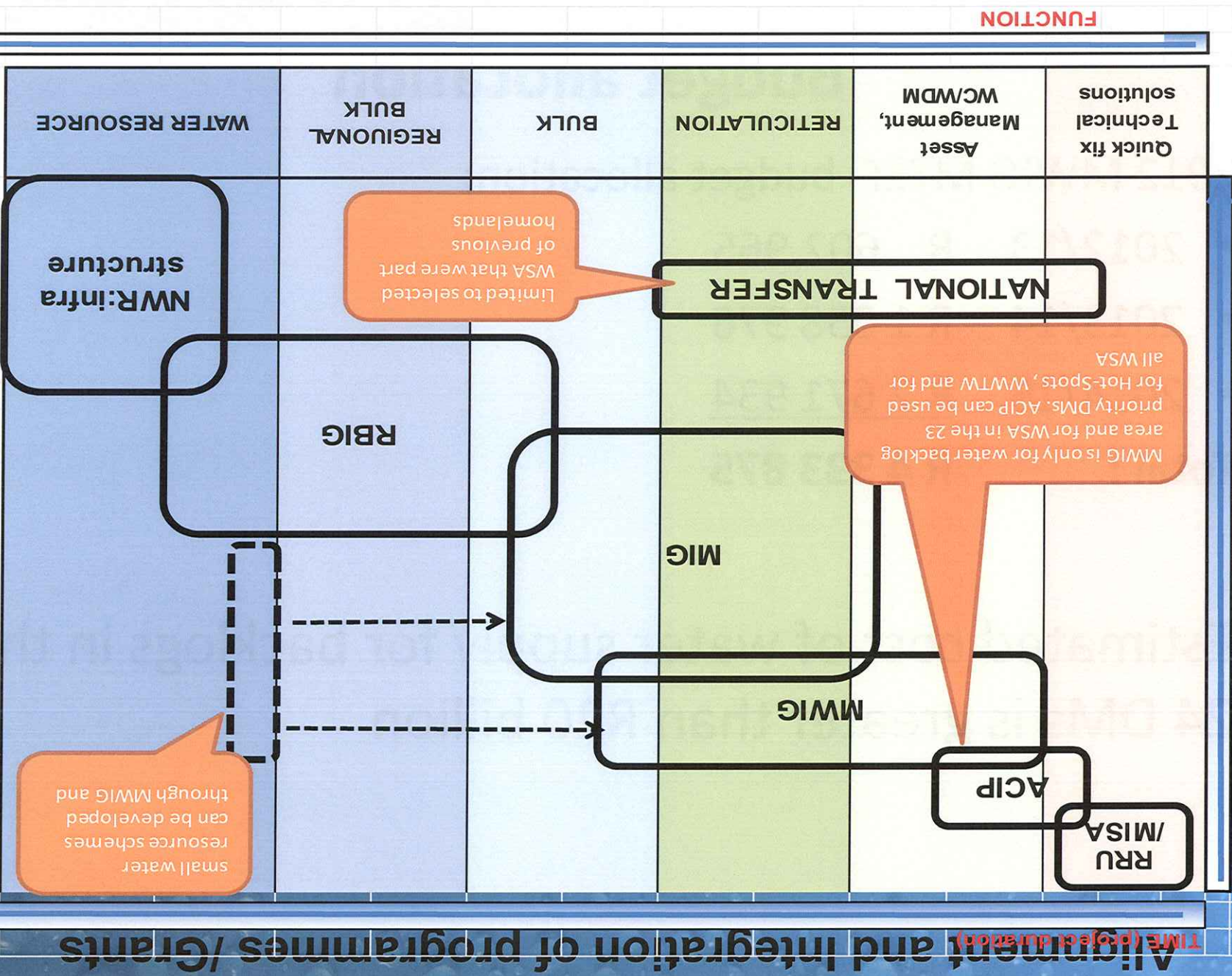
Budget allocation

2012 MWIG MTEF budget allocation:

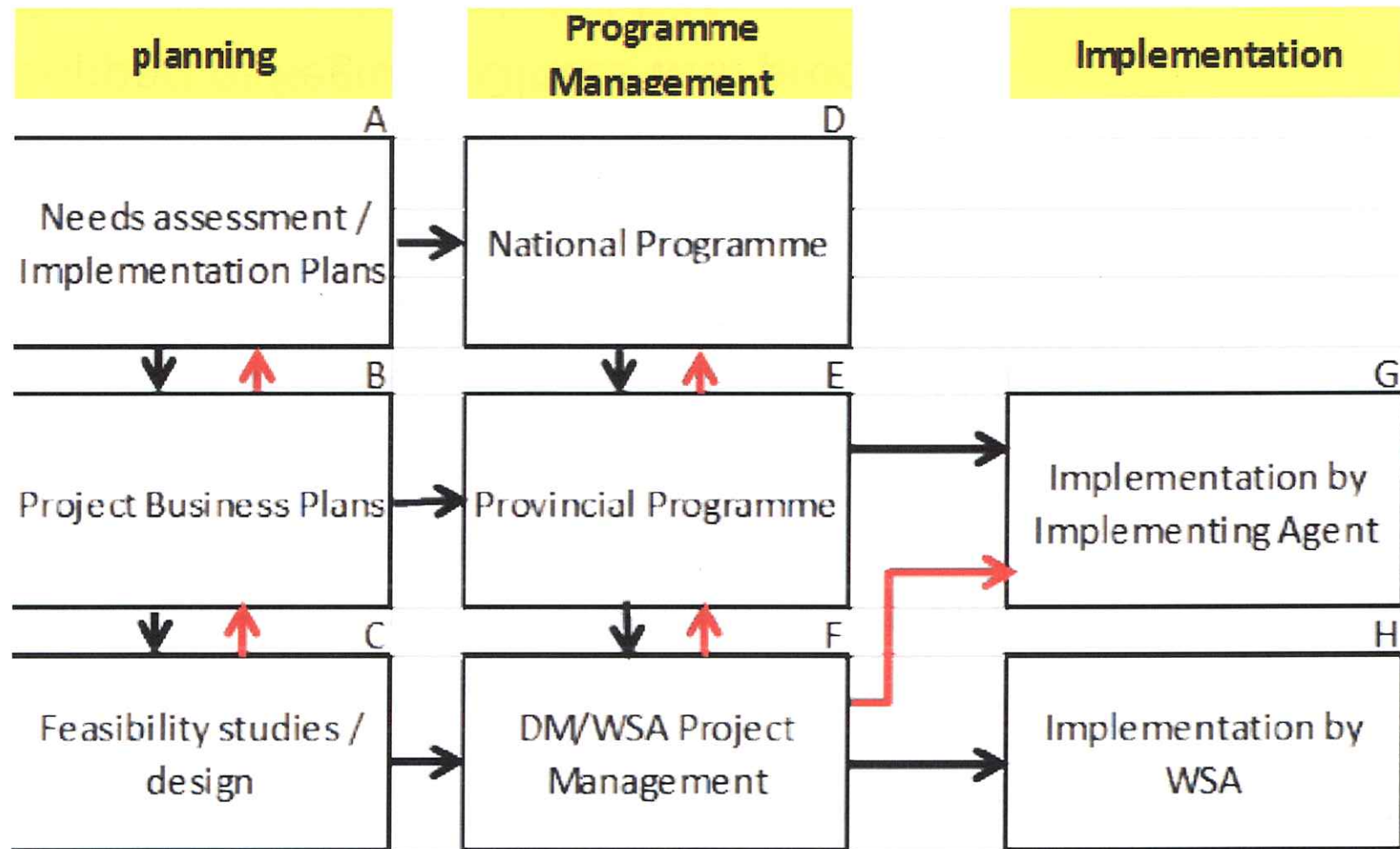
- 2012/13 R 602.965
- 2013/14 R 1 058 976
- 2014/15 R 2 671 934

Total : R 4 333 875

Estimated cost of water supply for backlogs in the 24 DMs is greater than R20 billion



Implementation Strategy



2: Progress – National Programme Management

2.1 Governance and planning

- a. Various **templates** compiled (Business Plans, reporting templates, standard agreements)
- b. **Implementation framework** document developed
- c. **DORA** requirements met (submission of payment schedule)
- d. **Additional capacity established** (MWIG manager in each region appointed and MWIG manager in HO)
- e. **Reporting** to National Treasury
- f. Support of Regional Offices with processes.
- g. Consultation with stakeholders
- h. Changes to DORA framework and conditions

Payment schedules

1. Summary of initial Payment schedules planned are as follows.
2. Due to lack of performance some of the transfers did not take place
3. 3rd transfer to take place on the 7 February

Date	R'000 EC	R'000 FS	R'000 KZ	R'000 LP	R'000 MP	R'000 NC	R'000 NW	R'000 Total per province
TOTAL AUGUST	14 552	5 240	43 974	10 147	17 892	9 929	4 870	106 604
TOTAL OCTOBER	45 220	10 398	143 859	22 322	44 735	6 442	11 874	284 850
TOTAL JANUARY	27 006	5 157	79 630	61 004	26 841	-	11 873	211 511
GRAND TOTAL	86 778	20 795	267 463	93 473	89 468	16 371	28 617	602 965

2.2 Progress, expenditure / implementation (expenditure and transfers as at the end of Dec 13)

REGION	NUMBER OF PROJECTS	BUDGET ALLOCATION 2013/14	CASH FLOW PROJECTIONS	AMOUNT TRANSFERRED	AMOUNT SPENT	% SPENT VS ALLOCATED	% SPENT VS TRANSFERRED
Eastern Cape	45	86 778 000	59 772 000	59 772 000	13 794 707	15.9%	23.1%
Free State	8	20 795 000	15 638 000	5 240 000	0	0.0%	0.0%
KwaZulu Natal	52	267 463 000	187 833 000	142 917 001	18 230 146	6.8%	12.8%
Limpopo	132	93 473 000	32 469 000	28 521 305	4 093 089	4.4%	14.4%
Mpumalanga	26	89 468 000	62 627 000	26 490 000	5 261 521	5.9%	19.9%
Northern Cape	5	16 371 000	16 371 000	16 371 000	9 145 362	55.9%	55.9%
North West	6	28 617 000	16 744 000	16 744 000	2 702 435	9.4%	16.1%
Total	274	R 602 965 000	R 391 454 000	R 296 055 306	R 53 227 259	8.8%	18.0%

This is reported, actual spent is expected to be higher
(more than 50% WSA have not reported)

Successes – projects completed

WSA	Project Name	Project Scope	Community / Village	No of HH Benefiting	Completion Month
Alfred Nzo	Dumsi refurbishment	Refurbishment of the spring and connection to the existing reservoir	Dumsi - B	43	Dec-13
Alfred Nzo	Bonxa GWD	Drilling of borehole for the augmentation of the existing and repairs to the leaking ericson tank	Kubhonxa, Mvenyane & Noomgashe	951	Mid Jan 2014
Alfred Nzo	Spethu refurbishment	Replacement of dilapidated water reservoir with a capacity of 200kl prefabricated structure	Emanaleni - B	100	Mid Jan 2014
Alfred Nzo	Gwabeni refurbishment	Replacement of Reticulation pipelines and rehabilitation of standpipes	Elumayeni B , Gwabe, Ezifama, Kdayeni , Ntubeni	400	Mid Jan 2014
Alfred Nzo	Meje GWD	Drilling and testing of new boreholes as well as repairs to existing reservoir	Elutulini B, ELUTINI B, Emejela, Kwabhele C , Kwabhele D , Kwabhele E	493	Mid Jan 2014
Alfred Nzo	Mngxiphongweni Refurbishment	Replacement of galvanised pipeline from the weir to the reservoir	Ndakeni	59	Dec-13
Alfred Nzo	Nongwadla Spring Dev	Construction of a new spring augment existing supply and connection to reservoir	Ekukhwezeni	43	Mid Jan 2014
Total				2089	

.....Project completed

Region	WSA	Project name	Community/vill	No. Of HH benefiting
NC		Joe Morolong	Drieloop	133
		Ga-Segonyana	Ga-Ruele	137
		Ga-Segonyana	Ga-Sebolao	63
		NgakaModiriM olema DM	Logogeng	295
NW				

Analysis of Progress

1. First 6 months have passed (July-Dec)
2. Only 8.8 % of funds have been reported as spent by WSA (could be much higher in reality)
3. Although an initial delay and start up phase is expected with a new Grant, progress is **unacceptable** for the following reasons:
 - a. A lot of projects should have been quick wins
 - b. A lot of projects should have been small, (i.e. repairing / replacing a borehole).
 - c. The planning design of some of the larger projects should have been ready.
 - d. Projects where studies / designs were not completed should have been implemented in the 2nd/3rd year

Urgent intervention / changes need to be implemented

Urgent Intervention

- Since the approval of schedule 6B to MWIG, the department will ensure that the objective/s of IWSP be met.

3: Key Challenges / Risks

3.1 Project implementation

- a. Lack of **capacity** by many WSA to manage projects and Water Services
- b. Resistance to the use of **Water Boards** by some weak WSA
- c. Significant **unit cost for rural water supply particularly** in KZN
- d. **Demographics**: Scattered and informal settlements over vast distances and over difficult terrain
- e. **Resistance/rejection** to rudimentary localised solutions and the use of Community based organisations
- f. Unsustainable, unaffordable operating and maintenance (**O & M**) costs.

... Key Challenges / Risks

3.2 Programme management

- a. Need for similar interventions outside the 24 DMs.
- b. Lack of revenue connection /financial management (and governance) of financial management in WSA threatens sustainability of interventions
- c. **Moving target**, new backlogs.
- d. **Overall costs** are far greater than originally anticipated (MWIG budget R 4,3 billion, revised estimate of need is greater than R20 billion)
- e. Schedule 5 instead of schedule 6, implies that MWIG is managed and perceived by municipalities in a similar fashion to MIG

4: Mitigation / Urgent action plan

- a. DWA approached NT (Jan 2014) with proposal to change some projects / WSA to **schedule 6**. NT accepted that some projects can be changed.
- b. DWA to engage / support WSA to complete their progress reports
- c. Urgent engagement with **Water Boards** to take over projects that are not performing.
- d. DWA to **engage with WSA** meetings / letters to WSA to speed up implementation.
- e. DWA to **re-allocate funds** where necessary until problems are resolved.
- f. DWA will facilitate **additional capacity** to assist WSA.

5: Response to questions (previous meeting)

8: What are the conditions in place in case the contractors fail to meet the deadline set in the business plans?

The DWA is not directly involved in the relationship between the municipality and its contractors and can only manage the relationship with the municipalities through the allocation of funds and through the funding agreement that must be signed between the DWA and the municipality.

Some of the relevant conditions in the funding agreement are as follows:
“The Department may withhold the transfer of Funding for a Project for a period of up to 120 (one hundred and twenty) days if - the Department is not satisfied with the performance of any Contractor on any Project;”



10. Does the Department experience any challenges from the municipalities in terms of technical skills?

Yes, the DWA has identified that technical skills within municipalities is a major challenge to service delivery and to the sustainable implementation of MWIG projects. The lack of technical skills is of particular concern with regards to the operation and maintenance (O&M) particularly in the management of water treatment plants.

11. Is the Department certain that the deadlines set in the Implementation Framework for 2014/15 (Slide 9) will be met?

The DWA is concerned with the deadlines specified in the DoRA MWIG framework that 2014/15 BP must be submitted by 30 September 2013. In order to allow for adequate time for planning, the DWA has proposed to NT that the deadlines are modified to allow for a re-submission of the business plans by 21 April 2014. This will allow an opportunity of seven additional months to intensify the planning and carry out technical feasibility reports of the project requirements. This proposal will not impact on the implementation of the projects since funding for 2014/15 projects will be transferred as from the 1 July 2014.

12. What is the implication to the communities when the services are not rendered or when the targets are not met?

The MWIG is targeting projects to communities that are not currently receiving any formal water supply services. Many such communities have been living in these situations for many years and obviously rely on their own means and local water resources. Their current existence without any formal water supply implies that they do receive some water, but the key issues are as follows:

- What **health risks** are they exposed to?
- Do they have **adequate / enough water** for basic living requirements?
- What **burden** do they have to endure to collect water?

14 What kind of support is given to address the capacity gaps in Municipalities where there are challenges of capacity and technical skills?

The DWA is currently providing planning support to Municipalities to identify their needs and compile the MWIG project business plans. The intention is that Water Boards would provide the required support to manage the implementation of the projects when needed but DWA cannot impose such support and municipalities must request the involvement of the Water Boards. The DWA is also making available its own Construction Unit to become the implementing Agents of projects where there is no capacity or where it is not appropriate for a Water Board to become the Implementing Agent. The DWA is also engaging with the Municipal Infrastructure Support Agency (MISA) to ensure they also support the programme by identifying and addressing capacity challenges within the municipalities.

17. What is the difference between MWIG and MIG and other grants related to water provision?

- MWIG is supposed to provide “some water for all” to communities currently not receiving water and not necessarily provide the full basic service requirements.
- MWIG is supposed to address the gaps on an “interim or intermediate” basis of all other existing infrastructure programmes such as MIG.
- MWIG is also not limited to the development of infrastructure and will also address functionality related problems to communities that have infrastructure but do not receive any water.

19. What is the status in terms of the outer years for this grant?

- Some adjustments to the funding allocations will need to be made to ensure maximum use of existing funds.
- All proposed projects have been identified and agreed
- Initial business plans for all proposed projects have been developed.
- Further feasibility studies and designs will need to be carried out for larger projects.
- Additional funding is needed to meet the goal of some water for all.

The Grant may also need to be extended beyond the current three year MTEF period. The following has become apparent which may influence the duration of this programme/Grant:

- Existing budget allocated is not adequate to address all the needs within the 24 DMs,
- There are a number of municipalities with backlogs that do not fall under the 24 priority DMs that are also requesting similar support and funding.

20 What determines the budget allocation for each District Municipality?

The budget allocation was based on a combination of the following factors:

- Backlog of basic water supply.
- Existing allocation of funding to backlogs from others Grants particularly MIG.
- The cost of projects to supply some water to communities with backlogs.

Conclusion

1. MWIG is a new Grant / programme and delays were expected in the beginning.
2. The lack of implementation progress however is not satisfactory.
3. DWA is taking measures to improve the implementation of projects.
4. Since National Treasury has approved the schedule 6B to MWIG, DWA is confident that the budget from year 1 can still be effectively used.

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