

REGIONAL BULK INFRASTRUCTURE PROGRAMME OVERVIEW AND PROGRESS

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1 INTRODUCTION

The Department of Water Affairs and Forestry (DWAF) is responsible and accountable for the management of the Regional Bulk Infrastructure Fund for Water Services. This responsibility is based on DWAF's role as the custodian of water resources and the leader and regulator of the water services sector, whereby DWAF has to act as intermediary to facilitate integrated planning and implementation of such large multi-institutional regional bulk infrastructure projects through the involvement of all stakeholders.

The following is a progress report of the Regional Bulk Infrastructure Fund for Water Services as of the 15 January 2008. The purpose of the report is to give an overview of the programme as well as describe the current status of the various functions and implementation of projects. A detail description of the project status within the different regions is not included.

2 BACKGROUND

It is estimated that bulk water services require an amount of R15 billion, 2008 water targets R8,7 billion, and 2010 sanitation targets R6,4 billion. In order to meet these targets, it is obvious that the current rate of service delivery should increase in magnitude. The remaining 12 months towards the 2008 water target date and 24 months towards the 2010 sanitation target date require enhanced integration, cooperation, coordination, consolidation and optimisation of the available internal and external resources to the Department of Water Affairs and Forestry (DWAF) as well as increased collaboration with other sector stakeholders, notably SALGA, DPLG and National Treasury.

3 OVERVIEW OF PROGRAMME

3.1 Purpose of the fund

The focus of the Bulk Water Infrastructure fund is on regional and local bulk water supply and sanitation services. This includes “enabling infrastructure” required to connect water resources over vast distances with bulk and reticulation systems.

In order to ensure sustainability a holistic programme approach should be followed that must include technical, financial, institutional, social, communication, capacity building and training aspects, as well as a management component to repair, operations and maintain the infrastructure once implemented.

3.2 Key Drivers of the Programme

The following are some of the issues that have been identified as key drivers of the Bulk Water Infrastructure Programme:

- Water availability & scarcity (Water Resource Strategy)
- Benefit of scale (Confirmed need & solution, Technical solution appropriate)
- Integrated management (Governance, IDP)
- Institutional aspects & arrangement (ownership, implementation readiness, repair, operational and maintenance strategies)
- Socio-economic development
- Financial issues (Viability and funding)
- Implementation options
- Sustainable management (Repair, Operation & Maintenance)

3.3 Funding

The funding required for the new regional bulk infrastructure in the water services sector is enormous (currently estimated at over 15 billion). Many of the proposed projects require more than R500 million each, exceeding the financing options currently available to individual municipalities or water services institutions. Regional clustering and special financing mechanisms must be obtained to get these projects off the ground.

National Treasury has allocated special funding for regional bulk water services infrastructure amounting to R1,4 billion over three years.

The MTEF allocations are as follow:

- 2007/2008 R300 million
- 2008/2009 R450 million
- 2009/2010 R650 million

Of this fund, 7 million will be made available per annum for programme management. To ensure appropriate solutions and implementation readiness, R40 to R50 million per annum will be made available for project planning. In most cases additional funding will be required to address the full development need. The remaining funds shall be used for programme implementation.

4 FUNCTIONS AND RESPONSIBILITIES OF DWAF

4.1 Responsibilities

Department of Water Affairs and Forestry (DWAF) is responsible for the following:

- Financial accountability for programme
- Programme coordination and management
- Programme and partnership alliance
- Macro planning, strategic perspectives and priority determination
- Coordination of project specific feasibility studies and implementation planning
- Project implementation management
- Monitoring and Evaluation and Reporting (M&E&R) Sector support
- Ensure appropriate involvement.

4.2 Functions and activities

The functions and activities undertaken by DWAF are described under the following categories:

- (1) Program Governance
- (2) Programme Management
- (3) Development and revision of strategy and policies
- (4) Evaluation of project proposals
- (5) Approved Project agreements
- (6) Monitoring of implementation projects
- (7) Strategic support of projects and stakeholders
- (8) Approval and monitoring of feasibility studies for future projects
- (9) Development of business case and business plan for the expansion of the fund to include Internal Bulk

5 PROGRESS TO DATE

5.1 History of programme initiation

The following key milestones / activities were achieved since the inception of the project.

- February 2007 - Programme Initiation Policy
- March 2007 - Announcement of launch of Programme
- Apr'07 - DoRA Draft prepared
- May'07 - List of Projects submitted to National Treasury
- Jun'07 - NT requested adjudication and Review of Project Lists
- Jul'07 - Revised Project Lists submitted to National Treasury
- Sep'07 - DoRA gazetted
- Oct'07 - Implementation commenced

It is important to note here that programme implementation has been delayed by approximately six months due to DoRA revisions and the « green button » for the programme being pushed only in September 2007. However, with most of the project planning already commencing prior to September 2007, most Regions have started implementation of projects with the requisite urgency.

5.2 Implementation of projects during 2007/2008

Up until the December 2007 R 49,8 million of the allocated R 300 million has been spent for the current financial year.

DWAF is confident that most of the funds for the current financial year will be utilized by the end of March 2008. There are however some problem areas where the implementation of work is slow and DWAF is currently in the process of re-allocating some of these funds to other approved projects.

Based on information received from the various regions the following total expenditure forecasts are made:

End of Jan	R 126 Million
End of Feb	R 207 Million
End of March	R 300 Million

5.3 Project selection for 2008/2009 and 2009/2010

Approximately 75% of the funds have been provisionally allocated to projects for the next two financial years according to the principals and policies initially developed. Some further adjustments and allocations will be made to the decision taken but it is anticipated that all new projects during the 2008/2009 financial year will commence timeously.

6 ENVISAGED AMENDMENTS AND CHANGES TO THE PROGRAMME

Based on the information and experiences to date it is proposed that the following changes and amendments will be made to the programme:

- (1) Revision of policies and strategy

The current policies were adequate to initiate the programme but it is felt that they can be further revised for the following key reasons:

- Incorporate the views of stakeholders
- Incorporate the proposals of the integration study in the Water Sector
- Incorporate the reporting requirements of all key stakeholders
- Define a process to reallocate funds from projects and regions that are not performing.
- Define a process of action to authorities and Water Service Providers who are not meeting their targets and goals.

(2) Development of new reporting information system

DWAF has initiated a process to develop a new information reporting system that will meet the requirements of DWAF, National Treasury and other stakeholders. Initial meetings have been held with National Treasury to determine the best way forward and it is anticipated that the development of a revised reporting system will commence before the end of January 2008.

(3) Identify and determine a more comprehensive support system to projects and regions

It has become apparent that DWAF needs to provide more support to ensure the successful implementation of this programme. The current needs of the various authorities, regions and service providers will be assessed and the current support structure will be revised accordingly.

(4) Develop a business case for expanding the programme to include internal bulk

A number of the Water Services Authorities that DWAF has been involved with in this programme have identified the need to extend this programme to include "Internal Bulk". This will address potential gaps between the projects funded by Regional Bulk and the reticulation systems. Although some of these "internal bulk" projects are already being funded through MIG, DWAF believes that there is a very good business case to include "Internal Bulk" to the Regional Bulk programme and separate it from the MIG programme. DWAF will undertake a small study over the next two months to motivate and illustrate the feasibility. All necessary stakeholders will be consulted in this process before a final motivation will be submitted for consideration. It is anticipated that the final submission of the business case will be submitted by the end of March 2008.

7 SUMMARY / CONCLUSION

- (1) The programme structure has been established and most functions required to manage the programme successfully are in place.
- (2) A number of proposed amendments to the programme will be made over the next few months. These include a revision of the policies and a proposal to include internal water as part of the programme.
- (3) The implementation of the projects was delayed due to the lengthy planning process of the programme and obtaining all the necessary approvals.

- (4) Although there are some concerns it is anticipated that the funds allocated for the 2007/2008 financial year will be fully utilized. In order to prevent under-expenditure DWAF will re-allocate some of the funds to different projects.

Although the programme had a delayed start DWAF is confident that the programme will be great success.

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