



A JOINT NATIONAL SECTOR SUPPORT STRATEGY FOR WATER SERVICES

CONSULTATION DOCUMENT

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FOREWORD

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EXECUTIVE SUMMARY

TABLE OF CONTENTS

Acknowledgements	i
Foreword	i
Executive Summary	i
Contents	ii
Abbreviations	iii

PART A: THE CURRENT SITUATION

1.	INTRODUCTION	1
2.	PURPOSE AND SCOPE	1
3.	SECTOR SUPPORT IN CONTEXT	3
3.1.	Legislated Framework for Support	3
3.2.	Policies and Strategies	4
3.3.	Conceptual Framework for Support	6
3.4.	Capacity Assessments	9
3.5.	Performance Measurement	10
4.	CURRENT SUPPORT MECHANISMS	12
4.1.	Capacity Building Grants	13
4.2.	Donor Funding	14
4.3.	Loans	14
4.4.	Strategic Technical Assistance	15
4.5.	Guidelines and Tools	15
4.6.	Advisory Services	16
4.7.	Knowledge Networks	16
4.8.	Skills Development	17
4.9.	Research	17
4.10.	Provincial Water Services Sector Plans	18
4.11.	Programme Support	18

PART B: PRINCIPLES, STRATEGIES AND ASSESSMENTS

5.	WSI SUPPORT PRINCIPLES	19
6.	WSI SUPPORT STRATEGIES	20
6.1.	Ensure Functional, Effective and Efficient WSIs	20
6.2.	Ensure Development of an Adequate Skills-base and Competencies	21
6.3.	Create an Enabling Environment for Sector Partners to Fulfil Support Roles	21
7.	ASSESSING AND PROVIDING SUPPORT TO WSIs	22
7.1.	Assessing Capacity: WSAs	22
7.2.	Assessing Capacity: WSPs	23
7.3.	Identifying the Input Capacity Gap and Reasons for the Gap	23
7.4.	Designing Support Solutions	24
7.5.	Securing and Implementing Support	24
7.6.	Monitoring the Effectiveness of Support to WSIs	24

PART C: OBJECTIVES AND STRATEGIC SUPPORT INITIATIVES

8.	PROBLEM DEFINITION	25
9.	STRATEGIC OBJECTIVES AND SUB-OBJECTIVES	26
10.	STRATEGIC SUPPORT INITIATIVES	29

PART D: IMPLEMENTING THE STRATEGY

11.	IMPLEMENTATION STRUCTURES	34
12.	MONITORING THE STRATEGY	35

ABBREVIATIONS

DBSA	Development Bank of Southern Africa
DORA	Division of Revenue Act
dplg	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
ECSA	Engineering Council of South Africa
EWSETA	Energy and Water SETA
FBW	Free Basic Water
IDP	Integrated Development Plan
KPI	Key Performance Indicator
KSP	Knowledge Sharing Programme
MAAP	Multi-annual Action Plan
MDB	Municipal Demarcation Board
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MIU	Municipal Infrastructure Investment Unit
MSIG	Municipal Systems Improvement Grant
MSIU	Municipal Support and Intervention Unit (SALGA)
NCBF	The National Capacity Building Framework (dplg)
NER	National Electricity Regulator
NT	National Treasury
PGDS	Provincial Growth and Development Strategies
PMS	Performance Management System
SALGA	South African Local Government Association
SETA	Sector Education and Training Authority
SFWS	Strategic Framework for Water Services
SSS	Sector Support Strategy (for Water Services)
WCDM	Water Conservation and Demand Management
WIN	Water Information Network
WISA	Water Institute of South Africa
WRC	Water Research Commission
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSI	Water Services Institution
WSP	Water Services Provider

DEFINITIONS

Principle	A general rule, process, standard or quality
Strategy	A plan to achieve something
Objective	A goal

PART A: THE CURRENT SITUATION

1. INTRODUCTION

Since 1994, the water services sector has gone through major transformation. Apart from changes in policy and legislation, the primary responsibility for water services was shifted to local government – an environment that has equally changed in structure and function. While transformation has created a range of challenges to the sector, support to local government has largely been driven by individual national departments.

The Strategic Framework for Water Services (SFWS), dated September 2003, is in part a review of the progress made in the past 10 years. It provides a comprehensive overview of the water services sector; outlines outstanding issues related to institutional reform and sets fresh targets for the sector to 2010. This Framework is supported by all sector partners.

The SFWS also identified several challenges facing the sector in achieving agreed targets. In meeting these challenges, Department of Water Affairs & Forestry (DWAF), as sector leader, has assumed responsibility to guide, coordinate and harness resources of sector partners to provide **support**. This sector support strategy (SSS) gives effect to this responsibility and should be achieved within the next five years and beyond.

This SSS is drafted at a time when a wide range of grants and support programmes are entrenched in the budgeting process of sector partners. The SSS firstly reviews the current context for sector support followed by an analysis of support mechanisms aimed at building local government capacity. This discussion leads to the identification of problems inhibiting the achievement of sector targets which form the basis for the strategic support objectives. For each objective a number of interventions have been formulated in order to give direction to sector partners in their efforts to address the challenges in the water services sector.

2. PURPOSE AND SCOPE

This SSS is a national strategy which is only preceded by the SFWS as a policy document and seeks to incorporate cross-cutting issues including focus on appropriate technology, gender and environmental issues, and the involvement of civil society organisations. Water services are defined in this strategy as water and sanitation. However, WSAs, through their WSPs, are required to promote water conservation and demand management (WCDM) and environmental water quality management as members of the Catchment Management Agencies (CMAs). Support will thus include support to WCDM insofar as it affects WSIs.

The SFWS has identified three key objectives for the sector, which have been adopted in this SSS as the sector support objectives. The support objects are:

- To ensure functional, effective and efficient Water Services Institutions (WSIs);
- To ensure the development of an adequate skills-base and competencies, and
- To create an enabling environment for sector partners to fulfil their support roles effectively.

This strategy also recognises the various sector challenges that have been identified in the SFWS and aims to address these by means of strategic interventions. The challenges include the following:

- establishing and developing effective water services institutions;
- accelerating the expansion of water supply and especially sanitation services, including health and hygiene education;
- transferring DWAF-owned water services assets to Water Services Authorities (WSA's) in terms of the Joint Transfer Policy;
- reforming the institutional arrangements for water services provision to optimise the use of existing resources; and
- addressing capacity constraints and skills shortages in the water services sector.

This strategy recognises the interrelatedness of some of these challenges and their culmination into effective supporting organisations and water services institutions, once appropriate interventions have been designed and implemented by sector partners.

Against this background, the purpose of the SSS is twofold:

- to provide a coherent framework for water services support to which sector partners should align their local government programmes;
- to ensure that support is co-ordinated and targeted to local government's water services needs, requirements and priorities.

The strategy is, therefore, aimed at support institutions with a mandate in the water services sector, while the primary focus of support is local government. A range of support institutions are, therefore, targeted by this strategy, namely:

- National government departments (DWAf, Department of Provincial & Local Government (dplg), National Treasury (NT));
- District municipalities, where WSAs or not, who have a responsibility to build the capacity of local municipalities;
- South African Local Government Association (SALGA);
- Energy and Water Sector Education and Training Authority (EWSSETA);

- Academic, training and research institutions (Universities and Universities of Technology, previously Technikons, NCWSTI and the WRC)
- Statutory and voluntary professional bodies and associations (ECSA, SAICE, IMIESA, SAACE, WISA etc.)

The local government and water services institutions that are targeted for support are the following:

- Municipalities that are water services authorities (WSAs);
- Water services providers (WSPs) **through** the respective WSAs, more especially public and community based water services providers e.g. WSAs fulfilling the role of WSPs, municipal entities, community based organisations acting as WSPs.

3. SECTOR SUPPORT IN CONTEXT

3.1. LEGISLATED FRAMEWORK FOR SUPPORT

The Constitution and the Municipal Systems Act place obligations on national and provincial government to build the capacity of local government to perform their functions and exercise their powers. National and provincial government departments must therefore support capacity development in municipalities in matters over which they have developed legislation. These matters are derived from their national and provincial mandates, which are summarised as follows:

Section 154 (1) of The Constitution says that both national and provincial government must "support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions".

It further states in Section 155(6) that provincial government must "promote the development of local government capacity to enable the municipality to perform their functions".

The Municipal Systems Act also places an obligation on district municipalities to build "the capacity of local municipalities in its area to perform their functions".

Page 15, National Capacity Building Framework (dplg), 2003

- dplg to develop an effective municipal environment in relation to municipal councils, municipal administrations and performance management systems, outlined in the Municipal Systems Act;
- DWAF to regulate matters related to water services as outlined in the Water Services Act;
- NT to develop systems in respect of municipal finances outlined in the Municipal Finance Management Act (MFMA).

District municipalities have a legislated responsibility to oversee the development of capacity at the local municipality level. As a result, some of the support funding is channelled from provincial departments through district to local municipalities.

Several other national organisations provide support to local government, such as:

- SALGA to organise local government in a unified sphere of government and facilitate inter-municipal learning;
- The SETAs to improve individual skills within municipalities through accredited training agencies;
- Tertiary institutions for the formal, higher education and training of professionals;
- Professional bodies prescribing mentoring requirements as part of continued professional development.

This SSS confirms the generally accepted principle of providing support where capacity is weak and strengthening processes that support national targets. It also directs the role of sector partners in providing this support while acknowledging the sector partners as the institutions responsible for programmes in local government (DWAF, dplg, NT and SALGA).

3.2. POLICIES AND STRATEGIES

The SFWS updates the 1994 White Paper on Water Supply and Sanitation and is, therefore, the overarching 'policy' document for the water services sector. Several policy development initiatives are mentioned in the SFWS, among other:

- National institutional reform strategy aimed at ensuring appropriate organisational restructuring in line with new roles and functions;
- Regulatory strategy to prepare DWAF for its regulatory role in the sector (which includes a chapter on regulation related support to LG);
- Monitoring and evaluation strategy that enables regular assessments of progress in the sector;
- Sector support strategy.

The Regulatory Strategy aims to establish the institutional readiness of DWAF and local government to perform a meaningful and developmental regulatory function national and local level respectively and the parameters within which this should be done. The regulatory role will include DWAF regulating water services while identifying and assessing why WSAs are not complying to the requirements of water-related legislation, including water services norms and standards. It is generally accepted that not all municipalities or WSAs have the same level of capacity and therefore the lack of compliance assessed in the regulation process could allude to, on the one hand, a lack of capacity or on the other hand, unreasonable non-compliance. The SSS aims at differentiating between capacity constraints, which require support interventions, and unreasonable non-compliance which will be addressed through the appropriate sanctions proposed by the Regulatory Strategy.

The National Institutional Reform Strategy is another important document aimed at reforming institutional arrangements for better delivery of water services. It is also clear, as indicated in the case of the Regulatory Strategy, that municipalities might not possess the required capacity to enable them to comply with regulations and legislative requirements, but further alludes the argument that the lack of capacity might be as a result of inadequate or inappropriate institutional arrangements. Again, it is in this context that the SSS aim to support municipalities or WSAs in undertaking proper reviews and re-structuring of their institutional arrangements for better provision of water services.

These strategies guide the water services sector, and more primarily DWAF in its transition to changing role in the sector from a provider to a regulator. The division of powers and functions between districts and local municipalities on water and sanitation has necessitated the initiation of the National Water Services Transfer Programme of DWAF operated water schemes to authorised local municipalities or district municipalities who retained the water and sanitation function. This culminated in the development and adoption of the Joint Transfer Policy in 2001 by all sector partners.

All the above policies and strategies acknowledge to some extent that not all WSIs have the required capacity and discuss support to WSIs. This strategy is the first to combine all support initiatives. In this SSS, support to WSPs is introduced along with support to WSAs. However, since WSP functionality has largely taken second place to WSA functionality in support programmes to date and, operational management is becoming a looming challenge to the water services sector, a more detailed support plan for WSPs will be developed after this SSS but within the principles and approaches of this document and will link to quite a few of the "strategic support initiatives" recommended later in this document.

Other support initiatives are contained in the following documents:

- Provincial water services sector strategies (one per province).
- National Sanitation Capacity Building and Training Strategy;
- Reports from a project which investigates "Strategic Options to Address Constraints and Challenges to Skills Development in the Water Services Sector";
- For the cross cutting issues, the Implementation Strategy for Gender Mainstreaming and the Civil Society Strategic Framework.

The substantial number of policy and strategy documents that have been developed over the past ten years is evidence of the acknowledgement that sector transformation must be accompanied by appropriate and supportive interventions. However, limited attention has been given to developing a common understanding of the transformation challenges facing the water services sector.

Looking broader than the water services sector, municipalities or WSAs in this instance, are included in provincial planning aimed at promoting economic growth across the provinces. These Provincial Growth and Development Strategies (PGDS) will have implications on not only the water demand requirements within a WSA but on the institutional strength of a WSA to manage the growth.

3.3. CONCEPTUAL FRAMEWORK FOR SUPPORT

In response to their individual mandates, several national institutions have developed conceptual frameworks (through policies, frameworks and strategies) guiding their support initiatives. Of particular importance is the work done by **dplg**. It has compiled a comprehensive National Capacity Building Framework (NCBF) that is linked to the local government transformation timeframe. It discusses the legal framework for capacity building, capacity building challenges, inherent capacity problems in municipalities and provides an assessment of successes and failures of current capacity building initiatives. The transformation timeframe affects the water services sector's ability to fast track support to water services institutions (WSIs). Of relevance to this SSS are the capacity objectives and priority areas for support in the NCBF to ensure a functional municipal environment (see Box 1).