

*EUCAP  
SA - AW - WWSRp  
Case Study*

## **Preparation of a Multi-Annual Action Plan for Water Services for the Eastern Cape**

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## 1.0 SUMMARY

Although there is some debate about the numbers of people who do not have access to basic water services in the Eastern Cape, there is certainly consensus around the fact that substantial numbers of people living primarily in rural areas are not adequately serviced at the current time. Addressing this problem in a sustainable manner will have a profound positive impact on the health of rural communities and a host of other factors related to poverty alleviation. As a result, it is a fundamental objective of the Government in South Africa to address this issue in a meaningful manner, particularly bearing in mind the enormous inequities that currently exist in the country.

The development of the Multi-Annual Action Plan (MAAP) for water services for the Eastern Cape was sponsored by the European Union and developed in close cooperation with the Department of Water Affairs (DWA) and the Department of Local Government and Housing. It is in effect a master plan for the water services sector for the next three years and beyond. It outlines where resources will be allocated over the next three years and is driven by a strong strategic imperative. In addition, the process followed in developing this MAAP has placed a very strong emphasis on participation of all the key stakeholders in the Province with particular emphasis being placed on participation and involvement of local government institutions. In this regard, a new approach has been adopted which is starting to move towards defining a new paradigm for water services in the region. This is characterized by a co-operative and participative approach to developing water services strategy and determining where resources will be allocated in future. At the same time it is fostering a process whereby activities currently carried out by DWA will be transferred to local government institutions. This new approach has been very well received by all local stakeholders and good headway has been made in terms of setting up new structures and processes that can continue the good work already done.

This report sets out three scenarios for the Multi-Annual Action Plan which reflect different levels of donor funding. This was done because it was unclear of the precise levels of funding that would be made available to the Eastern Cape. All of these scenarios however reflect a strong emphasis on strategic interventions focusing on effectiveness with a particular emphasis on institutional development, operational sustainability, sustainable delivery and intersectoral co-operation. Bearing in mind the backlogs referred to above, the European Union program can make a significant contribution towards addressing these and the funding of the development of the MAAP has already made a significant contribution in this regard.

## BACKGROUND

### 2.1 Government/Sectoral Policy

#### 2.1.1 Broad National Policy

The broad national policy context for this project is to be found primarily in the National Constitution and the Reconstruction and Development Programme introduced in 1994. The constitution emphasizes the basic rights of individuals to access to water services and also emphasizes the critical role of local government in terms of the primary responsibility for the provision of these services. The RDP legislation is geared primarily towards delivery and strategies related thereto. Understandably, a major emphasis of this is towards addressing the inequities of the past and as a result has a major emphasis on people and communities living in peri-urban and rural areas.

Another significant relatively recent policy development at national level is the introduction of the medium term expenditure framework. This introduces a more transparent budgeting process at national and provincial level and also heralds the introduction of multi-year budgeting. The three-year rolling budget is thus now officially part of government policy and this creates the opportunity for the introduction of the MAAP approach.

### 2.1.2 Sectoral Policy

As is common with most sectors in the country, there has been a significant amount of the new legislation which has been produced since 1994. Key relevant documentation in the water sector has been the Water Supply Services White Paper of 1994, the White Paper on National Water Policy of 1997, the Water Services Act of 1997 and the National Water Act of 1998. All of these have influenced the development of the MAAP but the biggest influence has been the Water Services Act. Amongst other things, this spells out the roles of the various institutions in the future dispensation with respect to water services in the country. Of particular note is the emphasis on Local government as being the authority primarily responsible for the provision of services. Also of note in both Acts, is the move towards DWAF performing more of a strategic and regulatory role in future and becoming less involved in implementation.

### 2.1.3 Other Relevant Policies

As local government have such a key role in the provision of water services in future, there are a number of pieces of legislation in this sphere which are also relevant in the context of the MAAP. In particular, the Municipal Systems Bill of 1999 and the Municipal Structures Act of 1998. Also relevant is the current demarcation process which is underway which is reviewing and adjusting the boundaries of local government institutions. In some cases these will have a profound impact on the local government institutions involved.

In the provincial context also extremely important are the provincial strategy initiatives to guide development in the region for the next five to ten years. In this regard, the Eastern Cape provincial government Produced a strategic

planning document entitled "Growth and Development Strategy: A commitment to transformation" in 1999. Clearly, any significant development intervention such as the MAAP must be supportive of the overall provincial strategy. Also relevant in this regard is the development of the SDI's and in the case of the Eastern Cape, the Wild Coast has been identified as a particular focus area.

## 2.2 Features of the Sector

It is estimated that approximately 1 million people in the Eastern Cape have been provided with access to water services since the inception of the RDP program in 1994. The outstanding number still to be provided depends on the source and the definitions involved. The figure most often quoted is two and half million but other studies, which take into account significant sustainability problems with current schemes, have estimated the figure could be in excess of 5 million. The figure for sanitation is worse with up to 6,3 million people currently without a safe service. The people without services are concentrated in the rural areas and primarily in the Amatola, Kei and Wild Coast District Council areas. The Stormberg District Council also has a significant backlog.

Institutional capacity with respect to water services in the region varies greatly. At the regional level DWAF has shown significant capacity for implementing water services policy and projects in the past, even though it certainly has some shortfalls in certain key areas. With respect to District Councils, the greatest capacity is in those that have a substantial urban node, namely Amatola and Western. Drakensberg also have a limited capacity but their backlog is relatively small and as a result they have shown the ability to manage the situation. The greatest problems lie with the Kei, Wild Coast and Stormberg District Councils, which tragically have the biggest backlogs. This creates a vicious circle syndrome in terms of addressing the problems. It also creates some significant problems in terms of the transfer to local government of water services responsibilities from DWAF.

There is one significant Water Board in the province, namely Amatola Water which has only recently been established. It has however made a promising start and there are proposals to extend its area to cover some of those rural areas that are suffering with the biggest capacity problems at the moment. There has also been a proposal mooted some time ago for Umgeni Water, a Water Board based in KwaZulu Natal, to extend its area south to include part of the Eastern Cape but this initiative has been in the hiatus for some while and it remains to be seen whether it will progress in future.

## 2.3 Beneficiaries and Parties Involved.

The primary beneficiaries of this programme would be rural people who currently do not have access to basic water services. As has been mentioned previously, this will not only have an impact on health but also make a

significant contribution towards poverty alleviation. These people are located throughout the province but the greatest numbers are in the Amatola, Kei and Wild Coast District Council areas.

At the national level, a number of significant stakeholders have been involved in this initiative via participation in the National Steering Committee including the national Department of Water Affairs, European Union, French Aid, DFID and other Aid Agencies also. The NGO and local government Associations are also represented on the National Steering Committee. The Department of Local Government and Housing have also been invited although unfortunately their attendance has been poor. At a regional level, a wide range of stakeholders have been involved in the development of the strategy for water services in the province and the MAAP. It is desirable that this level of involvement should continue in the future as the MAAP must become a living document via regular reviews and updates. The two strategy workshops that formed a crucial part of the process by which the MAAP was developed, were attended by all the District Councils, the Department of Local Government and Housing, the Department of Water Affairs, NGO's, the Eastern Cape Local Government Association, the Department of Health, the Department of Education and the Premier's Office. An attendance list for the two workshops is attached as Annexure H. Membership of the Working Group consisted of all six of the District Councils, the Provincial Department of Local government and Housing and DWAF.

Another significant beneficiary target group who are perhaps not fully addressed in the current programme, are those people who are currently supplied with water services that are not functioning effectively for various reasons.

#### 2.4 Problems to be addressed

The primary problem to be addressed in this programme is the reduction of backlogs in terms of water services provision in the rural areas. In addition, there is a need to develop an approach to the provision of water services in the province that is more integrated and co-operative than has been the case in the past. This needs to be strategically driven and needs to place a significant emphasis on the development of capacity at local government level. It should also, where possible, place more effort on integration with other sectors where relevant.

Provision of water services in the past has been dominated by DWAF with limited inputs from local government. This has created some animosity and uncertainty in the province, which has been compounded by somewhat uncertain patterns of funding. One of the symptoms of this climate in the province has been the fact that there are now several lists of priority projects for the different District Council areas. There is clearly a need to rationalize these in future, culminating in one list per District Council to which all stakeholders subscribe.

There are a number of important functions which DWAF is currently carrying out which need to be transferred to District Councils. This transfer is in many cases not a trivial matter as it involves significant functions, substantial resources and numbers of people. Processes and strategies have thus to be put in place in order to achieve what is a significant change management exercise.

Match of the strategy and integration objectives outlined above will be greatly advanced when the Integrated Development Plans and Water Services Development Plans for District Councils are completed. These processes are however in their infancy with the documents referred to being in the draft stage even for the most advanced District Council. Some have barely started. In the meantime, the provision of water services must clearly continue and thus there is a need to develop approaches which can guide the sector through the transitional phase of the next few years.

Another significant area of concern that has been highlighted recently, is the problems with sustainability specifically related to the operation and maintenance phase. This means that not only is the infrastructure put in place prior to 1994 in many cases not functioning effectively but even schemes implemented since 1994 are encountering significant problems. These sustainability problems relate to a range of aspects including technical factors, cost recovery, political concerns, administration, management etc. etc. These not only result in an inferior service being provided to the customers but also result in a continuing drain on the operating budgets of the various spheres of Government.

The provision of sanitation services which has unfortunately made little or no headway since the inception of the RDP. This is in spite of the fact that the backlogs for sanitation are significantly larger than for water.

## 2.5 Other Interventions

The reduction of the backlog by one million people that has been achieved in the last six years has primarily been as the result of funding from DWAF with significant assistance provided by the European Union. Mvula Trust, also with support from the European Union, has also been providing water services in the province during this period.

A number of other funding initiatives not related directly to water services, are also relevant. The most significant of these is the Department of Local Government and Housing's CMIP programme which formerly focussed only on the urban areas but is now starting to make a significant impact on the provision of water services to rural areas. There are also a range of initiatives to provide institutional support to local government which include the following:

- MMP
- PIMSS
- ISWIP
- A USAID initiative

The SDI initiative has also resulted in separate budget allocations for the provision of relevant services required.

## 2.6 Documentation Available

There is a host of documentation, which is relevant to a broad strategic initiative such as the MAAP. This can be broadly categorized into legislation, strategic and technical/planning. The key legislation that has been mentioned previously is the Water Services Act, the National Water Act, the Municipal Systems Bill and the Municipal Structures Act. Key strategic documents include the provincial government strategy document and the regional and national DWAF strategic plans. At a technical/planning level, the most important documents are the Integrated Development Plans and Water Services Development Plans. A comprehensive list of documentation accessed during this project is listed under Annexure A.

It is interesting to note that despite the great wealth of reports and information available for the region, there still seems to be considerable debate about some of the basic statistics.

## 3.0 INTERVENTION

### 3.1 Overall Objective

The overall objective of the MAAP is the implementation of a significant programme of sustainable water services. The development of the three year MAAP for water services is a vehicle for achieving this objective, however, expenditure of the order of R700 to R950 million dictates that the whole initiative needs to be strategically driven. A coordinated and co-operative approach, with particular emphasis on local government, is also an important objective of the project. As is an emphasis on forming linkages where relevant with other sectors.

### 3.2 Project Purpose

The primary deliverable of the initial phase of the programme is a MAAP for water services projects and interventions for the years 2001/2002 to 2003/4. This needs to include, inter alia, both hardware and software projects. In particular, there should also be a significant emphasis on the critical issues of institutional development, provision of sanitation and sustainability in the operation and maintenance phase.

To guide the MAAP it was essential that a high level strategic plan was developed with the involvement of the key stakeholders in the province. This will provide the pointers for where investments should be made in future.

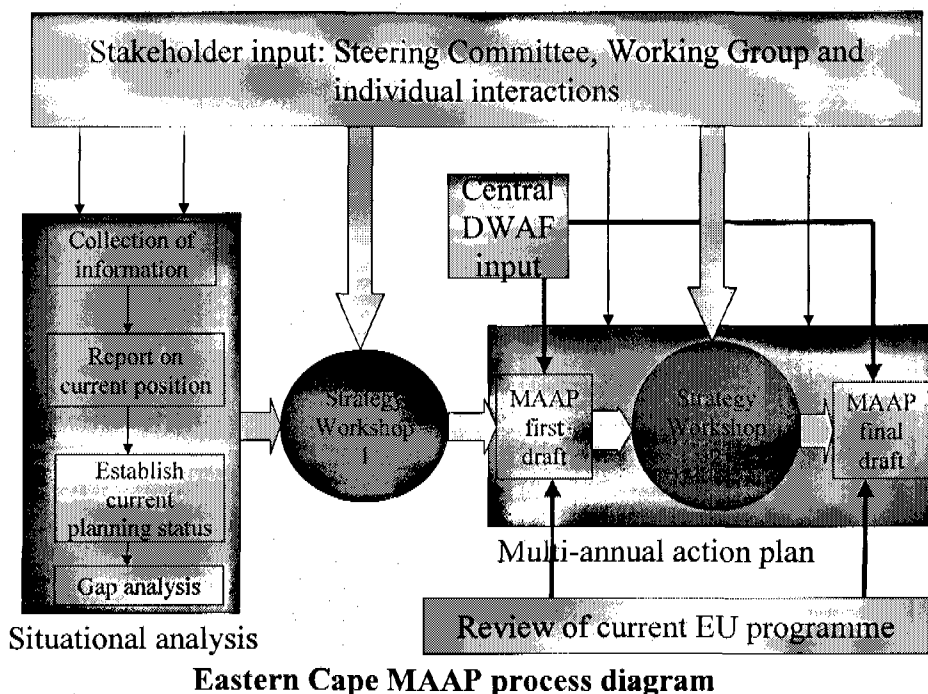
The MAAP also needs to include a scenario approach since it is not completely clear at this stage whether the EU and other donors will fund the programme and to what extent.

### 3.3 Results

#### 3.3.1 Process followed

From the outset, it was recognised that the process followed in developing the MAAP was extremely important. Firstly, because of the fact that any plan is out of date as soon as it is printed. This means that for it to be of ongoing value, it needs to be a living document. The process put in place in developing the first MAAP thus needs to continue on an ongoing basis for the foreseeable future. The second aspect that made the process approach very important was a necessity to involve all the stakeholders and the recognition that the relations between some of the key role players were somewhat strained.

The overall process in developing the MAAP is illustrated in Figure 1 below.



Eastern Cape MAAP process diagram

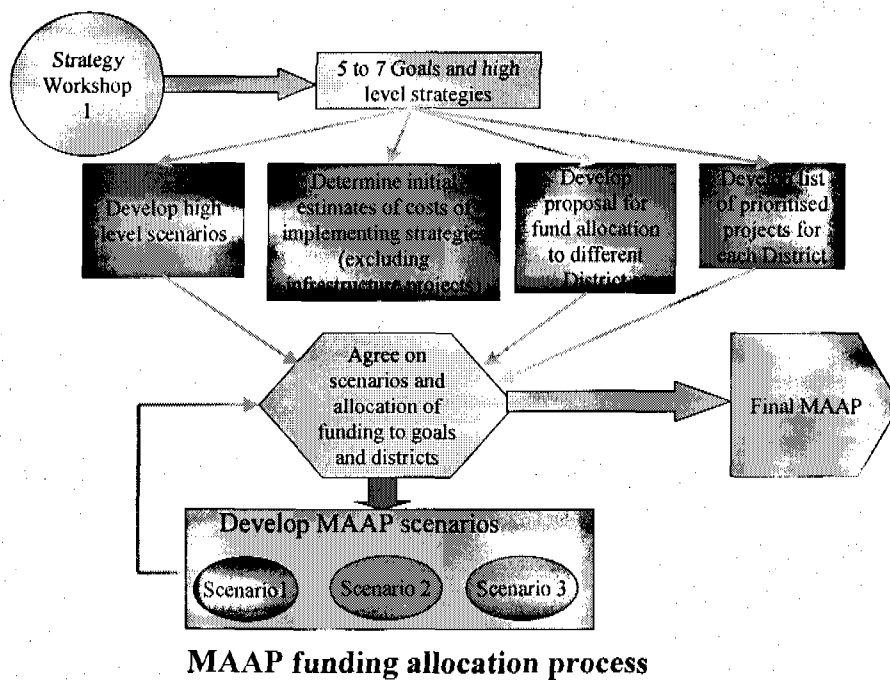
**Figure 1: MAAP process diagram**

Figure 1 illustrates that the initial focus was on carrying out a situational analysis, which provided an important input for in terms of scene setting for the two strategy workshops. The process followed allowed for input from all



the key stakeholders at local and national level by means of the various structures set up to guide the project. Some discussions were also held with the review team set up to evaluate the current European Union programme in the Eastern Cape although the fact that the two initiatives were running in parallel meant that the potential benefits of this could not really be optimized. The most important milestones in the process were undoubtedly the two strategy workshops which were well attended by a broad cross section of stakeholders. The first workshop focused on gaining consensus on the future vision and direction for water services in the region. The key outputs were in the form of high level goals and strategies. Given these outputs, the Working Group set up for this project developed the first draft of the MAAP which was then presented for comment and ratification at the second workshop.

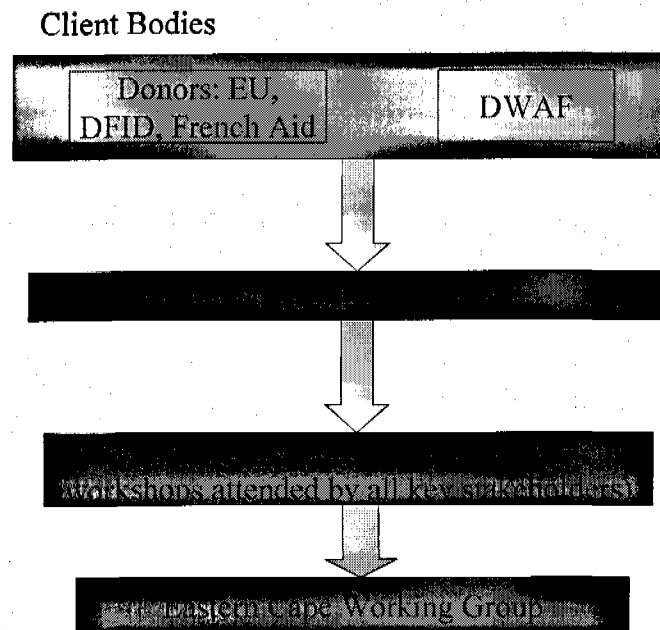
The process followed in development of the draft MAAP documents is illustrated in Figure 2 below.



**Figure 2: MAAP funding allocation process**

Figure 2 illustrates that, once the outputs of the first strategy workshop were known, a number of parallel activities were carried out before the first cut for funding allocation was agreed. This included firstly, the determination of scenarios, secondly, determination of high level costings for strategic interventions, thirdly, the development of an approach to division of resources to District Councils and lastly, determination of priority lists for each District Council area. These activities then provided key inputs into the broad-based allocation of funding in the MAAP. Once this basis was agreed upon in the Working Group, detailed work proceeded in identifying projects in more detail for inclusion in the first and second drafts.

The constitution of the project is illustrated in Figure 3 below.



Eastern Cape MAAP: Constitution of project

### Figure 3: Constitution of MAAP project

These structures allowed the project, in accordance with best practice, to be guided by policy makers at national and regional level and also facilitated the participation of key stakeholders. The role of the Steering Committee at the regional level was in effect played by the two strategy workshops, although a more formal structure may have to be set up in the next phase. The Working Group has proved to be a particularly effective structure and was very well attended by all six of the District Councils and the Department of Local Government and Housing.

#### 3.3.2 The Eastern Cape Water Services Strategic Plan

Undoubtedly an extremely important output of this process has been the development of a high level strategic plan for water services for the Province. In this regard it is first useful to reflect on the Eastern Cape Province Growth and Development Strategy. In this document it is stated that:

***The fundamental goal; of this administration is to create sustainable economic and employment growth, to enable the provision of basic services for all the people of the Province.***

In addition, 8 strategic pillars have been identified as follows:

1. Job creation
2. Investment in people

- 3. Meeting basic needs**
- 4. Sustainable use of natural resources**
- 5. Rural development**
- 6. Redistribution of income**
- 7. Crime prevention**
- 8. Effective and efficient civil service**

An effective programme for provision of water services in the Province is thus directly aligned with the fundamental goal and strategic pillars 3 and 5. It will also make an indirect contribution to pillars numbers 1,2,4 and 6.

Six high level goals and supporting high level strategies were identified in the strategic plan and these are briefly discussed below. More detailed information on the strategic plan is given in Annexure B.

**Goal1: Improve institutional capacity and support.**

This was identified as probably the most crucial of the goals as it was recognized that institutional problems, particularly at the local government level, are having a profound impact on their ability to deliver sustainable water services. The capacity of the various District Councils differs substantially but two of them, namely Wild Coast and Kei have enormous problems at the moment in terms of suitable human resources to fulfill their remit as the local authority. Although not quite as crucial as the problems at local government level, it was also recognized that the Department of Water Affairs Regional Office also needs support in certain key areas.

An important part of the development of the District Councils capability is for them to obtain the so-called implementing agent status from DWAF which will allow them to access and disburse funds for water services projects. Three of the District Councils do not currently have this status and as a result this will be the focus area in the short term.

A number of strategic studies need to be carried out with respect to institutional aspects. Once again these will focus on improving the ability of the various institutions, the private sector and the NGO sector in fulfilling their remit in terms of delivering and operating water services.

It was also identified that there are a series of initiatives under way supported by various institutions and donors focusing on developing capacity at local government level. At the moment it would appear that these are not particularly well coordinated and as a result any synergy benefits are not realized. A strategy was therefore identified of attempting to rationalize and coordinate these in some manner.

**Goal 2 – Reduce water supply backlog in a sustainable manner**

The key strategic intervention that was identified here was the acceleration and completion of the planning process focusing particularly on Water Services Development Plans. It was recognized that, in effect, these are the strategic plans for water services in each District Council and a lack of progress in these is definitely inhibiting the provision of water services in the region. Once these are completed they will inform the ongoing MAAP directly in terms of where the resources should be allocated.

Another strategy that was identified emanates from the fact that there is much water infrastructure in the Eastern Cape at present which is under utilized. These have the potential to be extended at relatively low marginal cost compared to developing new projects from scratch.

**Goal 3 – Address problems with operation and management of schemes and overall sustainability**

This goal recognises the fact that there are significant problems that are being experienced with the operation and management of infrastructure that has been installed in the past. This has the potential to undermine the overall sustainability of the programme because of the significant ongoing costs which are involved in subsidizing schemes which are not viable in the operational phase. In addition, many of the schemes are either not functioning effectively or have collapsed, meaning that the original recipients of the service are receiving an unsatisfactory service or none at all. It was therefore proposed that significant resources should be allocated to addressing and rehabilitating the schemes that are currently in the operation and management phase. This will need to focus on a holistic rehabilitation in recognition of the fact that many of the problems are broad ranging covering technical, managerial, financial, social, administrative and other problems. It was also identified that an in-depth understanding of the current situation is needed before proceeding to apply learnings to the ongoing programme in future. Work thus needs to be carried out on an audit of the current situation.

It was recognized that there is a need to develop operational skills in the Province. Suitable mechanisms thus need to be put in place to address this.

**Goal 4 – Reduce sanitation backlog**

Under this goal it was recognized that the track record with respect to the provision of sanitation is significantly inferior to that for water. This means that a significant re-evaluation of the current strategies needs to be carried out and it is understood that this is occurring at a national level also. Proposed strategies in the Eastern Cape would focus in particular on creating awareness and influencing behavior through the development and implementation of social marketing interventions. In this regard it was recognized that there is an opportunity of working closely with the health sector and in particular the community based Environmental Health Officers.

Another set of strategies focused on allocating dedicated resources and structures to focus on sanitation in recognition of the fact that sanitation has not received the emphasis it deserves in the past.

Other strategies identified are to train and develop local sanitation community contractors and to make funds available for the sanitation subsidy scheme in line with the latest national thinking on this matter.

#### Goal 5 – Foster an integrated intersectoral approach

In this goal was identified in recognition of the fact that, although there are significant benefits in an integrated approach, the track record in the past of government institutions has been poor. It was considered that the particular strategies to achieve this would include setting up and fostering structures that facilitate an integrated approach and allocating specific budget items for integrated strategies. An obvious focus area would be existing integration initiatives such as SDI's and rural business centres. Unfortunately an integrated rural development strategy is not yet in place either nationally or regionally. There is no doubt that this will facilitate a more coordinated approach in future.

It was also recognized that information systems form a crucial supporting and facilitating mechanism for integration initiatives. This is relevant both within the water sector and across into partner sectors where currently a multitude of information systems and databases are being set up with very little coordination or synergy potential currently being realized.

#### Goal 6 – Secure finance for MAAP

Clearly the MAAP will be of little value if commitment to the funding cannot be achieved. This relates not only to potential donors but also to the National Government through DWAF. It was also recognized that a crucial element in this is the ongoing credibility of the MAAP documentation and process. This implies that structures and processes set up thus far in the development of the MAAP need to somehow be institutionalized within the region.

#### 3.3.3 Eastern Cape Water Services MAAP

The outputs of the MAAP are discussed in more detail in sections 3.4, 5.4 and Annexure C. An overview description is thus given in this section.

Three scenarios were developed for the MAAP. These are outlined in Table 1 below:

	<i>Funder</i>	<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario3</i>
	DWAF	164	164	164
<b>2001/2002</b>	CMIP	50	50	50
	EU & others	0	15	25
	Total	214	229	239
	DWAF	178	178	178
<b>2002/2003</b>	CMIP	55	55	55
	EU & others	0	45	75
	Total	233	278	308
	DWAF	194	194	194
<b>2003/2004</b>	CMIP	60	60	60
	EU & others	0	90	150
	Total	254	344	404

**Table 1: Eastern Cape Water Services MAAP: Expenditure Scenarios**

In a nutshell, scenario 1 can be described as the base line scenario with no donor funding but with ongoing funding from both DWAF and the CMIP programme for water services. Scenarios two and three include R150 million and R250 million respectively of donor funding. In this regard it was recognized that funding could be available from a range of potential donors and even from other sources within central government such as for SDI projects and poverty alleviation. The cash flows shown above were regarded as indicative only in terms of preparing the first draft. In fact as the work progressed, although the overall figures remained very similar the cash flow pattern changed substantially (see later).

In development of all three scenarios, preference was given up front to those initiatives which were regarded as strategic interventions. This was done in recognition of the fact that these actions focus on effectiveness rather than efficiency and typically they would cover areas such as institutional support, information systems, intersectoral integration etc. etc. Once these initiatives were identified and costed out (and this includes the allocation to sanitation) then the balance of the funding was allocated to specific projects.

The proportions used for allocation of resources to District Councils is illustrated in Table 2 below:

	<i>Water %</i>	<i>Sanitation %</i>
<b>Amatola</b>	22	25
<b>Drakensburg</b>	5	5
<b>Kei</b>	25	26
<b>Stormberg</b>	11	11
<b>Western</b>	10	4
<b>Wild Coast</b>	27	29

**Table 2: Allocation of funding to District Councils**

These proportions are based on the work carried out by the Water Services Planning Directorate of DWAF in terms of the backlogs in the various District Council areas. This resulted in the allocations shown in Figure 3 below:

District Council	Scenario 1	Scenario 2	Scenario 3
Amatola	122	155	177
Drakensburg	28	35	40
Kei	138	176	201
Stormberg	61	77	88
Western	55	70	80
Wild Coast	149	190	217
Totals	553	703	803

**Table 3: Funding scenarios for District Councils**

The District Councils were then required to develop lists of suitable projects in terms of the various scenarios. In discussion within the Working Group it was agreed that the briefing to the District Councils prior to developing these lists should include the following:

- A significant emphasis on projects designed to rehabilitate existing problem schemes.
- An "S curve" approach to expenditure particularly for those District Councils that are currently suffering severe capacity constraints, namely, Kei, Wild Coast and Stormberg.
- Development of a single list which will synthesize and integrate the current District Council lists with those of DWAF.

The development of one list of projects per District Council, with local government taking the lead, is seen as a significant step forward in terms of the water services delivery process in the region. It nevertheless needs to be recognized that due to time constraints the lists that have been developed in Annexures D, E and F should be regarded as having very much provisional status at this stage. This is the case because firstly, there has not been an opportunity to obtain political approval for the lists and secondly there has not been an opportunity to discuss the lists with the relevant stakeholders, including DWAF. This needs to occur in the next phase for each District Council area.

In line with the strategic plan outlined above, the key focus areas of expenditure are in the following areas:

- Institutional support: 6% in scenario 1, reducing to 4% in scenario 3.
- Reducing the water supply backlog: 37% in scenario 1, increasing to 59% in scenario 3.
- Operation and maintenance sustainability: 19% in scenario 1, increasing to 20% in scenario 3.
- Sanitation: 10% in scenarios 1 to 3.
- Intersectoral integration: 8% in scenarios 1 – 3.

### 3.4 Activities

Particular activities and projects that have been identified are briefly discussed below. These are listed under each goal as the allocation of resources are all driven by the strategic imperative as described above.

#### Goal 1 – Improving Institutional Capacity and Support

##### Technical support to District Councils

Each District Council has been assessed in terms of the technical support required to enable them to fulfill their water services functions. This requirement varies significantly from one District Council to the next and thus some require a team of six and others only one. The range of skills that have been identified as being necessary are water institutional, water technical, sanitation, intesectoral, ISD, financial and administrative / management. In total 19 technical support staff have been identified. The total cost of this is approximately R27 million.

##### Support to DWAF Regional Office

A team of seven has been identified to assist in supporting the Regional Office focusing on technical water skills, sanitation, GIS and intesectoral functions. A total of R10 million will be required for this.

##### Institutional Studies

Three institutional studies have been earmarked which would need to take place in the first year as they will inform activities that need to occur thereafter. These studies will address the following:

1. How to obtain the best usage and leverage from the private sector in terms of the overall water services programme. More effective use of the private sector is considered to be essential if the massive challenges facing the Province are to be meaningfully addressed. In particular it is considered that assistance in the operation and maintenance phase would be a significant step forward since this is where most of the problems are occurring at present.
2. An overall institutional assessment is considered to be warranted in terms of the most effective way of managing water services throughout the Province looking at all the existing institutions in terms of DWAF, Water Boards and Local Authorities and trying to arrive at an optimum dispensation. The role of communities also needs to be addressed and even the possibility of some new institutions such as Catchment Management Agencies or other. The study needs to have a regional perspective whilst at the same time looking at the particular requirements of each District Council.



3. The last study needs to look more specifically at the transfer of functions from DWAF to local government. In many cases responsibilities and resources involved are substantial and the transfer is not a trivial matter. This has been recognized by a number of local authorities who are reluctant to take on responsibilities which they consider to be currently problematic. A large part of this exercise is the design of the change management process to determine how to manage the transition over the next few years.

## Goal 2 – Reduce Water Supply Backlog

### Water Services Development Plans

An amount of R2 million has been allocated for funding of Water Services Development Plans. A number of these are already being funded either by DWAF, by District Councils or by some other source but some of them still require a funding source. As has been mentioned previously, this should be a focus area for District Councils in the short term.

### Water Supply Projects

As would be expected, the single largest item is that for new water supply projects with an amount of R492 million being allocated in scenario 1 increasing to R680 million in scenario 3. This includes some ..... projects in scenario 1 and ..... in scenario 3, serving a population of ..... and ..... respectively.

## Goal 3 – Address operation and management problems

### Water Sector Training Centre

An amount of R1,2 million has been allocated for the establishment of a water sector training center by Amatola Water. This includes hardware costs and the establishment of training material.

### Audit and Evaluation of Schemes

An amount of R1,7 million has been identified in year 1 to carry out studies to determine the status quo of schemes in the Province and thereafter to come up with proposals in terms of addressing them for the programme as a whole.

### Rehabilitation of Schemes

Some R63 million has been allocated in scenario 1, increasing to R86 million in scenario 3. This would address ..... people in scenario 1, increasing to ..... people in scenario 3.

## Goal 4 – Reduce Sanitation Backlog

### Development of promotional material and campaign

An amount of R3 million has been allocated over three years to address this issue. This will focus on the development of suitable material and the various media required to promote the message. The intention is to foster a change in attitude with respect to the importance of sanitation from a health and hygiene point of view which ultimately will be manifested in more of a demand driven approach to the sanitation initiative.

### Joint Initiative with Health Department

An amount of R2 million has been allocated in year 1 to assist with funding of the joint initiative with the Health Department. This would focus on the use of community based Environmental Health Officers. At the moment the Health Department has the human resources on the ground but they are severely handicapped by a lack of equipment and facilities.

### Sanitation Subsidy Scheme

An amount of R61 million has been allocated for various sanitation projects in scenario 1, increasing to R78 million in scenario 3. This should be regarded as a provisional amount at this stage as the subsidy scheme is currently under review at a national level.

### Goal 5 – Integrated Intersectoral Approach

#### Integrated Information System

An amount of R2,3 million has been allocated for the facilitation and development of more integrated information systems in the region. This will require an analysis and design phase and thereafter implementation.

#### Irrigation Projects

An amount of R21 million has been allocated for irrigation projects in scenario 1 and R36 million in scenarios 2 and 3. This would be a joint initiative with the Department of Agriculture on a co-funding basis. It will address the rehabilitation and utilization of existing infrastructure in the rural areas, which is severely under utilized at present. This is regarded as a very important initiative in the Province because of the benefits in terms of employment and income generation. A number of these schemes also have the potential for domestic water supply components as well which the EU may be interested in funding.

#### Supply to Clinics

Currently many clinics do not have safe water and sanitation in the rural areas and a provisional amount of R6 million in all scenarios has been allocated over the three years.

### Supply to Schools

A provisional amount of R18 million has been allocated for supply of water services to schools in all 3 scenarios. There are currently many hundreds of schools that do not have basic water services. It has been agreed with the Education Department that any programme undertaken on water services to schools will be co-ordinated with their programme to upgrade schools.

## 4.0 ASSUMPTIONS

### 4.1 Assumptions at Different Levels

Assumptions made in preparing this MAAP include the following:

- That there would continue to be political support for the initiative.
- That ongoing or committed funding will be made available from the central government and also from CMIP.
- A crucial assumption made in the programme is that the capacity at District Councils will be significantly enhanced by the interventions outlined. This will result in an acceleration of expenditure in later years once a sound base of planning and management systems has been established.

### 4.2 Risks and Flexibility

The introduction of the three-year rolling programme for water services expenditure immediately introduces a more flexible approach to the programme than was the case with annual budgeting. This ultimately results in better management and planning. Other risks that have been identified are as follows:

- Political problems or lack of support for the initiative.
- Lack of ongoing support from local government if the participative approach adopted thus far does not continue.
- The Technical Support initiative identified is considered to be a crucial component, which if not implemented satisfactorily could jeopardize the whole programme. Also of concern is the risk that the institutions which are being supported will experience major problems at the end of the three year period. This will have to be addressed during the design of the intervention.
- The list of projects identified by the District Councils at this stage should be regarded very much as provisional as they have not yet been discussed with key stakeholders or with the political representatives. This could be a

sensitive matter and needs to be treated with caution at this stage. Ultimately arriving at a final list for each District Council is likely to require some negotiation.

- There is a significant risk also with regard to the sanitation initiative in that there is a fair degree of uncertainty with respect to the way forward, even at a national level. Expenditure of funds on the sanitation subsidy scheme in particular should be regarded as somewhat uncertain at this stage.
- There is a risk that the disbursement of funds through DWAF could run into problems in terms of the speed of dealing with the necessary administration. This will be exacerbated if a significantly larger programme is implemented.

#### 4.3 Preconditions

The main precondition for this programme to be a success is the ownership and participation of the key local government players. This has been achieved thus far and must clearly be continued in future. In addition, it is important for the District Councils to demonstrate over the next two years that they have the ability and capacity to take up their key role in water services provision. The ongoing payment for service by communities is also regarded as a precondition for the ongoing success of the programme.

### 5.0 IMPLEMENTATION

#### 5.1 Physical and Non-Physical Means

The inputs in terms of funding for the project are as follows:

- R536 million over three years from the Department.
- R119 million from the CMIP programme.
- An amount of R150 million in scenario two from a range of donors.
- An amount of R250 million in scenario three from donors.

#### 5.2 Organization and Implementation Procedures

The funds allocated for the MAAP will be disbursed through DWAF following its normal procedures. An exception to this would be the CMIP funding which would be disbursed through the Department of Local Government and Housing. Those District Councils that qualify as Implementing Agents can be utilized for disbursing funds with respect to specific projects in their areas. As other District Councils qualify as Implementing Agents the same can apply. Each of the strategies will require project teams to be set up, detailed terms of reference developed, programmes, more detailed budgets etc., in line with best programme and project management practice. Extensive use of the private sector is envisaged throughout the full range of projects and initiatives. The disbursements of the funding would also be subject to the requirements of the various donors involved.

### 5.3 Time Table

The broad timetable is outlined in the MAAP, which, by virtue of the cash flows, gives a broad indication of progress. When this initiative proceeds into the next phase, a more detailed plan needs to be prepared which analyses the goals and strategies in more detail; focusing on targets, milestones, resource requirements etc.

### 5.3 Cost Estimate and Financing Plan

The breakdown of the costing requirements by goal is outlined in Tables 4,5 and 6 below.

Goal	2002/2002	2002/2003	2003/2004	Totals
1.Institutional support	15,9	11,5	11,5	38,9
2.Reduce WS Backlog	84,9	154,6	252,2	491,7
3.Operational problems	21,1	23,1	18,9	63,1
4.Sanitation	7,5	17,8	35,3	65,6
5.Integrated projects	12,7	16,6	18,0	47,3
<b>Totals</b>	<b>142,1</b>	<b>223,6</b>	<b>335,9</b>	<b>701,6</b>

Table 4 : Summary of Scenario 1

Goal	2002/2002	2002/2003	2003/2004	Totals
1.Institutional support	15,9	11,5	11,5	38,9
2.Reduce WS Backlog	90,1	187,3	321,5	598,9
3.Operational problems	26,1	24,5	28,0	78,6
4.Sanitation	9,8	32,2	36,4	78,4
5.Integrated projects	17,7	21,6	23,0	62,3
<b>Totals</b>	<b>159,6</b>	<b>277,1</b>	<b>420,4</b>	<b>857,1</b>

Table 5: Summary of Scenario 2

Goal	2002/2002	2002/2003	2003/2004	Totals
1.Institutional support	15,9	11,5	11,5	38,9
2.Reduce WS Backlog	96,7	204,0	379,3	680,0
3.Operational problems	33,2	28,4	24,1	85,7
4.Sanitation	9	33,1	40,9	83,0
5.Integrated projects	17,7	21,6	23,0	62,3
<b>Totals</b>	<b>172,5</b>	<b>298,6</b>	<b>478,8</b>	<b>949,5</b>

Table 6: Summary of Scenario 3

## 5.5 Special Conditions

The main condition that applies in this initiative is that any funding from the EU must be at least matched by DWAF. This assurance has already been given.

## 6.0 FACTORS ENSURING SUSTAINABILITY

### 6.1 Policy Support

DWAF has had a key role in guiding this project at a national, provincial and Working Group level so as to ensure that the correct policy approach has been adopted. As has been indicated in the foregoing chapters, this initiative is very much in line with the current legislative framework and the strategies of national and regional Government. The institutionalization of the MAAP processes and structures will ensure the ongoing commitment and involvement of the Department which will thereby continue to provide guidance on policy issues.

### 6.2 Appropriate Technology

Appropriate technology was not identified specifically in the strategic plan, primarily because it is an approach which will be adopted at the project level. It is also foreseen as being a cross-cutting strategy that would apply to a number of the other goals (see also Annexure B).

### 6.3 Environmental Protection

The use of water resources and the protection thereof is covered specifically in the water services development plans. In any case, the water requirements for basic rural water supply are so low that these will have an insignificant impact on the overall water resources position. With respect to sanitation, a successful programme to promote this will undoubtedly have a positive impact. The reason for this being that it will result in a reduction in fecal pollution in the various watercourses. Suitable environmental protection measures and environmental management practices will of course require to be applied for each infrastructure development project (see also Annexure B).

### 6.4 Socio-Cultural Aspects and Women in Development

This is once again not mentioned specifically as a strategy because it is seen as a cross-cutting theme, which would apply to all of the goals and a range of strategies supporting the goals. In spite of this, there was some discussion around this theme at the second workshop and some tentative strategies were developed (see Annexure B).

## 6.5 Institutional and Management Capacity

The whole question of institutional capacity has been a significant focus in the strategic plan and the MAAP and this will continue into the implementation phase with a particular emphasis on local government and too a lesser extent with DWAF. It is also seen that the local institutional capacity of the public sector can be significantly enhanced and leveraged by a range of public/private partnership strategies and approaches. A particular study to investigate this has been included as part of the MAAP. The use of non-government organizations is also seen as a means of increasing the capacity for delivery and management of water services. This was also identified as a cross cutting strategy and is referred to briefly in Annexure B.

## 6.6 Economic and Financial Sustainability

The majority of the funding for this MAAP will continue to be provided by the South African Government thus ensuring its ongoing future. It is nevertheless true that the ongoing operation and management problems with the current schemes if not addressed can result in a significant drain on the fiscus with the ultimate result being that no funding will be available for the development of new projects or capital maintenance projects. The adoption of a long term goal focussing on operation and maintenance sustainability is thus very important in the overall strategic plan and the MAAP. This is designed precisely to address the current high expenditure on subsidies and problems with schemes in the operational phase.

## 7.0 MONITORING AND EVALUATION

### 7.1 Monitoring Indicators

No detailed indicators have been identified in this phase of the MAAP primarily because it was focused at a very high level. It is foreseen that specific indicators will be developed during the next phase which will focus on the particular goals and strategies that have been developed. Typical examples would be as follows:

- Numbers of people served with water and sanitation
- Numbers of people being served with schemes which have proved to be fully sustainable in the operating phase
- Water Services Development Plans completed
- Information systems established
- Intersectoral projects completed successfully

### 7.2 Reviews/Evaluations

It is foreseen that once detailed programme and project plans are developed in the next phase this will provide an ongoing tool for those involved in the water services sector in the Eastern Cape to carry out their own monitoring and evaluation of the programme as it proceeds. It is foreseen that

information systems will be designed so as to meet the ongoing reporting requirements of substantial donors in the usual manner. As always, the opportunity for external review teams to be appointed by donors or the national department, to evaluate the programme as it proceeds would be welcome.

## CONCLUSIONS AND PROPOSALS

The introduction of the concept of the MAAP for water services in the Eastern Cape has undoubtedly been a major step forward for the region and has been warmly welcomed by all the relevant stakeholders. It has put in place a more co-operative and strategic approach than was the case in the past and has begun to establish certain structures and processes which can certainly be fostered and encouraged as the programme proceeds.

The MAAP preparation sponsored by the European Union has thus made a significant contribution to the water services efforts in the Region. A plan such as this is something that is required regardless of any donor funding. It is nevertheless true, and clearly illustrated by scenarios two and three in the plan, that the participation of donors can make an enormous contribution in terms of addressing the water services backlogs in the region in a sustainable manner. In light of its strategic nature and broad-based support, the MAAP does also provide a powerful vehicle to present to funders as a means of encouraging their support.

Lastly, it is also relevant to mention that although this process of developing a MAAP has been completed in May, the decision of whether funding will be provided by the European Union will only be known in November and the funding becomes available in April 2001. This potentially means a hiatus of nine months during which the momentum developed during the current initiative would be potentially stalled. In addition, many of the initiatives and strategies proposed in the MAAP require preparation, planning and development of terms of reference prior to April 2001, otherwise this will result in significant delays. It is therefore proposed that some mechanism should be found whereby at least the planning work for a number of the most critical strategies identified in the MAAP should be continued in the months ahead.