

MINUTES OF
PROJECT MANAGEMENT COMMITTEE MEETING
REGARDING
THE STUDY ON
THE EXPANSION OF CAPACITY OF MAGALIES WATER
REPUBLIC OF SOUTH AFRICA

Meeting held on Thursday 30th May 1996
at 10h00,
Room 760 Residensie Building, Schoeman Street, Pretoria

Attendance:

Mr K. Pelpola	DWAF - Chairman
Mr P Pyke	DWAF
Mr P McMurray	DWAF- RDP Planning
Mr JM van Aswegen	DWAF - Mpumalanga
Mr OJS van den Berg	DWAF - Project Planning
Mr TE Niewoud	DWAF Northern Region
Mr N Fenner	Magalies Water Board
Mr MS Tigele	Rand Water
Mr J Cunniff	Rustenberg District Council
Mr S. Kadowaki	JICA Study Team Leader
Mr M. Miyanishi	JICA Study Team
Mr T. Hart	JICA Study Team
Mr J. Nagy	JICA Study Team

Apologies :

Miss L Colvin	DWAF
Mr F Vogel	DWAF
Mr F van Zyl	DWAF
Mr H Muller	DWAF
Mr L van Aswegen	Bushveld District Council
Mr M Botha	Bushveld District Council
Mr Letimela	NWWA

1. Welcome

The Chairman welcomed attendees.

He extended as special welcome to John Cunniff from the Rustenberg District Council and stressed the importance of the involvement of all the major stakeholders in this workshop.

2. Apologies

Apologies had been received from:

Ms L. Colvin	DWAF
Mr F van Zyl	DWAF
Mr F Vogel	DWAF
Mr H Muller	DWAF
Mr L van Aswegen	Bushveld District
Mr M Botha	Bushveld District
Mr Letimela	NWWA

Mr F van Zyl had requested that Mr McMurray represent him in the meeting.

3. Overview of the Situation

3.1 Rationalisation of Areas

Mr Pyke advised that the extended area of supply covered by the study was officially proclaimed in the Government Gazette on the 12th April 1996.

It was noted that the areas where bulk supply comes from Rand Water are not included in the proclamation as part of Magalies Water. There will be a follow up proclamation for transfer of these areas from Magalies Water to Rand Water after it is agreed between all the Stakeholders. Presently, these areas are dealt with in agreements between Magalies Water and Rand Water. It is not the intention to include them in the extended Magalies area in the long term.

Mr Hart advised that the study would continue to considering all areas set out in the original terms of reference and would not confine itself to the proclaimed areas.

Mr Cunniff advised that there is an urgent need to consider the Madikwe district. This is a peripheral area which needs to be included in the study area.

In the course of this discussion the question of the transfer of package plants arose. Mr Pyke indicated that these were originally not owned by the Government and could therefore not be dealt with. DWAF have taken over these plants and can now reallocate them. Regional plants are likely to go to local authorities. Community based plants are not as easily dealt with. Mr Cunniff and Mr Fenner were requested to look into this matter.

Mr Pyke indicated that in the context of the above it is the Departments policy to transfer functions to Local Authorities.

3.2 KwaNdebele Area

The Chairman explained the role of British ODA as that of carrying out a *macro* study regarding possible 2nd tier structures in Mpumalanga and Northern Province.

Mr Pyke reported that under the auspices of ODA workshops have been held with stakeholders in the area.

Mr Johan van Aswegen advised that two workshops/indabas have been held in the area and that three possibilities have been identified:

- A separate independent water authority / board (with technical assistance from existing boards.)
- A water authority which is a business unit of an existing water board.
- Some other solution.

A third workshop is planned for November where the future structure will be determined. Task groups are looking at related issues at present.

It can be inferred from the options that a stand alone unit with its own management structure is inevitable. The first step in setting up such an organisation will be to define and proclaim an area of supply.

- *It was noted that existing advisory forums are being used for communication purposes.*

Mr Pelpola expressed a concern about having to wait until November before the future direction of this area is resolved, especially because of the need to integrate with the JICA study. In this context Mr Kadowaki indicated for the preparation of the September progress report he needs to have some clarity on the decisions and on the boundaries. Mr van Aswegen was asked to look into this and report back

Mr Pelpola asked about the Northern Province and whether there were any needs in this area. In response Mr Niewoud advised that the challenge is in the western district where there are 60 to 70 settlements in the Mokgalakweng area. How these will be served in future is a problem. Mr Pelpola and Mr Pyke felt that this needs to be considered in the context of the ODA master planning study. The extent to which the JICA study includes the question of water board boundaries in the Northern Province was raised as a question.

Mr Pyke felt strongly that this should not be included in the JICA study.

Mr Pelpola requested that Mr Pyke prepare a report on any relevant boundary areas to be included in the JICA study for discussion at the next meeting so as to ensure that there are no gaps.

The JICA study team explained that the consideration of water resources development might require attention to the impact of areas outside the ESA. This should however not be considered to extend the scope of the study area.

It was felt that it may be important in future to get an ODA representative to attend the PMC meetings because of the many overlapping areas of work. It was concluded that Mr Hart can provide the necessary information.

3.3 Request from Regional Director NW

Mr Hart indicated that many of the issues raised in the letter were being covered in the course of the JICA study. In particular he noted that the consultative process referred to in the letter was an integral part of the Stage 2 process.

Mr Fenner indicated that he had been approached by a firm called Cohen & Gemeiner regarding the training of Northwest Staff. They had been unwilling to give him a copy of their report on the needs and the programme. This situation would be investigated through DWAF representation on the NWWA board.

Mr Cunniff noted that if any training takes place at the third tier this must be executed through the local government structures.

Mr Pelpola asked that Louise Colvin send a letter to NWWA to clarify the responsibility for training in the 3rd tier.

Mr Fenner indicated that we should not underestimate the need for training.

In the course of discussion the question of capacity in the Klipvoor area arose. Mr Fenner and Mr Vogel were asked to discuss this in order to ensure that all supply options are considered.

Mr Pelpola undertook to write a letter of reply to Mr Vogel.

4. Matters Arising from Previous Meetings

4.1 Meeting of 25th March

The minutes were approved subject to some minor corrections.

Mr Pelpola asked that the pages be numbered in future.

On the matter of communication the team was requested to give an overview presentation to DWAF Management Committee on the project.

Any opportunities for press exposure should be utilised i.e. special surveys / supplements.

4.2 Workshop of 22nd April

Mr Hart gave brief feedback on the workshop. He noted that a lesson learned from the workshop was the importance of ensuring findings and conclusions from the study are not taken out of context.

In considering the need to involve stakeholders in all aspects of the project Mr Pelpola asked that stakeholders be involved in any discussions between Magalies and Rand Water regarding future arrangements.

5. Review of Stage 1 - Situation Analysis

Mr Kadowaki referred to the document in the notes for the meeting and explained that this stage is now largely complete.

6. Work Programme for 1996

Mr Kadowaki presented this with reference to the Gant chart in the notes for the meeting.

7. Outline of Stage 2 - Gap Analysis

Mr Nagy presented the approach and content of the gap analysis.

The presentation is included as an appendix to the minutes.

8. Outline of Stage 3 - Technical Solutions

Mr Kadowaki presented the overview plan for this stage. He indicated that the terms of reference for this phase will be submitted for approval at the next meeting.

With regard to the selection of priority projects for feasibility studies Mr McMurray pointed out that prioritised lists of projects already exist. These need to be extracted from the planning forums and taken into account by the JICA study.

9. General

9.1 Counterpart Training

Mr Kadowaki presented the proposed programme which was prepared taking into consideration the difficulty of involving a member of the JICA study team to assist the trainee in Japan. This is especially the case for the longer term involvement typical of JICA's development study programmes. It was approved by the meeting.

Mr Pelpola has received several nominations which have been given to Mr Pyke to assess and make a selection. This is needed by mid June.

Numbers and availability of other opportunities were discussed. It appears that there has been no response to the offer of training opportunities made to the Department of Local Government in Mmabatho.

9.2 Ratification of TOR

The terms of reference for the gap analysis and reappointment of the local consultants for this stage were ratified.

10. Future Meetings

Dates for future meetings were set as follows:

31st July

18th September

14th November

Confirmed

K Pelpola
Director : RDP IMPLEMENTATION
Department of Water Affairs and Forestry : Pretoria

Date

MINUTES
OF
MEETING OF THE
PROJECT MANAGEMENT COMMITTEE

THE STUDY ON
THE EXPANSION OF CAPACITY OF MAGALIES WATER
IN THE
REPUBLIC OF SOUTH AFRICA

Meeting held on Wednesday 18th September 1996
at 10h00,
Room 760, Residensie Building, Schoeman Street, Pretoria

Attendance:

Name	Organisation
South African Side:	
K. Pelpola	DWAF (part only)
P.D. Pyke	DWAF
F. van Zyl	DWAF (part only)
P. McMurray	DWAF (part only)
O.J. van den Berg	DWAF
T. Tlou	DWAF (North West)
J.M. Tshite	Rustenburg District Council
W. Wessels	Highveld District Council
N.J. Fenner	Magalies Water
S. Tigele	Rand Water
Japanese Side:	
Y. Maruo	JICA Advisory Committee
Y. Omura	JICA Advisory Committee
K. Sato	JICA Advisory Committee
S. Kadowaki	JICA Study Team
J. Nagy	JICA Study Team
Y. Miyanishi	JICA Study Team
T. Hart	JICA Study Team
S. Sawara	JICA Study Team
C. Mannall	JICA Study Team
I.J. Bettesworth	JICA Study Team

1. Welcome

Mr Pelpola welcomed delegates to the meeting. He noted that the Project is reaching a crucial stage and it is therefore important that key people participate in these meetings. He asked that letters be sent to Mr F van Zyl - Director Planning, urging him to participate in future (or send an alternative representative).

2. Apologies

These had been received from :

Louise Colvin
North West Water Authority
Johan van Aswegen
Fanie Vogel

3. Approval of Minutes of the Joint PSC/PMC Meeting of 31st July 1996

These were approved without amendment.

4. Matters Arising

4.1 Counterpart Training

Mr Pyke reported that DWAF Management felt that the period was too long for their trainee, Mr van Aswegen, to be away. It has therefore been agreed with JICA that in his case, the training period be reduced to four weeks. Mr Sam Molekoa will spend nine weeks in Japan as originally planned.

Mr Pelpola asked that there be adequate communication with the individuals involved.

4.2 Boundary Issues

Mr Nagy briefly explained the minutes of a meeting held with key people to discuss this issue. It was agreed that the process that has been followed in the past is not acceptable.

To address this it was agreed that:

4.2.1 The principles involved in determining boundaries need to be formulated and agreed and accepted by all parties involved.

4.2.2 Findings, medium and long term options and recommendations for specific areas, taking into account technical, institutional and economic conditions, will emerge from the work of the Study Team for the two Rand Water supply areas (Rustenburg and Ga-Rankuwa/Mabopane/Soshanguve). Decisions based on these recommendations within the framework of agreed principles (4.2.1) will

then be made by DWAF. A working group under Peter Pyke (as the leader of the 2nd Tier Project Working Group), will prepare a list of proposed principles for presentation at the next Project Management Committee Meeting. They would then be presented to DWAF for acceptance.

Mr Pyke confirmed that it is DWAF policy that the most economic water source for the country as a whole be utilised, that infrastructure belongs to the communities concerned and not to the water boards and that Rand Water should not delay investment due to long term uncertainty surrounding boundary issues.

4.3 KwaNdebele

It was reported that the investigation into this area under the auspices of DWAF Mpumalanga with the assistance of British ODA is ongoing but it is unlikely that a conclusion will be reached this year.

Peter Pyke indicated that from his understanding of the discussions, both the options under consideration for the area include a partnership with a water board. Given this he felt that it was appropriate to consider the area as part of the JICA Study.

It was agreed in the light of the above and the fact that the area was included in the Study from the start, that the Study should proceed including this area. Mr Pyke is to provide the JICA Study Team with an indication of the likely outcome before the next PMC meeting to enable them to finalise their conclusions for the Draft Final Report.

It was confirmed that the team looking at a possible Highveld Water Board have assumed that such a board would include the parts of Bronkhorstspuit and Cullinan which are within the Olifants catchment.

4.4 Pilot Project

Tim Hart reported on this item. Considerable work has been done on selecting candidate pilot projects. In summary, these activities included :

- 4.4.1 Determining selection criteria, (a copy of which is included in Appendix F1 of Progress Report (2));
- 4.4.2 Visits to seven potential projects :
 - Kameelboom;
 - Bapong;
 - Ga-Rasai;
 - Klipgat;
 - Tweefontein N and E; and
 - Sehoko.

A brief overview of each of these areas were presented and notes of the visits are included in Appendix F2 of the Report.

4.4.3 Selection

A final selection has not yet been made. In discussion it was noted :

- that these seven may not be the only communities considered;
- in some cases, an area-wide project encompassing several communities may be appropriate (such as in Mankwe where Rustenburg District Council is implementing area-wide planning);
- the potential projects need to be discussed with the District Councils and Area Planning Forums;
- Mr Pelpola asked if the possibility of a project in an industrial area such as Ekandustria could be considered;
- Mr Pelpola asked if it was possible for JICA to consider more than three pilot projects. Dr Maruo noted that provided the overall budget is not exceeded, and that the work is completed within the programmed period, then more schemes may be considered;
- Mr Fenner indicated that he was keen to include a project involving pre-paid meters; and
- Dr Maruo asked what structures would be put into place to monitor projects once they were completed. Mr Pelpola felt that this would be responsibilities of DWAF and local authorities. There will however be a monitoring period. Dr Maruo noted that if JICA is to have a role in this they need to be advised so that provision can be made in the budget.

5. Progress Report (2)

Mr Kadowaki advised that the second progress report prepared by the Study Team had now been completed and it was distributed to people attending the meeting. The intention was to present an overview of the main sections. Feedback was requested once people have had an adequate opportunity to study the report.

5.1 Water Balance

Mr Kadowaki presented the overall scenario in the area showing :

- Water Demand Projections;
- Water Resources; and
- Water Balance.

5.2 Policy and Strategy Recommendations

Mr Hart presented an overview of the recommendations. He emphasised the importance of taking into account the context which is one of continuous change. The difference between:

- Symptomatic responses to issues;
- Systematic understanding of issues in relationship to other issues and challenges.

Ten strategy options were presented in overview. These were:

- Overall Policy Review;
- Clarification and Interpretation of Specific Policy and Guidelines;
- Integration and Partnership;
- Coordination of Training and Training Resources;
- Water Supply and Local Economic Resource Development;
- Sharing "Best Practice";
- Development of New Markets / Bulk Customers;
- Perceptions of Water Boards;
- Systems and Key Processes; and
- Appropriate Structure of Magalies Water.

Mr Nagy made the point that the options may be a bit daunting when the challenge of implementation is considered. However, the key actors relevant to a particular item differ and the items relate to all three Tiers. All ten items, therefore, do not relate to any single organization. He indicated that the Study Team is already considering how these options will be taken forward. Key implementation requirements will be :

- Motivation / Commitment;
- Allocation of Roles / Responsibilities; and
- Capacity.

In depth discussions on the policy and strategy options and their implementation will now be taking place.

5.3 Technical Solution

Mr Pyke took over the Chair as Mr Pelpola had to leave for another appointment.

Mr Sawara presented an overview of the findings on the technical solution as contained in the report. This included:

- Objectives;
- Technical Problems Identified in the Situational Analysis;
- Findings from the Situational Analysis;
- Population Growth;
- Primary Growth Areas;
- Secondary Growth Areas;
- Moutse and KwaMhlanga Area;
- Summary of Projected Population;
- Primary Water Demand;
- Domestic Water Demand;
- System Leakage Losses;
- Summary of Projected Primary Water Demand;
- Non-domestic Water Demand;
- Projected Mixes of Levels of Service;
- Zoning of the Study Area;
- Future Groundwater Use;
- Water Balance Study;
- Macro Technical Options;
- Local Level Technical Options; and
- Infrastructure Development Plan.

In discussion the following points were made:

- Mr Fenner cautioned that existing supply lines to Warmbaths and Mankwe have no spare capacity to supply additional communities;
- Mr Fenner indicated that the potential exists for a new mine at Boschkoppe and this should be taken into account in the Study.
- A meeting is to be held within DWAF shortly to initiate a project using Finnish funding to investigate water quality and prepare a development plan for the Apies River;
- The future role of TLC's which operate large water treatment works such as Bronkhorstspruit and Brits are of significance;
- Mr van den Berg indicated that a new sewage treatment works is being developed by Pretoria Metro to serve western Pretoria. The destination of return flows from this new plant has not yet been decided (Crocodile or Apies River). Return flows are likely to be directed into the Crocodile River system.
- Mr Fenner asked if the developments in the environs of the Hartbeespoort Dam have been taken into account. Mr Sawara indicated that this had been treated as a high growth area.

6. Overview of Initiatives in the Study Area.

6.1 Third Tier

Louise Colvin is overseas and has not provided any briefing notes. Initiatives are in hand to try and involve the 3rd Tier although the immense lack of capacity is recognised. 3rd Tier involvement is to be encouraged wherever appropriate.

6.2 Water Boards

Work on the rationalisation is ongoing but broad issues are generally resolved.

6.3 Internationally Funded Projects

OECF is looking for 3 or 4 proposals for funding from which they will make a selection, (three page submissions on perspective projects are required by the end of September). There are 3 possible candidates in the Study Area, (water supply in Manque, Klipvoor, and in Moretele 2). Work by local consultants to prepare costed technical proposals is almost concluded; the JICA Study Team will cooperate with DWAF as best they can.

7. General

7.1 Phases 2 & 3

JICA headquarters will decide on budgets for Phases 2 and 3 after the Final Report is submitted. The duration is not yet decided but work is likely to commence in early March 1997.

7.2 Representation on PMC

An invitation to attend the next PMC meeting is to be sent to Mr Rowen Duvel - Rand Water Board (Tel: 496 2180/9 Fax: 496 1096).

Nick Fenner will brief Mr Buys of Brits TLC.

8. Dates and Location of Future Meetings

The proposed date of the next PMC is around 21 October. The meeting will include an interim discussion of the capital investment plan and cost recovery.

The subsequent meetings of the PMC and PSC will coincide with presentation of the Draft Final Report and are currently scheduled as follows:

PMC	14 November 1996
PSC	19 November 1996

Mr Pyke thanked all those present for attending and JICA for their continued support.

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THE STUDY ON
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REPUBLIC OF SOUTH AFRICA

Meeting held on Thursday 14th November 1996
at 10h00,
Room 847, Residensie Building, Schoeman Street, Pretoria

Attendance:

Name	Organisation
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South African Side:

L. Colvin	DWAF
N.J. Fenner	Magalies Water
P.D. Pyke	DWAF
P. McMurray	DWAF
O.J. van den Berg	DWAF
P Fernandez	DWAF (North West Province)
P. Molelekeng	Rustenburg District Council
M. Lekota	Rustenburg District Council
R. Duvel	Rand Water
S. Tigele	Rand Water

Japanese Side:

K. Sato	JICA Advisory Committee
Y. Omura	JICA Advisory Committee
S. Matsumoto	JICA Headquarters
S. Kadowaki	JICA Study Team
J. Nagy	JICA Study Team
Y. Miyanishi	JICA Study Team
T. Hart	JICA Study Team
S. Sawara	JICA Study Team
C. Mannall	JICA Study Team
I.J. Bettesworth	JICA Study Team
T. Oda	JICA Study Team

1. Welcome by Chair

Ms Colvin welcomed everyone to the meeting and participants introduced themselves.

2. Apologies

These had been received from :

Mr Pelpola (DWAF)
Mr van Zyl (DWAF)
Johan van Aswegen (DWAF - Mpumalanga)
Fanie Vogel (DWAF - North West)
Eastern DC
Mr Lloyd (Highveld DC)
North West Water Authority
Mr Tahara (Japanese Embassy)

3. Agenda

Agreed as presented.

4. Approval of Minutes of the PMC Meeting of 18th September 1996

These were approved without amendment.

5. Matters Arising

5.1 Boundary Issues (item 4.2, previous minutes)

Mr Nagy briefly recapped concerning progress. Mr Pelpola had requested that boundaries be resolved according to a set of principles and through a wider process of consultation, rather than on a bilateral basis. It had been agreed that a group be constituted to address the question, led by Peter Pyke. The issue is complex, as indicated in the map contained in the supporting document tabled at the meeting. The areas of particular concern are the Barnardsvlei area and the Rand Water Supply Area more generally. Another question related to the Eastern Zone where DWAF and BODA are reviewing the nature and extent of a possible new water board. The priority is to clarify the principles. The JICA Study relates to the Study Area which is wider than the existing Magalies ESA.

A paper on proposed principles for resolving boundary issues was included in the document prepared for the meeting.

Mr Pyke explained that a resolution regarding existing boundaries has been reached and that these are not in dispute. However they may need to be reconsidered in the long term. He then reviewed the proposed principles set down in the document and asked for comments or suggestions of any further considerations to be taken into account.

Mr Fenner noted that the liability and existing contractual obligations of Rand Water must be taken into account when considering boundary issues.

Rowan Duvel said that differential water tariffs on either side of boundaries and the cost of water (based on water board size, viability, tariff equalization and DWAF levies) need to be considered.

Mr Fenner asked for clarification concerning the legal implication of the Water Law Review on boundary issues. The review is still in the early stages of preparation. The role of the Development Facilitation Act in this regard was also raised. Political and water board boundaries should coincide where possible.

It was agreed that the principles form the basis to move forward. The next stages of the JICA Study will provide information, particularly on technical and financial considerations, on which to base such decisions but the political decisions by their nature cannot be resolved by the Study.

5.2 KwaNdebele (item 4.3, previous minutes)

British ODA has approved certain further studies but a new water board structure would almost certainly require support from some existing organization. It is appropriate that the Study Area includes Kwandebele as there is definitely potential for MW to provide (non financial) support in the area.

Ian Bettesworth noted that Highveld DC are pursuing DBSA funding for implementing a scheme in Moretele 2, and suggested that the role of TLCs acting as water boards is also an important peripheral issue. Louise Colvin commented that the general approach is not to interfere where an existing arrangement is working. Peter Pyke advised that it is within the constitutional competence of local authorities to provide such services within their area of jurisdiction. A local solution to suit the circumstances is required. The DFA will force the district councils to consider how things will develop in the long term and broader perspective. DWAF cannot interfere within their area of jurisdiction because they are empowered under the constitution.

Mr Fenner advised that Rustenburg TLC had this week made initial enquiries about the possibility of MW taking over the Bospoort WTW.

5.3 Pilot Projects (item 4.4, previous minutes)

Mr Kadowaki reported on this item. The selection criteria are explained in the Draft Final Report on page 10-2. From 30 community case studies, 7 potential projects were identified as shown on the location map in the section 1.3 of the handout. Finally four projects were selected for implementation. These are:

- Kameelboom;
- Sehoko;
- Ga-Rasai;

- Bapong

Each of the first three lie within one of the Feasibility Study areas (one in each Supply Zone). Further discussion on the terms of reference will follow during the workshop session.

5.4 Implementation Schedule (Item 4.4.3, previous minutes)

Mr Kadowaki referred to the implementation schedule in the handout. Phase 1 (Master Plan) will be completed in December 1996 with submission of the Final Report and Phases 2 (Feasibility Study) and 3 (Pilot Projects) will follow in early February 1997. The break in April is due to the Japanese fiscal year system and will result in a break in both Phases 2 and 3. Mr Kadowaki referred to the principal tasks as shown in the schedule. Work will conclude in October 1997. By August 1997 appraisal of project suitability for an OECF loan will begin so the team will make preliminary submissions.

Mr Fenner expressed concern at setting precedents and asked that close liaison with Rustenburg DC and other District Councils be followed to avoid the development of parallel structures. Contact with the most of the appropriate district councils has already been made on this issue and the preliminary nature of the proposals will be noted in the TOR.

6. Workshop Session on the Draft Final Report

The slides used for the presentations were included in the handout for the meeting.

6.1 Overview of Phase 1 Study

Mr Kadowaki explained the work to date comprising:

- the Situational Analysis (January to May);
- Gap Analysis (16 major gaps were identified during two workshops);
- Policy & Strategy Recommendations (June to August) reported on at the July PSC;
- Technical Solutions (July to September);
- Infrastructure Plan and study on water resources availability;
- Institutional Development Plan (August to October) based on the Policy & Strategy Recommendations;
- Capital Investment Plan (August onwards) based on the Policy & Strategy Recommendations; and
- Technical Solutions which included identification of 3 high priority areas for Phases 2 and 3 implementation programme.

6.2 Water Supply Infrastructure Development

Mr Sawara spoke on the infrastructure development plan and began by asking "Whose development plan is this?" which he answered by "all stakeholders in the Study Area" which we should not lose sight of. He then summarised the findings by answering several questions:

- Where will the growth occur ? Principally in the Temba / Soshanguve area but also along axes from Rustenburg to Thabazimbi and Rustenburg to Brits axes).
- What is the population growth ? From 3.1 million to 5.3 million by 2015.
- How will the water demand grow ? From 200 mcm/a to 332 mcm/a by 2015.
- How can the demand be met ? Options are from a combination of groundwater and surface water. There is currently a heavy reliance on groundwater but there is very low potential due to quality and quantity concerns so proposals have been prepared based on surface water. As a result of increased return flows existing resources should be sufficient to enable the projected 2015 primary water demand to be met. Two other cases tested (no increase in RW importation and 80% of return flows) and the resources were still adequate.
- What additional expansion of infrastructure will be required ? - Vaalkop WTW and Temba/Kudube WTW will require significant expansion.
- What would be the size of the necessary capital expenditure ? - an estimated 2.5 billion Rand including indirect costs (engineering, VAT and contingencies).
- What will be the major problems foreseen in the future? - no major problems are anticipated except a deterioration of raw water quality as return flows increase.
- Which areas lack the minimum RDP standards and should be prioritised ? Three areas were identified: northern Mankwe, Klipvoor and Moretele 2. These should be pursued in the Feasibility Study.

Mr McMurray asked what would happen if the projected return flows didn't arise. Ockie van den Berg clarified that DWAF have recently investigated the level of return flows and have an ongoing monitoring programme. The process of channelling return flow will be managed by DWAF who consider water supply from a national perspective. Unilateral decisions to divert return flows are therefore a significant risk. Improvements in technology which improve recovery from wastewater in future could have an impact on return flow.

6.3 Institutional Development Plan

Tim Hart spoke on institutional development in the Study Area. Institution development is highly interactive and so it is difficult to look at one aspect in isolation. The aim of the chapter in the report is to pick up on linkages, avoid isolating individual sectors, and focus on Third Tier because this is the greatest challenge in the Study Area and indeed the country. The nature and priority of the First and Second Tier response depends on an understanding of the Third Tier. The report addresses stereotypes (eg there is actually an uneven spread rather than a total lack of capacity). Three priority responses are proposed, aimed at lagging District Councils, vulnerable communities, and institutional support. The definition of the Third Tier adopted for the Study is broad and includes

NGOs and community based organizations. Two types of capacity were described: internal capacity (HR, technical, process, financial) and external capacity (the enabling framework, mandate, access to support networks, legitimacy). The coloured matrix in the handout demonstrates that capacity varies considerably within the same types of organizations. Planning capacity is lacking in many areas and is a vital issue. Generative capacity comprises planning and implementation.

6.4 Institutional Structures

Julian Nagy spoke on the Second Tier. The proposals are options or possibilities and other alternatives may exist. The proposals constitute the views of the Study Team but the institutions concerned are ultimately responsible for the final solution.

Four important institutional implications arise as described in the handout.

- restructuring within 3 zones;
- capacity varies within zones so structure accordingly;
- Third Tier support will need to vary to be able to provide help where necessary; and
- new functions.

Some functions are best centralised and others decentralised, as explained in Fig 8-2 of the main report.

New functions arise from the changing emphasis: The need for a growing base of bulk customers gives rise to the need to support the Third Tier to ensure that this sector emerges as future customers. DWAF policy also dictates a role for water boards to rectify imbalances from previous policy. New functions are described in the handouts and the Report.

Figure 8-3 shows possible new functions to be added to the overall framework by 2002 (short term). These include bulk supply development, and capacity for training and project implementation. Third Tier support and interim resourcing and decentralised functions which might take many forms (agency, secondment or transfer of resources to Third Tier structures). Figure 8-4 shows a long term arrangement of functions where functions relating to development and projects are consolidated. It was emphasised that the proposals are the Study Teams proposals based on the technical solutions and are not a definitive conclusion.

In future the terminology should possibly be changed to "spheres" rather than "tiers" as the new constitution will reflect this non-hierarchical terminology. Also boundary changes in 1999 are possible.

6.5 Capital Investment Plan / Evaluation and Prioritization

Mr Miyanishi introduced the Capital Investment Plan and explained the basic assumptions. The engineering group had calculated the amount attributable to the RDP and other costs for bulk and retail as shown in the graphs. These had been estimated per Supply Area.

The cash balance simulation model which is included in the Supporting Report was explained.

The overall cash balance is negative for an interest rate of loan at 10% (although Central Zone is positive) but the equalising rate was found to be 9.7%.

EIRR/ FIRR were calculated by Zone and the way ahead was summarised in the handout.

Mr Fenner noted that raw water tariffs will increase. Since the estimated capital investment costs are mind-boggling, a more detailed sensitivity analysis is necessary especially on cost recovery and the calculated tariff.

Mr McMurray noted that the amounts exceeded the likely annual allocation of RDP funds available from the Provincial funds and Mr Fenner noted that no money is available for RDP 4 at present.

It was agreed that the figures begin to quantify the problem and the cost implications of policy and reflect a particular development approach. Sanitation costs are not included. There is a gap in policy concerning rural development strategy. While people have a constitutional right to water, the policy regarding water supply may be reviewed when the costs start to be realised.

7. TOR for Phase 2 - Feasibility Study

Page 10-6 of the Main Report refers to the proposed TOR. Mr Kadowaki briefly outlined the stages comprising data collection, project formulation, preliminary design and final CIP, IEIA.

7.1 TOR for Phase 3 - Pilot Projects

Tim Hart referred to the pilot studies, and to the selection criteria and the process followed. Preliminary discussions with the communities and District Councils concerned have begun although further discussions are required. The infrastructure content in each case would not be large due to fiscal and time constraints.

Project definition would need to be finalised in partnership with the local authorities and the communities concerned however the possible content of each community was explained. Bapong would inform on issues of unauthorised connections and payment issues.

The principles and TOR were outlined as shown in the handout. Tim confirmed that the communities would be involved in the selection of contractors as well as other stages of the projects. Steve Tigele suggested that Bapong is not currently served to RDP standard (but to the former Bophuthatswana Government standard of 500 m), and questioned whether the input should be only institutional.

Mr Fenner asked if schemes using Prepaid meters and incorporating institutional development have been considered. He also asked that support be considered to ensure

that the proposals made by the JICA team are implemented. It was suggested that there is a need for assistance to organizations like Eastern DC or planning forums. Issues relating to District Council capacity/ community capacity / systems (eg metering), could also be part of the pilot projects. Mr Sato suggested that the appropriate methods for addressing institutional support can be addressed in the Feasibility Study.

8. Discussion

8.1 Security of Supply

- (1) Ian Bettsworth explained the philosophy applied in the water balance study was to return water to the river system for use downstream in the Study Area rather than treating it in the PWV area and importing potable water. On economic grounds the approach assumed by the study is preferable and should be the policy applied by DWAF.
- (2) Between 2002 and 2005 the shortages apply to irrigation water rather than primary water due to the penalty structure which works in favour of industrial and domestic users.
- (3) Mr Fenner said that Magalies Water were very concerned at the low level of Hartbeespoort before the rains earlier this year. Also the BKS study overestimated water available (their worst case was better than actual conditions); also what amount of water is available at Hartbeespoort given deoxygenation due to rotting hyacinth.

8.2 Higher Levels of Service

It was noted that the Study has been based on minimum service levels. While it will take many years to reach these minimums, we should not lose sight of the fact that higher levels of service (which is what communities expect) will have a major impact on demand in the long term.

9. Summary

In order to enable the Study Team to finalise Phase 1 it was necessary to get confirmation of the points arising from the Report which need to be considered. To this end Julian Nagy presented a summary of points raised in the meeting which is attached as Appendix 1. This was confirmed.

10. The Way Ahead

10.1 Final Report

The Final Report marks the end of Phase 1 and Phase 2 will start in February. It was considered as to what to do with the Report now. It was noted that the Gap Analysis particularly identified issues of relevance nationally which should be published as widely

as possible. It was requested that a 5 or 6 page briefing document be prepared for wider circulation to other stakeholders who have been involved in the Study. People need to be able to take informed decisions; to this end the information needs disseminating to empower people.

10.2 Reference Index

Given the large number of documents produced in Phase 1 it was proposed that a form of reference index to the documents should be prepared i.e. Title of document and a one paragraph description of what the document contains. This would be useful to stakeholders wishing to access the information in future.

10.3 Library

A copy of each document should go into the DWAF library. It is desirable that an electronic copy of all documents is made available.

10.4 District Council Participation

It was noted that the district councils are keen to participate in the study and its meetings but don't have the resources to do so. Eliciting their participation in Phases 2 and 3 will be essential and the Study Team will need to find ways to make this feasible.

10.5 Implementation of Strategies and Recommendations

Mr Fenner raised the question that while many valuable recommendations had been made in the course of Phase 1, how these implemented has not been made clear. He felt that the Study Team could make a valuable contribution in this regard. Louise Colvin echoed this sentiment and noted that this was particularly an issue with regard to institutional proposals. Mr Sato indicated that this support would be provided under the framework of Phase 2 (Feasibility Studies). The terms of reference of the Study Team will need to make adequate provision for this.

10.6 Mobilisation Workshop

It was noted that the Study Team's work for Phase 1 is now coming to an end and that there would not be opportunity to discuss proposals with the wider stakeholder group at this stage. It was therefore proposed to hold a workshop in February where feedback could be obtained on the Final Report and the outputs discussed with stakeholders. This workshop would also serve the purpose of mobilising key players in preparation for Phases 2 and 3.

11. Closure

Mr Fenner proposed a vote of thanks to JICA and the Study Team and referred to the benefit of the high quality of work coming from the Study. Mr Fenner expressed the view

that the Report must be made available as widely as possible.

Mr Kadowaki thanked everyone for their cooperation on behalf of the Team and confirmed that the final report would be available at the beginning of December.

Mr Sato also thanked the South African members and noted that this is just a milestone and that there will be further benefit from the phases still to come. He stressed the importance of resolving the cost recovery issue, this being the central challenge to water supply in the Study Area.

Confirmed

L Colvin
Director : Organisational Development
Department of Water Affairs and Forestry : Pretoria

Date

Appendix 1

SUMMARY OF KEY POINTS

BOUNDARY ISSUES

Key points:

1. Boundaries have been resolved at present.
 2. There should be sufficient flexibility to consider minor adjustments in future.
 3. Agreed that principles should guide future adjustment.
 4. Principles proposed need to include:
 - 4.1 Existing contractual obligations.
 - 4.2 Tariff implications.
 5. New legislation needs to be taken into account.(DFA and Water Law Review)
-

KwaNdebele Area

Key points:

1. Any future support by Magalies will not be of a financial nature.
 2. Current developments in the area need to be taken into account e.g. DBSA loan.
-

Selection of Pilot Projects and Feasibility Study

Key points:

1. JICA will finance the pilot project implementation, feasibility study and some institutional support.
 2. District councils must be involved in the selection process.
-

Implementation Schedule of Phase 2 and 3

No matters arising.

Initial Capital Investment Plan

Key points:

1. Figures are extremely large.
 2. Raw water costs will be higher in future.
 3. Unrealistic to assume that there will be full cost recovery. Analysis needs to show alternative scenario with lower level of cost recovery.
 4. High cost arises from a low level of density of communities. Perhaps there is a need for differentiating rural development strategy.
-

Evaluation and Prioritisation

There were no matters arising.

TOR for Phase 2 (Feasibility Studies)

Key points:

1. Need to address the issue of how the Study Team supports the process of implementing the many recommendations made in Phase 1, particularly institutional needs.
-

TOR for Phase 3 (Pilot Projects)

Key points:

1. Communities need to be involved in all stages of the process.
2. Need to understand precisely what will be delivered by the pilot projects.
3. Why can't we have a "pilot project" dealing with a program rather than a project. e.g. institutional development for district councils, planning process for area forums, cost recovery etc. To be addressed under feasibility studies.

Overview of Phase 1

No matters arising.

Water Supply Infrastructure Development

Key points:

1. Plan is based on assumption of return flows which could be diverted in future. Noted that DWAF manage the overall distribution of water in SA (and hence the region) and need to secure supplies as per the plan.
 2. Need to look at sensitivities more carefully.
-

Institutional Development Plan

Key points:

1. Noted that resolving the Third Tier capacity issues is the challenge in the Study Area.
-

Implementation of the Project and Institutional Structures

Key points:

1. Confirmed that the study area is currently structured in two zones.
 2. Current structure in terms of centralisation - decentralisation is similar to option presented.
 3. Need to adopt current terminology on levels of government.
-

4.3 Workshop meetings

- (1) 1st Workshop meeting held on 25th June, 1996, at Rustenburg District Council**
- (2) 2nd Workshop meeting held on 23rd July, 1996, at Rustenburg District Council**

MINUTES OF

GAP ANALYSIS WORKSHOP

REGARDING

THE STUDY ON

THE EXPANSION OF CAPACITY OF MAGALIES WATER

REPUBLIC OF SOUTH AFRICA

Workshop held on Tuesday 25th June 1996
at 9h00,
Rustenburg District Council, Conference Room

Attendance :

J Nunes	RDC	E Loubser	GLS Metro
SC Vogel	DWAF : Mmabatho	L Lloyd	Highveld DC
AS Bezuidenhout	Rustenburg TLC	CH Cloete	Rustenburg TLC
SM Tigele	NWWSA	P McMurray	Bivater / Mand R
JS Coetzer	MW	PA du Plessis	Klerksdorp DC
VR Oppel	MW	P Forsyth	Deloitte
Marc Maleta	Deloitte	S Jazyker	Deloitte
C McKudu	Deloitte	F Mouton	Greater Pretoria MC
H Lombard	Greater Pretoria MC	P Fourie	Brits TLC
D Nwenya	Brits TLC	G v Zyl	Rand Water
H Oberholtzer	Rustenburg DC	V Strauss	EVN
OJ van den Berg	DWAF	P Ramsden	EVN
M Ranamane	DWAF	P Pyke	DWAF
AE Sibani	RDP	Z Mhluli	RDP
Mr Baloyi	RDP	RM le Roux	MW
PT Botman	KDC	VS Mbomvu	Council KwaMhlanga
MG Maluleki	Council KwaMhlanga	SS Mahlangu	Official KwaMhlanga
JD Sibanda	Chairman - RDP Greater Saulspoort	MG Pilane	Dep Chief
CW Browne	Dept Housing - Gauteng	NA Matota	Dept Local Govern. - Northern Province
MSM Motshebi	Eastern Rand DC	MC Penyane	TDC ER
DD Moruapheko	TDC ER		

Formal Apologies :

S Kadowaki JICA Study Team

L Colvin	DWAF
K Pelpola	DWAF
F van Zyl	DWAF
DE Afrika	MEC, Mmabatho
Mr Dombo	MEC, Northern Province
Mrs K Surtee	Rustenburg DC

1. Welcome

Peter Pyke welcomed participants on behalf of the Department of Water Affairs and Forestry and JICA. He said that the JICA Magalies Expansion project is part of a structured approach to secure water supply and sanitation all over South Africa. The JICA study area overlaps those of the Danida (North West Province) and ODA (Northern Province, Mpumalanga) support programmes, but the work being done is complimentary.

Mr Pyke said that the central task of the workshop was to find the bridge that will span the gap between the present situation and the various development targets to be discussed at the meeting. The ultimate objective is to get water and sanitation to all that need it.

2. Setting the Scene

Mr Y Miyanishi thanked delegates for their interest on behalf of JICA, and explained that the Study Leader, Mr Kadowaki, is presently in Japan for further negotiations with JICA. He then provided background to the study, outlining the overall objectives. He also presented the objectives of the workshop itself (copies of the overhead slides used in the workshop are contained in the attached document entitled "Gap Analysis Workshop"):

- * The presentation of development targets and gaps with reference to
 - the 2nd tier
 - the 3rd tier
 - planning and technical issues
 - financial issues
- * Examine and test the targets and gaps
- * Determine the necessary input for further study works

Tim Hart addressed the current status of the JICA Magalies Study (see attached overhead slides). He explained that the process has various stages (situational analysis, gap analysis, strategy and policy formulation, development of a master plan and implementation of pilot projects). The gap analysis is a key part of the process, and comprises various steps:

- * A summary of the present situation (from the situational analysis)
- * A summary of development targets
- * Determination of the gaps between present situation and the development targets

- * Testing the gaps (the purpose of the gap workshop)
- * Refining the gaps (the job of task teams to be formed at the workshop)
- * Confirmation of the gaps (at a second gap workshop)

Mr Hart also outlined the principles and guidelines underpinning the JICA project:

- * The study has implications that extend beyond Magalies Water
- * The study has both policy and delivery implications
- * The study is a process, and the views are those of the study team
- * Stakeholder participation is sought wherever appropriate
- * The study seeks to transfer information and technology

3. Presentation of Preliminary Gap Analysis Data

3.1 *Second Tier*

Julian Nagy presented gap analysis data relating to the 2nd tier (summary overhead slides are in the attached document. Details of the gap analysis are in the document entitled "Gap Analysis Development Target, Present Situation and Comments on Gap". This is also attached for information). Themes addressed by Mr Nagy included:

- * Expanded area of supply
- * Execution of policy
- * Supply of services (in some areas)
- * Creation of third tier capacity
- * Funding of development
- * Transfer of services

Peter Pyke clarified the roles of Local Water Committees and Local Authorities in terms of the development target of transferring capacity to the third tier. He said that *Local Authorities have the primary role in this regard. LWCs will play their part where needed. Where both institutions are present, the LWCs will be accountable to Local Authorities.*

3.2 *Third Tier*

Paul Forsythe presented gap analysis material relating to the third tier (summary and detailed information is in the attached documents). The key themes covered were the following:

- * Roles and responsibilities
- * Planning
- * Integration and co-ordination of service
- * Skills and capacity
- * Human resource development
- * Community involvement

3.3 *Policy, Finance and Cost Recovery*

Charles McKudu presented the gap analysis findings in the area of policy, finance and cost recovery (see attached documents for details). The themes included in the discussion were:

- * Policy principles (relating to water supply and sanitation)
- * Sources of financing for services
- * Cost recovery
- * Subsidies
- * Tariff policy
- * Payment

3.4 *Engineering Issues*

In presenting material relating to technical/engineering issues, Peter Ramsden explained that he would not focus on gap issues, since these are the subject of further study in the context of the JICA study programme. He explained further that the technical investigation already initiated would refine gaps that are identified. The purpose of the presentation was test some of the assumptions that will be taken forward into the technical investigation. The themes covered were:

- * White Paper development targets
- * Level of service mix

- * Range of demand projection
- * Range of per capita consumption
- * Demand vs water availability
- * Integrated water resource development
- * Water supply infrastructure

Against the background of the presentation, Gert van Zyl asked whether the notion of integrated catchment management was still actively pursued. He commented that catchment management considerations are important in the context of an expanded area of supply for Magalies Water. This issue was held for discussion in the small group sessions.

4. Group Discussions of Issues Arising

Julian Nagy introduced tasks to be tackled by small groups. He explained that planning in the water sector is very complex. The question is where do you start. In this context, the gap analysis is a very useful instrument. It defines the "playing field" in very practical terms, and provides a base for planning.

After discussion it was decided that two groups should be formed. The first would concentrate on matters relating to institutional arrangements and policy and strategy frameworks. The second group would deal with planning and infrastructure issues. The brief to the groups was to:

- * Discuss the gaps as presented, and give comments and views
- * Identify the key gap issues
- * Express views on the work of the task teams that will carry forward the workshop initiative

4.1 Report Back: Planning and Infrastructure

The planning and infrastructure group focussed particularly on the gap analysis presented in Section 3 of the attached gap analysis document. Apart from the specific matters summarised below, it was agreed that the analysis as presented formed a sound base for further planning. The following seven themes were selected for special attention:

4.1.1 Gap: The regulation of infrastructure between catchments

This was introduced as a new gap issue. Present thinking around the expansion of

Magalies Water is only partially based on catchments. This has the potential to make resource management and the regulation of infrastructure more complex.

4.1.2 Gap: Review of the White Paper development target - RDP minimum level of service by 2002

In discussion it was concluded that whilst there are sound economic and social reasons for the adoption of a minimum standard (25l per day at no more than 200 metres), current evidence suggests that the proposed implementation time is optimistic. It was pointed out that a number of variables have to be taken into account in determining what is possible:

- * Population growth
- * Increased consumption as a result of upgrading and development
- * More detailed information regarding the number of communities to be served
- * The implications of other forms of domestic consumption such as animal watering
- * The implications of the implementation of cost recovery at community level
- * Environmental requirements
- * Regulation/non-regulation of illegal connections

Related to the above, the setting of design horizons was identified as a complex yet important issue. In this context, the importance of long term and regionally based planning was emphasised. Often, quick delivery options are short sighted and have very constrained horizons.

4.1.3 Gap: Integration of water resource and water supply planning

Group members felt that water resource and water supply planning should be more integrated than at present. Planning roles are not well defined, and more co-ordination is possible. For example, local authorities want to know how they fit into the planning process, and what they are expected to contribute. Further, planning should be validated by potential beneficiaries, and agreement should be reached on the way forward.

The notion of a bulk planning/co-ordination forum was tested among members of the group. Suggestions regarding possible participation were tabled.

4.1.4 Gap: Planning for upgrading

Development targets envisage the upgrading of services under certain circumstances

(eg. the willingness and ability of users to pay for service upgrading). Presently, there is little experience regarding the technological options for upgrading (and the associated costs), or regarding the ways in which upgrading might be organised and financed at local level. The gap identified by the group is the resulting difficulty of predicting service mix trends at different urban and rural locations. This has implications for infrastructure planning and for the setting of planning horizons.

4.1.5 Gap: Formulation of an effective cost recovery strategy

It is well known that many communities have services, but do not pay for them. A basic policy principle (and development target) is that users must pay for water. To bridge the gap is clear that payment must be mobilised. The gap is to find the correct mix of training, negotiation, understanding of local circumstances, incentives, organisational capacity and the legal and regulatory instruments to mobilise payment on a large scale.

4.1.6 Gap: Integration and appropriate timing of development inputs

Development is often a combination of the right elements and of timing. For example, the implementation of local water schemes has to link (at the right time) infrastructure, institutional and organisational development, and training. In addition, these processes have to have the full support and participation of the local authorities and communities concerned. It seems that the timing issue is not always considered, with the consequence that physical implementation runs ahead of local management capacity, or vice versa. The gap therefore has to do with the integration and appropriate timing of development inputs.

4.1.7 Gap: Clarity on the roles of District Councils in the provision of bulk water

District Councils clearly have an important third tier role in the provision of water supply and sanitation services. A gap is the lack of clarity regarding the role of the Councils in respect of bulk water. In discussion, it was suggested that the notion of bulk water needs to be more carefully defined. For example, it may well be the case that District Councils could take responsibility for link services. However, it is difficult to be unequivocal on the matter of roles. There will always be a grey area, and roles will have to be negotiated. Often the central question will relate to which organisation can provide bulk with maximum cost effectiveness.

4.1.8 Comments on gap presentation

The following comments were offered following the presentation of the small group on planning and infrastructure:

- * From a community perspective, there seems to be potential for conflict over the use of resources. For example a metropolitan authority may draw water from a source close to a village or community, but may be unwilling to serve them.

- * Rivalry cannot be permitted to dictate the use of water resources. Legal and policy frameworks need to be improved, especially in the context of the new provincial dispensation.

4.2 Report Back: Institutional Arrangements and Policy and Strategy Frameworks

This group worked directly on the material contained in the gap analysis tables (attached document), and made certain amendments. The summary below refers to the tables, and should be read in conjunction with these:

4.2.1 Table 1; Item 1.1 - Magalies Water

- * Point on the financial autonomy of Magalies Water. An additional note to the current situation should refer to the phasing out of operating subsidies for functions taken over from North West Water Authority.
- * Point on the phasing out of operations and maintenance subsidies. The comment on the gap should make reference to the means - for example job creation to enable users to pay. Also to ways of financing levels of service for which people are willing to pay. This matter should be more fully researched. Other issues of importance include unemployment, the education of users, community involvement in development and Masakhane promotion. A response to the gap might be strengthen DWAF liaison with all district and local authorities.
- * Point on MWB annual reports. The development target should be to make a concerted effort to communicate with the public served.
- * Point on representative boards. Gap comment should suggest third tier representation on all boards.

4.2.2 Table 1; Item 1.2 - North West Water Authority

- * Present situation for NWWA should note that the organisation is involved in 3rd tier operation and in the provision of bulk water.
- * Point on annual reports. Gap comment should note the need to make communities more involved and the need for transparency.
- * Point on NWWA support to small local water supply systems. Gap comment should ask for clarity on the source of subsidisation.
- * Point on tariff equalisation. Gap comment should note that scope for cross subsidisation is limited.

4.2.3 *Table 1; Item 1.3 - Provincial Government*

- * Point on ensuring the correct functioning of local government. Gap comment should note the need for the definition of responsibilities in terms of the new constitution.
- * Point on provincial borrowing power for infrastructural development. Gap comment should note the need for a review of the roles of local and provincial government.

4.2.4 *Table 1; Item 1.5 - District Councils*

- * Point on the provision of water and sanitation services in rural areas. Gap comment should note the possibility of District Councils using Local Water Committees to augment capacity.

4.2.5 *Table 2; Item 2.3 - Integration of services*

- * Point on the establishment of effective communication. Gap comment should note that this is the responsibility of all tiers of government.

4.2.6 *Table 4; Item 4.6 - Tariff policy*

- * Point on transferring some functions to the private sector. Gap comment should note the need for a regulatory framework.

4.2.7 *Table 4; Item 4.7 - Non payment*

- * Gap comment should note the need for legal mechanisms to ensure cost recovery in cases of non-payment. Government policy is needed in this regard.

4.2.8 *Comments on gap presentation*

A number of comments arose out of the gap presentation. The following is a summary of these:

- * The question of accountability of Boards needs further attention. For example, one might argue that local authorities should be represented in terms of new developments in the water sector, but to whom will they be accountable - to the board or to their constituents? There are several matters to be borne in mind in considering the accountability issue:
 - Water Boards have the potential to deal with matters of service delivery outside of the political sphere. They can be relatively objective.

- Water Boards are agents of the government. This is a direct line of accountability.
 - There is potential for Water Boards to be more transparent to users.
 - Other models are worth study. For example Eskom works through joint management structures.
 - Is there merit in looking at different ways of selecting Water Board members? Perhaps they should be elected in some way.
- * Processes of accountability, transparency and communication in the water sector and elsewhere are not perfect. The critical challenge is to acknowledge that we are all partners with a common task - that of ensuring that water supply and sanitation is available to all.
 - * Much of our discussion is focussed on the organisations that are formally responsible for water delivery. A big gap is in our understanding of the dynamics of communities.
 - * The JICA study is aware of the need to improve our understanding of communities. An in-depth investigation of 30 case-study communities was undertaken as part of Stage 1. This has yielded important results that are of significance to the planning and strategy process. For example, a number of communities have to deal with conflict among structures claiming to represent the people, or to have jurisdiction over the deployment of resources. Hence it is not always possible to assume that elected local government representatives have a fully accepted mandate to plan and deliver water supply and sanitation.

5. Prioritising the Gaps

Tim Hart asked delegates to list the gap issues they considered to be the most important. These are summarised in the table below:

CATEGORY	GAP ISSUE
Organisation/Communication	<ul style="list-style-type: none"> * More co-ordination in water sector * More communication * Clarity on roles and responsibilities * Forging partnerships * Involvement of stakeholders * Joint management * Simplify institutional arrangements

CATEGORY	GAP ISSUE
Cost Recovery and Finance	<ul style="list-style-type: none"> * Cost recovery * Entrenching the concept of the economic value of water * Clear cost recovery and tariff policy
Legal and Regulatory Framework	<ul style="list-style-type: none"> * Policy with respect to regulation * Comprehensive legislation * Clear policy and legal framework
Service/Social	<ul style="list-style-type: none"> * Effective local government * Building the capacity of District Councils * Identify and solve crisis situations

6. The Way Ahead

Julian Nagy reminded participants that the workshop is the first of two. The second gap workshop will take place on 23 July. He explained the process incorporating the two workshops as follows:

- * The first gap workshop has had the primary objective of testing and refining the elements of the gap analysis; development targets, current situation and gaps between these.
- * Task teams are to be formed during the current session of the first gap workshop. Their brief is to further refine the gaps, to rephrase these in operational terms, and to propose strategies to deal with the gaps.
- * The work of the task teams will be presented at the second workshop, where delegates will confirm the views presented.

In discussion, it was decided that task teams might be formed around the following themes:

- * Finance and cost recovery
- * Enabling environment/ roles and functions (incorporating policy, legal and institutional frameworks)
- * Third tier reform (including capacity and planning)

It was agreed that Magalies Water and the District Councils should be represented on all task teams, and it was suggested that local authorities participate in the first and last of the listed teams. In response to a request for nominations to the task teams, the delegates selected two task team participants over and above those who will be involved ex officio. They are:

- * Mr M Maluleke
- * Deputy Chief Pilane

Mr Nagy thanked those involved in the preparation of the workshop for their assistance. He also thanked delegates for attending and for making an important contribution to the gap study.

6. Closure

Fanie Vogel closed the proceedings with the following remarks:

- * Thanks to JICA for investing in an opportunity to assist water delivery in South Africa.
- * Thanks to participants.
- * Partnership is at the heart of the challenge we face, especially the partnership between the Boards, local authorities and communities.
- * There are many tough issues to be tackled, including financing for high levels of service, illegal connections and cost recovery. We should regard these as opportunities and not insoluble problems.
- * We all lack capacity. Therefore we must use our time effectively, and not duplicate. We should support and build upon the capacity of our partners.
- * The discussion of integrated catchment management has illustrated the need to look beyond the local, and to see a broader picture.
- * There is an urgent need for ongoing communication and co-ordination. The level of commitment evident at this workshop is very pleasing.

MINUTES OF

GAP ANALYSIS WORKSHOP

REGARDING

THE STUDY ON

THE EXPANSION OF CAPACITY OF MAGALIES WATER

REPUBLIC OF SOUTH AFRICA

Workshop held on Tuesday 23rd July 1996
at 9h00,
Rustenburg District Council, Conference Room

Attendance :

**Department of
Water Affairs**

M Ranamane	DWAF	S Marais	DWAF
PD Pyke	DWAF	JM van Aswegen	DWAF: CWSS - Mpumalanga
L Colvin	DWAF	P Fernandez	DWAF
OF van den Berg	DWAF		

Magalies Water

N Fenner	Magalies Water	VR Oppel	Magalies Water
OB Mphachoe	Magalies Water		

**Rustenburg
District Council**

J Cunniff	Rustenburg DC	JM Tshite	Rustenburg DC
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**Rustenburg
TLC**

N Venter	Rustenburg TLC	AS Bezuidenhout	Rustenburg TLC
C Cloete	Rustenburg TLC		

Brits TLC

MG Seitishi	Brits TLC
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**Bronhorstspuit
TLC**

PH Fourie	Bronkhorstspuit TLC
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**Kwamglanga
TLC**

S Mahlangu	Kwamglanga TLC	Mrs Mbomvu	Kwamglanga TLC
Mr Maluleka	Kwamglanga TLC		

**Eastern Gauteng
DC**

OJ Gerber	Eastern Gauteng DC
GJ Gerber	Eastern Gauteng DC

Klerkdorp DC

PH du Plessis	Klerkdorp DC
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Huhundi DC

NK Khonkobe	Huhundi DC	BE Bumedi	Huhundi DC
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**Department of
Land & Housing
N. Province**

N Mateta	Department of Land & Housing N. Province
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**Eastern Region
District Council**

S Ramodike	TDC Eastern Region
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Nirobsla TLC

P Mngusi	Nirobsla TLC
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**Shakung Water
Committee**

C Mmoledi Shakung A Pheto Shakung

Mvula Trust

G Gumbi Mvula Trust

**Stewart Scott
Inc.**

J Marshall Stewart Scott Inc.

Rand Water

S Tigele Rand Water

RDC

J Nunes RDC

**Deloitte &
Touche**

P Forsyth D&T S Lear D&T

S Jazyuka D&T

**JICA Study
Team**

J Nagy JICA S Kadowaki JICA

Y Miyanishi JICA C Mannall JICA

T Hart JICA S Sawara JICA

V Schreuder JICA

R Rossouw - Otto Langenegger -

P Ramsden

PR

J Moloantoa

Formal Apologies :

K Pelpola

DWAF

F van Zyl

DWAF

Mr Dombo

MEC, Northern Province

Mrs K Surtee

Rustenburg DC

1. WELCOME

Mr Nick Fenner of Magalies Water welcomed delegates. He reflected on a water conference that he had attended in Toronto. There a key theme had been the question of national resources. Mr Fenner expressed the view that a theme of this workshop might be the need to work together toward the development of the water sector in South Africa.

2. CONTEXT OF THE JICA STUDY

The JICA Team Leader, Mr S Kadowaki, welcomed delegates on behalf of the JICA Study Team. He reminded delegates of the overall objectives of the JICA Magalies Study. These are:

- To formulate an overall and strategic framework/master plan for the appropriately phased, long term, sustainable development of water supply infrastructure (and the development of sanitation) including appropriate second and third tier support, in the extended supply area of Magalies Water (MW). A priority programme up to the year 2002, and an extended programme up to 2015 should be included.
- To conduct a feasibility study for priority projects to be selected from the strategic framework/master plan to promote water supply services in the study area and to consider sanitation options; and
- To share technology on planning methods and skills with the counterpart personnel of Magalies Water and the Department of Water Affairs and Forestry (DWAF), and other participating organisations.

Mr Kadowaki noted that the expansion of the capacity of Magalies Water was more complex than simply extending an existing supply area. There are many institutions and actors that will have to play key roles and co-operate in ensuring that water services reach users in the extended supply area. In this context, he requested constructive inputs from workshop delegates.

3. OBJECTIVES OF THE WORKSHOP

Mr Y Miyanishi of the JICA Study Team outlined the objectives of the gap analysis process of which the present workshop is a part:

- To determine the gaps between the capacity and readiness of water sector actors and infrastructure in the extended supply area, and the mandate and challenges posed by seeking to extend supply in terms of policy.
- To determine issues that require particular attention.

Mr Miyanishi explained that the Gap Analysis had followed a particular process, in which the first gap workshop had served the purpose of confirming development targets and the assessment of the current situation. Task Teams had been formed at the first workshop to

refine this material, to develop the gap descriptions and to explore policy and strategy options. The second gap workshop would focus more specifically on the gaps, and on actions that might be taken to address these.

The objectives of the Second Gap Workshop are the following:

- Presentation of Task Team findings
 - Institutional environment
 - Third tier reform
 - Finance and cost recovery
- Confirm gaps and agree implications
- Explore ways to tackle gaps
- Look at next steps

4. PROGRESS TO DATE

Tim Hart of the JICA Study Team reviewed progress to date. He summarised the challenge being faced by Water Boards in terms of the new water supply and sanitation policy in terms of a diagram (see document entitled "Expansion of Magalies Water - Gap Analysis Workshop (2)"). He explained that Water Boards were being asked to extend supply and to support the third tier in the short to medium term, and to return to their core business in the long term. The core bulk business will serve a wider group of customers in the long term, and this market may continue to expand. These challenges have implications for organisations like MW, both in terms of the manner they organise themselves, and in terms of the relationships they form with others in the water sector.

Mr Hart then outlined the JICA study process, explaining the link between the Stage 1 Situational Analysis, the current Stage 2 Gap Analysis/Policy and Strategy process, and further Study activities. These links are outlined diagrammatically in the attached Gap Analysis Workshop (2) document. The gap process, and particularly the activities linking the two workshops, was also explained diagrammatically. In conclusion Mr Hart drew five principles underpinning the JICA Study (and the workshop) to the attention of delegates:

- The study has inward and outward impacts
- The study has policy and delivery implications

- The study has a Magalies Water focus, but the broader water sector context is very important
- Participation and partnership are regarded as key facets of the project
- The JICA Study is a process. The views expressed at the workshop are derived from the process and should not be seen necessarily to reflect the views of the key stakeholders involved.

In discussion of the material presented by Mr Hart, the following points were raised:

- The study appears to focus on the North West Province. Why are officials from other provinces involved?

In response, it was explained that the extended study area includes portions of four provinces, North West, Mpumalanga, Gauteng and Northern Province. Further, many of the issues being addressed are relevant to the country as a whole. Hopefully many can benefit from the resolutions that are generated.

- The present workshop is not really a technical discussion. Rather it deals with institutional and process issue that can be exported. This supports the viewpoint expressed above.
- It is important that local authority representatives have access to workshops of this kind, because supply of water at local level is their primary responsibility. Water Boards also have key water supply functions, but this is not a role of provincial government.

The role of Water Boards was elaborated further, as follows. Water Boards are able to manage the supply of water in areas incorporating a number of local authorities. They will also work across Provincial boundaries if necessary. Their operations are based on geographic, technical and economic considerations.

5. TASK TEAM PRESENTATIONS

Each of the three task teams presented the outcomes of their deliberations. These are summarised in the attached document "Gap Analysis - Workshop (2)", and detailed in the attached "Gap Analysis - Refinement, Implications, Prioritisation and Recommendation. The presentations dealt with each gap issue under the following headings:

- **Context.** Background to the gap, capturing the present situation and the development targets.
- **Gap.** The identified gap between situation and targets.
- **Implications.** The possible outcome if the gap persists, and the implications for solutions.

- **Recommendations.** Actions and processes that might be mobilised to address the gaps.

5.1 INSTITUTIONAL ENVIRONMENT TASK TEAM

This Task Team placed its work in the context of the following institutions: National DWAF; Regional DWAF; Water Boards; Provincial Government. A summary of the presentation is contained in the table below:

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<ul style="list-style-type: none"> * New policy direction set by White Paper * 1956 Water Act still the chief legislation 	<ul style="list-style-type: none"> * Defining and regulatory legislation for institutions is not a reflection of policy 	<ul style="list-style-type: none"> * Shifting policy and reinterpretation of the White Paper * Difficult to prioritise service to communities 	<ul style="list-style-type: none"> * Speed up new Water Act * Identify legislative incentives/ measures to promote provision of services to communities
<ul style="list-style-type: none"> * MW given new roles and responsibilities 	<ul style="list-style-type: none"> * Lack of clarity on roles and responsibilities of 2nd tier organisations 	<ul style="list-style-type: none"> * Differing expectations of roles and responsibilities of Water Boards 	<ul style="list-style-type: none"> * Support Provincial Planning Forums as venue to debate these roles * DWAF to engage MW on more bilateral basis
<ul style="list-style-type: none"> * Effective water supply involves all tiers of government * Coordination and communication difficult in transforming society 	<ul style="list-style-type: none"> * Lack of coordination and communication - leading to different perspectives on objectives and methods to build water supply capacity 	<ul style="list-style-type: none"> * Limited acknowledgement of complexity of water supply * Side issues overstated * Personalities can dominate * Top down approaches encouraged 	<ul style="list-style-type: none"> * Emphasis on consultative and human relations oriented management * More exposure of Boards to development environment * Management development * Review DWAF communications strategy
<ul style="list-style-type: none"> * Water Boards required to fill weak third tier capacity * RDP and community projects more complex and time-consuming 	<ul style="list-style-type: none"> * Institutional capacity to implement projects on basis of WP guidelines 	<ul style="list-style-type: none"> * Possible project delay * Expectations of 2nd tier not always met * Water Boards lose motivation in new role 	<ul style="list-style-type: none"> * Help Water Boards tailor targeted support, esp in areas of cost recovery and financial management * Develop support networks * Management development

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<ul style="list-style-type: none"> * Historic role of Water Boards in bulk supply, and commercial experience in this sector * Now encouraged to act in the retail sector 	<ul style="list-style-type: none"> * WB commercial experience in bulk but less familiar with the retail sector 	<ul style="list-style-type: none"> * Lack of WB clarity and confidence in dealings with retail sector 	<ul style="list-style-type: none"> * Creation of a service cooperative to pool capacity between institutions
<ul style="list-style-type: none"> * Many communities lack RDP level of service * Project deal with bulk supply and improving service levels 	<ul style="list-style-type: none"> * Water Boards have limited capacity to involve communities 	<ul style="list-style-type: none"> * Difficulty with implementation of project at retail level * Difficulty in implementing alternative approaches 	<ul style="list-style-type: none"> * Build capacity in community liaison and use different actors for different types of liaison
<ul style="list-style-type: none"> * White Paper and RDP have set deadlines for creation of capacity * Expectations of a full programme of support 	<ul style="list-style-type: none"> * Lack of programme and timeframe for the establishment of capacity at third tier 	<ul style="list-style-type: none"> * Role of Provincial government unclear and unintegrated * Third tier capacity building complex and not solved in short term 	<ul style="list-style-type: none"> * Water Boards and government departments to exchange information on provincial and regional economic development plans * Provincial departments of Local Government to communicate their initiatives
<ul style="list-style-type: none"> * Despite support, the perception exists that the White Paper is short on implementation experience 	<ul style="list-style-type: none"> * Policy does not always reflect the socio economic realities of the ESA 	<ul style="list-style-type: none"> * Impractical development targets * Loss of confidence in planning 	<ul style="list-style-type: none"> * Broad based policy formulation ensuring the involvement of implementers

Comments and questions raised following the presentation were as follows:

- Has the study considered the role played by LWCs, or is the focus only on Water Boards?

The Third Tier Reform Task Team looked in more detail at the LWCs.

- The study may place too much emphasis on the lack of capacity. It should also consider the capacity available at third tier level.

- The JICA Magalies study is a good example of a change management process at second tier level. It will assist in catalysing change at this level. By contrast, the transformation need of the third tier are not being addressed.
- The politicisation of water is a matter that will have to be addressed. Service delivery has to become the emphasis.

5.2 THIRD TIER REFORM TASK TEAM

The Third Tier Reform Task Team indicated that their findings were based on research among District Councils, TLCs, Tribal Authorities, LWCs, RDP Committees, NGOs and Capacity Building Consultants. The presentation is summarised below:

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<ul style="list-style-type: none"> * Upheaval of transition * Institutions required to perform differently * New policy and legal framework not in place * Relative inexperience of some third tier actors 	<ul style="list-style-type: none"> * Lack of clarity re roles and responsibilities expected by DWAF * No certainty regarding changing roles of LWCs in relation to TLCs * Difficulty faced by DWAF in tailoring specific guidelines for TLCs 	<ul style="list-style-type: none"> * Confusion * Leadership not communicating vision effectively * Communication from DWAF interpreted differently at different levels 	<ul style="list-style-type: none"> * Capacity building in all aspect of management at third tier level * Re examination of DWAF communications strategy
<ul style="list-style-type: none"> * Third tier organisations have to manage a complex basket of services * DWAF and MW not able to lead the integration process 	<ul style="list-style-type: none"> * Provision of integrated and coordinated services is weak in some areas 	<ul style="list-style-type: none"> * Separation of services further weakens local authorities * Potential benefits of economies of scale lost 	<ul style="list-style-type: none"> * District Councils to lead coordination and integration of services at third tier
<ul style="list-style-type: none"> * HR development in the water sector is scattered and uncoordinated * Precise training needs are not known * Homelands are products of under development 	<ul style="list-style-type: none"> * No skills and training audit * Identify sources of training * Chronic shortage of urban management capacity 	<ul style="list-style-type: none"> * Lack of reliable information on capacity shortage and oversupply * Cost recovery campaigns have limited impact * Increasing health risks * Homelands more destitute 	<ul style="list-style-type: none"> * Planning and coordinated skills and training programmes * Govt allocations for third tier training * Homeland TLCs prioritised * LWCs to augment capacity * Create a service cooperative

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
<ul style="list-style-type: none"> * Widespread vagueness over precise roles in development planning * No easily accessible development framework 	<ul style="list-style-type: none"> * Poor understanding by third tier organisations of their role in development planning 	<ul style="list-style-type: none"> * No development targets and sense of direction 	<ul style="list-style-type: none"> * Establish a planning framework relevant to the third tier * Water planning champions at third tier
<ul style="list-style-type: none"> * Community involvement sometimes routine * International experience indicates the importance of involvement 	<ul style="list-style-type: none"> * Community involvement is not seen as directly related to cost recovery 	<ul style="list-style-type: none"> * Failure to recover costs * Conflict among community organisations in struggle for legitimacy * Community participation discredited 	<ul style="list-style-type: none"> * Focused management of community involvement around defined outcomes

The following comments were offered following the Task Team presentation:

- The question is often asked regarding the length of the so-called "transition" period. The first critical horizon is the next set of elections. If delivery has not taken place on a significant scale before then, the implications for local government could be very serious indeed.
- The emphasis on homeland areas diverts attention from TLCs and rural areas in the former RSA that also have serious capacity problems.
- The notion of a service cooperative is interesting, but even this institution will have to be managed. Hence the capacity issues identified elsewhere will apply in this areas as well.
- Community involvement is clearly very important. However, it is not reasonable to expect full and effective participation if our quick-track development imperative fails to ensure functional and sustainable projects and processes.
- The Development Facilitation Act could well act as the catalyst to integrate water into broader planning processes. The water sector should give attention to the potential of the DFA.

5.3 FINANCE AND COST RECOVERY TASK TEAM

The Finance and Cost Recovery Task Team began their presentation by defining certain key terms. These included capital costs, O&M costs, tariffs, internal control, financial management and capacity (details in the attached Gap Analysis Workshop (2) document). The presentation dealt with seven gap issues:

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
* White Paper sets forth broad goals regarding 3rd tier capacity building, expanded Water Board responsibility and WB assistance to 3rd tier	* WP objectives not met by technical capacity (eg personnel capacity and capital capacity)	* Lack capacity in accounting, billing, customer relations, personnel, internal controls * Limited cost recovery as a result	* Pool resources in a service cooperative * Use the private sector * Develop internal capacity
* Transition is changing roles and responsibilities of institutions	* Roles and responsibilities not clear * R&R not assumed or assigned * Lack of communication contributes to gap	* Lack of accountability, internal controls, common goals and initiative	* Team/ management development * High level meetings on roles and responsibilities * An environment of productive communication * Clear goals and targets with tools and incentives
* High level of non-payment, linked to perceptions of poor service, historical non-payment and water belonging to communities * Billing capacity continues to deteriorate	* Gap between policy view that water has value and actual practices	* Inability to achieve cost recovery * Subsidisation * Sustainability questionable * Increase in water related illnesses * Reduction in quality of life	* Local responsibility for promoting value * Financial and training support from 1st and 2nd tiers * Marketing campaign linked to capacity to bill and collect * Introduce a service cooperative

CONTEXT	GAP	IMPLICATIONS	RECOMMENDATIONS
* Policies lack clarity, achievability and acceptability	* Gap between and within existing policies and frameworks	* Conflict between policies * Policy devalued	* Cost recovery and enforcement * Achievable and acceptable RDP goals * Subsidise limited water for low income * Empower institutions to borrow on their own account * Responsibility for service and collection clearly assigned
* Overstaffing in some institutions, lack of capacity in others	* Overstaffing and understaffing co-exist	* Inefficient deployment of resources * Excessive costs	* Overall audit of skills and personnel, and redeployment * Establish a service cooperative
* Policy requires cost recovery	* Inability in some cases to achieve full cost recovery	* Subsidisation of operating costs * Redirecting government funds from other areas * System degeneration	* Two part tariff * Use private sector * Establish kiosk system * Determine actual cost of full cost recovery * Moratorium on illegal connections * Incentives for cost recovery and service provision
* The RDP has set development targets for the water sector * The costs of providing water to households (even at RDP baseline) are high	* Insufficient capital resources at third tier to implement RDP standard or expanded standard	* Inability to implement RDP minimum standard * Limitation on new development * Limitation of instituting O and M capacity	* Soliciting capital resources * Revolving pool fund * Two level tariff * Seed capital for new institutions to build capacity

Comments following the presentation included the following:

- The capacity issue is important, but generalisation obscures variability. For example, MW has proved that it has the capacity (HR and technical) to fulfil its present role.
- The matter of mobilising new capital deserves a lot of attention. What are the sources, and what are the constraints? What will local authorities need to do in order to access

capital, and how can other tiers of government help?

- The notion of a campaign to explain and promote the economic value of safe water has merit. However, lessons must be taken from the Masakhane campaign. A national water awareness initiative should not duplicate, but must build on complimentary programmes.
- There are still many views regarding the resolution of the unauthorised connections issue. These range between views that promote the legalisation of existing connections and the empowerment of informal contractors to those which simply wish to outlaw all present and future unauthorised connection.

It is of course certain that the solution will lie in a mix of actions combining empowerment, technical innovation and appropriate enforceable penalties.

- For effective local development planning to take place, it is necessary to look at the total cost of development. There are often costs that are not considered, and the basic information needed is often not available.
- The constitution may guarantee an equitable share of financial resources generated at national level to the third tier. The impact of this on policy and strategy development at the first and second tiers will require analysis.
- The mechanisms, levels and criteria attached to staff and financial transfers require attention. For example, it is the view of actors at third tier level that the transfer/reallocation of staffing must imply the permanent transfer of the associated financial resources.

6. REPORTS FROM SMALL GROUP SESSIONS

Three small groups discussed the material presented by the Task Teams. The groups were formed around the three Task Team themes:

- Institutional Environment
- Third Tier Reform
- Finance and Cost Recovery

The small groups were asked to tackle three tasks:

- Confirm the gaps as presented by the Task Teams, and agree modifications and new gaps where these are considered necessary.
- Identify and motivate priority gaps.
- Propose actions to address the gaps identified (what should be done, by whom, and within which timeframe).

The three small group reports are summarised below.

6.1 REPORT ON INSTITUTIONAL ENVIRONMENT

The group gave attention to eight issues:

INSTITUTIONAL ENVIRONMENT	
1. Policy and Legislation Gap	<ul style="list-style-type: none"> * The JICA study should make specific input into the water law review process.
2. Clarity on Roles and Responsibilities	<ul style="list-style-type: none"> * There should be communication among stakeholders at all levels regarding roles and responsibilities. Workshops may be worthy of consideration here. * Area level communication should be promoted. Area forums have an important role.
3. Coordination and Communication	<ul style="list-style-type: none"> * In thinking about coordination and communication, it should be recognised that problems associated with these are not universal or uniform. Actions must therefore be carefully targeted.
4. Capacity to Implement Projects	<ul style="list-style-type: none"> * Financing for higher levels of service needs attention. At present few are prepared to pursue this because it is perceived that loans involve high risks. * One way forward is to share the risks. Government must determine how much of the risk it is prepared to share. * Organisations that promoted non-payment should be given the opportunity to unblock the logjam.
5. Community Participation	<ul style="list-style-type: none"> * Water Boards should invest in staff to promote linkage with communities. * Area planning forums should be formed/encouraged/enipowered. * The role of Water Boards in community participation needs to be clarified. Use of existing structures might avoid unnecessary duplication.
6. Capacity Building at Third Tier	<ul style="list-style-type: none"> * Focussed and coordinated programmes are needed. Linkages and mutual support mechanisms are essential.
7. Socio-Economic Aspects	<ul style="list-style-type: none"> * Holistic development programmes are required to ensure sustainability.
8. <u>New Gap: Recognise the differences between urban and rural situations (eg with reference to tariff proposals).</u>	

6.2 REPORT ON THIRD TIER REFORM

This group addressed six issues:

THIRD TIER REFORM

1. Institutional Roles and Responsibilities

- * In addressing this the emphasis should be on practical guidelines and experience and not overarching policy.
- * District and area-level forums should be used for consultation and communication around roles and responsibilities.
- * It is important to test and understand the capabilities of existing institutions in order to realistically tackle relevant and feasible roles and responsibilities. Simply allocating roles does not ensure that they are accepted or acted upon.

2. Integration and Coordination of Services

- * Local authorities are charged with delivering a basket of services. Forums to discuss the pros and cons of planning and administering these in an integrated manner should be investigated.

3. Human Resource, Skills and Capacity Development

- * The focus on former homeland areas is possibly misleading.
- * Capacity development involves much more than training. Whatever is undertaken in this regard will fail unless it is completely tuned to local needs and circumstances.
- * Wherever possible training efforts should be coordinated, or at least should share lessons and technology.
- * Technical training is a candidate for some rationalisation/centralisation.

4. Planning

- * Activities around the Development Facilitation Act must be communicated. District Councils have a central role in this regard.
- * Attention must be given to the links between the DFA and water supply planning.
- * Do not create new planning institutions - work with those that exist.
- * Planning has to be accompanied by monitoring and assessment. This matter requires attention.

5. Community Involvement

- * Community involvement is a complex matter. It deals with the relationships between communities and other organisations, and relationships within communities. It also has to do with the enabling environment that ensures that community participation is meaningful and effective. Community is best defined by shared interests. Participation must recognise those interests and engage them.
- * It is important to support the role of elected local officials with regard to community participation. However, this should not neglect the role that can and should be played by other community-based organisations (eg civics, tribal authorities, NGOs).

6. New Gap: Guidelines for the transfer of assets and people - especially from other tiers to the 3rd tier

6.3 REPORT ON FINANCE AND COST RECOVERY

Following the discussion of this theme by the small group, the rapporteur presented viewpoints and possible solutions to gap issues under seven headings. The rapporteur indicated that he had interpreted and reworked the group's deliberations for the purpose of presentation.

FINANCE AND COST RECOVERY

1. Level of Service

- * The gap between RDP standards and aspirations is real and must be addressed. Lack of clear action in this regard may reinforce non-payment
- * A choice has to be made between options: mobilise to meet the aspirations, or put effort into alternative methods whereby basic RDP standards can be upgraded.

2. Formation of a Service Cooperative

- * Local government should lead such an initiative.
- * Service cooperatives should not compromise local authorities.

3. Payment Culture

- * A policy on non-payment is needed (the stick). Intervention may be required initially to enforce policy regarding non-payment and unauthorised connections.
- * Payment will only happen if it is locally driven. Positive incentives like job creation and entrepreneurial opportunities should be balanced with social pressure to pay.
- * An integrated and carefully planned awareness campaign is necessary.
- * Link development to payment wherever possible.

4. Tariff Determination

- * If tariffs are to be seen as fair and equitable, they should be locally generated as far as possible.

5. Integration

- * It is clear that appropriate levels of integration should be pursued in the areas of planning, service provision and funding.
- * Much of the integration should be initiated and driven at provincial and District Council level.
- * The Development Facilitation Act has potential to facilitate integration, through vehicles such as Area Planning Forums and Planning Tribunals.

6. The Way Ahead

- * Pilot projects are necessary, and should be third tier focused.
- * Management assistance is urgently required by local government.

7. Communication

- * An inclusive water sector and development sector communication strategy should be pursued actively.

6.4 DISCUSSION OF SMALL GROUP PRESENTATIONS

- Communication problems were emphasised by all three groups. Does this imply that they are universal?

They probably do exist in all areas of the water sector, but they take different forms, and have different implications.

- With different kinds of communication problems being evident, it becomes very difficult to formulate appropriate strategy? Did the task teams deal with this?

The task teams did look at the issue of communicating roles and responsibilities. It is probably fair to say that the issue is less that of clarity on roles and responsibilities, and more to do with a lack of communication of what different water sector actors are *doing*.

If this is the case, then the communication vehicle has to be appropriate. We like the idea of interactive forums on roles and responsibilities, where locally-owned solutions can be shared and not simply handed down.

- It is correct to emphasise the role of Sanco, RDP Forums and other community-based actors. Masakhane is to be revamped with greater community and stakeholder participation. This initiative should also be taken into account when seeking to address water issues like awareness and payment.
- The Water Boards should perhaps look at Area Planning Forums as a link with communities. They might be very useful for communication purposes, but also as an institution within which to discuss and mobilise capacity building.
- It was suggested earlier that the confusion around roles and responsibilities has to do with the lack of information regarding what different water sector actors are doing to formulate these roles for themselves. A problem is the different ways in which these roles are being interpreted. It will be necessary for organisations in particular areas to get together and to sort through these interpretations.
- A balance has to be found between guidelines regarding roles and responsibilities and a process where actors determine and negotiate these roles for themselves. The various Planning Forums could play an important and proactive role in facilitating this process.
- Assistance to the third tier from first and second tier government has been proposed. This needs to be thought through very carefully. For example, it would be problematic for central government to end up paying salaries of third tier officials.

There is no doubt that assistance is needed by some third tier institutions, and that grants in this regard would be useful, whatever the source.
- Local government is a complex phenomenon, and there are different realities. It is not possible to treat local government as a single body.

- This is the case, yet one has the feeling that staff transfers to the third tier do not recognise the different needs.
- With regard to staff transfers, the commitment on the part of all actors should be place people where they will be most effective. The "how" has to be negotiated.
- It is important that former NWWA staff in the extended supply area are treated according to this principle. The question of appropriate placement might be taken up by the area planning forums.

7. PRIORITISATION OF ACTIONS

Tim Hart introduced the session. He explained that the purpose would be to look at the actions proposed by the Task Teams (and modified by the small groups), and to prioritise them. The problem is to find the most appropriate basis for prioritisation. The Task Teams had discussed the issue of prioritisation and it became evident that there are many ways in which to determine the relative importance of various actions:

- The contribution to "fast track" delivery.
- The contribution to sustainability.
- Reflecting the priorities of diverse stakeholders.
- The most likely to reward effort and collective action.
- The most likely to generate wider positive "spin offs".
- The most likely to become a fatal flaw if not addressed.

It was agreed that the last three criteria should guide discussion at the workshop. The following were identified by delegates as areas requiring priority action:

- Resolving the debate around the level of service. This cannot be left in a state of flux, because unhappiness can (and already has) result in the entrenchment and extension of non-payment. The choice is to revise policy, or to devise ways to empower those who want a higher service level to take the necessary action. In essence, a view has to be taken whether the resolution of this debate is a standards issue, or a matter of methods to move beyond the minimum standards.

- A key to effective water delivery on the scale required is the solution of the cost recovery problem. Once payment starts, the incentive to provide services is there. This is the foundation from which development and delivery proceed. The challenge is to find the right mix of incentives and enforcement. The difficult issue of enforcement has to be faced sometime, but incentives must also receive attention. For example, linking payment to development, or equalising tariffs. Further, strategies to address non-payment should focus on the people who are not paying. In this respect some form of social pressure might be most effective.
- The tariff equalisation issue is complex. It may encourage payment in some situations, but if consumers feel they are not getting the service others are receiving, it may act negatively. Further, tariff equalisation may conceal the true value of water in some local situations.
- In cost recovery and in other aspects of water delivery there will be different solutions for different communities. This is where pilot projects may be very important - a means to test and refine local solutions. It is also important that relevant ideas and experiences should be recorded and shared. Processes to facilitate this should be investigated and implemented wherever relevant.
- Support to local government in the service delivery process is very necessary. However, there is a danger of creating too many organisations where the capacity already exists.
- One of the incentives attached to water services is the possible creation of jobs.
- There are cases where communities have agreed to pay for water, but for reasons which have emerged later, have changed their minds. The level of service issue plays a role here, especially where consultation has been inadequate. Thorough consultation coupled to a written commitment or contract might be the right combination.
- We should be careful not to generalise or exaggerate the non-payment issue. There are communities that are prepared to pay. What they need is education regarding the realities of the supply of services. In some situations prepaid meters have been very effective. The benefit of the system is that it is simple and self-regulating. Evaluations of the existing examples should be undertaken and shared with others grappling with ways to collect payment. It should also not be assumed that prepayment is the best solution in all situations.
- Looking at prepayment is worthwhile, but it would be a mistake to rely on technology. The most important thing is to find out what will make people want to pay. If they want to pay, the cost recovery issue is solved. In many ways we are not close enough to people to ascertain their views. This is a serious weakness.

8. CLOSURE

Louise Colvin closed the workshop. She thanked participants for their creative contributions, and wished them well.

JICA