

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

DEPARTMENT OF WATER AFFAIRS AND FORESTRY
THE REPUBLIC OF SOUTH AFRICA

THE STUDY
ON
THE EXPANSION OF CAPACITY OF
MAGALIES WATER
IN
THE REPUBLIC OF SOUTH AFRICA
(PHASE 1)

FINAL REPORT

SUPPORTING REPORT (D)
POLICY AND STRATEGY OPTIONS

DECEMBER 1996

JICA LIBRARY



J 1141069(3)

SANYU CONSULTANTS INC.

NIHON SUIDO CONSULTANTS CO., LTD.



SSS

JR

96-13



1000



SUPPORTING REPORT D : POLICY AND STRATEGY OPTIONS

TABLE OF CONTENTS

ABBREVIATIONS AND TERMINOLOGY

CHAPTER 1 INTRODUCTION

1.1	Background	1-1
1.2	Composition of Master Plan Report	1-3
1.3	Objectives of Policy and Strategy Options	1-3
1.4	Approach to Policy and Strategy Options	1-3
1.5	Participation	1-4
1.6	Key Considerations	1-4

CHAPTER 2 PLANNING APPROACH

2.1	Introduction	2-1
2.2	Planning Objectives	2-1
2.3	Conceptual Framework	2-2
2.4	Planning Activities	2-4

CHAPTER 3 IMPLICATIONS OF AND RESPONSES TO GAP ANALYSIS

3.1	Introduction	3-1
3.2	Summary of Gaps	3-1
3.3	Nature of Response	3-1
3.4	Direct Responses to Identified Gaps	3-2
3.5	Understanding Systemic Responses to the Identified Gaps	3-2
3.6	Conclusion	3-3

CHAPTER 4 POLICY AND STRATEGY OPTION RECOMMENDATIONS

4.1	Introduction	4-1
4.2	Focus	4-1
4.3	Nature of Recommendations	4-2
4.4	Recommendations	4-2
4.5	Conclusion	4-13

CHAPTER 5 PREREQUISITES FOR ACTION

5.1	Introduction	5-1
5.2	Enabling Conditions for Implementation	5-1
5.3	Allocating Roles & Responsibilities	5-2
5.4	Capacity Requirements Framework	5-3



1141069 (3)

5.5	Enabling Change in the Study Area	5-4
-----	---	-----

CHAPTER 6 : IMPLEMENTATION STRATEGY & STRUCTURE

6.1	Introduction	6-1
6.2	Summary of Implementation Requirements	6-1
6.3	Recommendations	6-2
6.4	Next Steps	6-4

LIST OF TABLES

Table 3-1	: Gaps to be Addressed in Terms of Policy & Strategy	3-4
Table 3-2	: Symptomatic Recommendations by Gap Issue	3-5
Table 3-2	: Symptomatic Recommendations by Extension Challenge	3-10
Table 4-1	: Alignment of Recommendations to heads of the Study	4-4

LIST OF FIGURES

Figure 1-1	: The Formulation of Gap and Policy and Strategy Responses	1-6
Figure 1-2	: Organisations Participating Workshop	1-6
Figure 2-1	: Conceptional Framework	2-2
Figure 3-1	: Linkage Between Gaps	3-13
Figure 5-1	: Initiating Implementation	5-6
Figure 5-2	: Components of Capacity	5-6

LIST OF APPENDICES

Appendix 1	: Gap Analysis Critical Path
Appendix 2	: Gap Analysis / Policy and Strategy Process
Appendix 3	: Participants in Task Team
Appendix 4	: List of Group Issues and Initial Recommendations from Stakeholders. Workshop 23 July 1996.

ABBREVIATIONS AND TERMINOLOGY

The following abbreviations are used in this report:

AADD	Annual Average Daily Demand
ANC	African National Congress
BLA	Black Local Authorities
BODA	British Overseas Development Agency
CAPEX	Capital Expenditure
CASE	Community Agency for Social Inquiry
CBOs	Community Based Organisations
CDE	Centre for Development and Enterprise
CIP	Capital Investment Plan
CRDC	Community Reconstruction and Development Committee
CRCS	Crocodile River Catchment Study
CSIR	Council for Scientific and Industrial Research
CWSS	Community Water Supply and Sanitation
DAF	Dissolved Air Flotation
DANIDA	Danish International Development Agency
DBSA	Development Bank of Southern Africa
DC	District Council
DCF	Discounted Cash Flow
DFA	Development Facilitation Act
DWAF	Department of Water Affairs and Forestry
ESA	Extended Supply Area of Magalies Water Board as gazetted in April 1996
ESCOM	Electricity Supply Commission
GIS	Geological Information System
GNU	Government of National Unity
GSWCA	Government Subterranean Water Control Area
GWCA	Government Water Control Area
GWS	Government Water Scheme
IB	Irrigation Board

IBS	Irrigation Board Scheme
IDT	Independent Development Trust (NGO)
IFR	Instream Flow Requirements
IMT	Interim Management Team
INR	Institute of National Resources
JICA	Japan International Cooperation Agency (the official agency responsible for the implementation of the technical cooperation programmes of the Government of Japan)
LAPC	Land and Agricultural Policy Centre
LRDC	Local Reconstruction and Development Committee (Local RDP Committee)
LWC	Local Water Committee
MSF	Medicines Sans Frontiers
MEC	Member of Executive Committee
MW	Magalies Water Board
NELF	National Electrification Forum (ESKOM Database)
NGOs	Non-Governmental Organisations
NPV	Nett Present Value
NWP	North West Province
NWWA	North West Water Supply Authority
O&M	Operation and Maintenance
ODA	Official Development Assistance
ODO	Organisation Development Officer
OECP	Overseas Economic Cooperation Fund of Japan
PLP	Presidential Lead Project
PMC	Project Management Committee of the JICA Study
PSC	Project Steering Committee of the JICA Study
PWB	Phalaborwa Water Board
PWG	Project Working Group of the JICA Study
PWSSD	Provincial Water Supply and Sanitation Directorate
PWV	Pretoria Witwatersrand Vereeniging triangle (geographical area)
RBC	Rotating Biological Contactor
RDP	Reconstruction and Development Programme

RSA	Republic of South Africa
RSC	Regional Service Council (regional bodies established to facilitate and coordinate service provision across local boundaries. To be replaced by Regional and District Councils)
RWB	Rand Water Board
S/W	Scope of Works
SAMWU	South African Municipal Workers Union
SANCO	South African National Civic Organisation
SCOWSAS	Standing Committee on Water Supply and Sanitation
SDD	Summer Daily Demand
Setplan	Settlement Planning Services Consulting Engineers
SGT	Self-Governing Territories
SR	Service Reservoir
STW	Sewage Treatment Work
SWET	Sanitation and Water Education and Training Program
TA	Tribal Authority
TBVC	Transkei, Bophuthatswana, Venda, Ciskei (former "independant" homelands)
TDS	Total Dissolved Salts
THM	Trihalomethanes
TLC	Transitional Local Council
TMC	Transitional Metropolitan Council
TOR	Terms of Reference
TRC	Transitional Rural Council
VIDP	Ventilated Improved Double Pit toilet (latrine)
VIP	Ventilated Improved Pit Latrine
WP	White Paper
WRC	Water Research Commission
WRYM	Water Resources Yield Model
WTW	Water Treatment Works

UNITS

c	Cent (100c = R1)
ha	Hectare
kg/c/year	Kilograms per capita per year
kl	Kilolitre
kld	Kilolitres per day
km	Kilometre
km²	Square kilometre
l/c/yr	Litres per capita per year
lcd	Litres per capita per day
m³/c/yr	Cubic metres per capita per year
mcm	Million cubic metres
mcm/a	Million cubic metres per annum
mg/l	Milligrams per litre
Mld	Megalitres per day
R	Rand (R1 = 100c)

CHAPTER 1 INTRODUCTION

CHAPTER 1 INTRODUCTION

1.1	Background	1-1
1.2	Composition of Master Plan	1-3
1.3	Objectives of Policy and Strategy Options	1-3
1.4	Approach to Policy and Strategy Options	1-3
1.5	Participation	1-4
1.6	Key Considerations	1-4
Figure 1 - 1 : The formulation of gap and policy and strategy preposes		1-6
Figure 1 - 2 : Organisations participating in Workshop		1-6

CHAPTER 1 INTRODUCTION

1.1 Background

In August 1995, the Governments of South Africa and Japan agreed the scope of work for a technical co-operation programme focused on the expansion of the capacity of Magalies Water (MW). The Japan International Cooperation Agency (JICA) is currently undertaking the study in close co-operation with the Department of Water Affairs and Forestry (DWAF) in South Africa. The initiative to expand the capacity of Magalies Water is a direct outcome of South Africa's new Water and Sanitation policy, which is based on the Reconstruction and Development Programme (RDP). In terms of the policy, institutions like Magalies Water will extend bulk supply networks in the longer term, and will assist in stimulating and supporting local level water supply and management institutions in the short to medium term.

The overall framework of the JICA Study is as follows:

PHASE 1 - Formulation of a Master Plan

Stage 1 - Situational Analysis

Stage 2 - Formulation of a Master Plan up to the year 2015 and priority projects to the year 2002

Stage 3 - Recommendations on study methods and terms of reference for Phases 2 and 3

PHASE 2 - Feasibility Study on priority projects

PHASE 3 - Implementation of selected water supply and sanitation pilot initiatives

Against the background of the overall framework described above, the present JICA Study is concerned only with the Phase 1, formulation of an overall and strategic framework / master plan for the appropriately phased, long term, sustainable development of water supply infrastructure and sanitation, including appropriate Second and Third Tier support, in the Study Area. The formulation of a priority project to the year 2002, and an extended programme up to the year 2015 is included in the present JICA Study.

The first Stage of this Phase was a Situational Analysis. The purpose of this was to understand the socio-economic conditions, hydrological and hydrogeological resources, demand for water, supply of water, existence and condition of infrastructure; present standard and coverage of services, environmental conditions, policy implications, capacity and roles of the First, Second and Third Tiers, water supply attitudes and practices at the community level, financial situation, and water tariffs and cost recovery systems.

The second Stage of the Phase is to formulate a Master Plan which includes the Gap Analysis, the Policy / Strategy Recommendation / Plan, the Preliminary Study of Water Supply System

(Technical Solution), and the Economic/Financial Analysis of the formulated project(s) under pre-feasibility level including an initial capital investment plan.

The objective of the Gap Analysis was to establish a complete understanding of the Gap between the Current State (institutional, technical and financial) of water infrastructures in the Magalies Water Study Area and the desired future state, as presented in the Water Supply and Sanitation policy. The current state has been determined in the Situational Analysis. The future state is identified through key policy documents such as the White Paper on Water Supply and Sanitation, as well as the needs and expectations of the communities and other consumers in the Study Area.

The objective of the Policy / Strategy Recommendation / Plan was: to facilitate and guide the expansion of Magalies Water through practical recommendations regarding policy and strategy; to identify areas of national policy that support/hinder the expansion of MW, and to propose actions to be taken; to identify areas of policy in specific water sector and related institutions that require attention, and to propose appropriate actions; and to propose strategies to deal with institutional and technical gaps that are likely to hinder the expansion of MW, together with strategies that will facilitate the expansion process.

The objective of the Technical Solution was to quantify the technical requirements to achieve the standards and levels of service identified in the desired future state and bridge the Gap mapped out in the Gap Analysis.

The objective of the Economic/Financial Analysis is to quantify both the cost and the benefit to be incurred by and arising from the project proposals which are to be evaluated from various viewpoints of RSA's national economy and the second and third tiers' entrepreneurial stance. The lessons obtained from a series of analysis will be fed to further Phases 2 and 3 of this Study.

Key to the success of the JICA Study is the support and involvement of the main stakeholders in water supply and sanitation in the Study Area - Magalies Water Board, national and regional offices of DWAF, local authorities, district councils, local and Provincial Government, communities and their representative organisations, and NGOs. To ensure that this involvement occurs the following institutional arrangements have been put in place:

- The entire JICA Study is managed by a Project Management Committee (PMC), on which sits representatives of Magalies Water, Department of Water Affairs and Forestry and JICA. The PMC sits approximately once a month; and
- Project Working Groups (PWGs) have been established to oversee the activities of the Study Team and the local consultants. Three PWGs were established, which include representatives of key stakeholders, as well as MW, DWAF and JICA.

1.2 Composition of Master Plan Report

The Final Report is composed of an Executive Summary, Main Report, Supporting Reports and a Data Book. Each Supporting Report covers an individual part of the Study and has been prepared to provide detailed information to the more interested or specialist reader. The Supporting Reports are as follows:

- A General Affairs
- B Situational Analysis
- C Gap Analysis
- D Policy and Strategy Options**
- E Preliminary Study of Water Supply System
- F Institutional Development Plan
- G Economic/Financial Analysis

The Data Book contains primary data and information, and only a limited number of hard copies will be produced which will be held by key stakeholders (such as DWAF and MW). The contents of the Data Book will be made available in electronic format whenever applicable.

1.3 Objectives of Policy and Strategy Options

The objective of the Policy and Strategy Options are as follows:

- (1) To review the results of the gap analysis and define key action areas.
- (2) To formulate policy and strategy option recommendations for addressing the gaps identified.
- (3) To consider draft implementation plans to put the recommendations into effect.

1.4 Approach to Policy and Strategy Options

The full process is laid out in Figure 1-1. Key features are the participatory vehicles (two gap workshops and expert/stakeholder task teams), and the progressive refinement and consolidation of gaps and Policy and Strategy responses.

The critical path of this process is shown in more detail in Appendix 1.

In summary, the steps are the following:

- (1) Summarise present situation (Situation Analysis), define development targets and begin to explore gaps.
- (2) First Gap Workshop. Test the above with stakeholders.

- (3) Task teams refine the gaps, prioritise and begin to formulate a menu of actions.
- (4) Second Gap Workshop. Test and refine Task Team outputs with stakeholders.
- (5) Refine and consolidate workshop findings.
- (6) Conduct "expert workshop" to rationalise gaps and to debate Policy and Strategy Options.
- (7) Present overall process findings to joint PSC/PMC meeting.
- (8) Operationalise Policy and Strategy Options in discussion with key water sector actors, and table proposals.

The planning process outlined above has a number of advantages, particularly in a context of evolving policy, debate around institutional arrangements, and the emergence of representative local government structures with a wide diversity of capacity in the field of service delivery and management. Briefly, these advantages are the following:

- (1) A clear and interactive planning process facilitates meaningful engagement by stakeholders, enabling them to participate in the process and to understand the impacts of their contributions;
- (2) The process is inclusive, and "stakes out" the field of issues to be considered in the formulation of policy and strategy. This ensures that old preconceptions and mindsets do not dominate as the base for planning; and
- (3) The approach is to generate a broad spread of Policy and Strategy Options which can be operationalised in discussion with the actors willing and able to take responsibility for them. Simply allocating roles cannot guarantee action, especially during transition.

1.5 Participation

The level of participation in workshops around the gap/policy and strategy process is indicated in Figure 1-2. This was excellent in terms of both breadth and numbers, and gave effect to the intentions set out in the approach outlined in section 1.3 above.

1.6 Key Considerations

In addition to the context of the overall study which is set out in section 1.1 above, the objectives of this stage need to be achieved with regard to certain key considerations in the Study Area environment. The Study Team has identified the following items to be of particular note.

- (1) There is still considerable policy flux, especially regarding the interaction of the 2nd and 3rd Tiers and the appropriate roles to be played by each in the elaboration of the White Paper. For example, the relationships between Local Water Committees and Local Authorities are receiving attention, particularly in the context of newly elected local Councils.

- (2) The debate on water sector roles and functions in the 3rd tier has to be supported with a clear understanding of the capacity, capability and intentions of the relevant institutions and organisations. The JICA Study will assist in this regard.
- (3) The institutional flux in the Study Area (especially the merger process) makes the formulation of a baseline view of the 2nd tier very difficult. Clearly the Study should contribute to the manner in which this flux is resolved.
- (4) Building and reinforcing relationships of trust with stakeholders is essential: During the inception stage of the project, the building of relationships has been tackled in three ways; involvement of key stakeholders in Study Management Structures, special co-operation meetings with particular groups and institutions, and exposure of the Study through the activities of the consultants. Policy and strategy options will potentially impact many of the stakeholders. Hence it has been very important to ensure that communication has been as inclusive as possible, and that the relationships established are founded on common interests and trust.
- (5) Monitoring initiatives of strategic importance to the study: The JICA Study is one of many related initiatives which have the objective of transforming the water sector in line with new policies relating to water supply and sanitation. In such a transformation environment, it is essential to be informed and flexible. In the Study Area, the Study complements other activities, and in turn is affected by some of them. The key initiatives that must be monitored very closely are the MW- NWWA Merger, for working relationship between MW and RW and Water Board options for KwaNdebele.
- (6) Monitoring policy shifts in the water sector: As a result of the transition process, it is possible that shifts in policy emphasis will take place from time to time. This is particular the case if it is considered that transformation in the water sector will have different goals at different times i.e.:
 - a) In the **short term** the transformation of DWAF and democratisation of Second tier organisations (ie water boards) while maintaining existing service levels.
 - b) In the **medium term** to support institutional development at local level (ie the Third tier) and to build water supply and sanitation capacity by providing technical and financial assistance.
 - c) In the **long term** to ensure that all service provision is the function of local government (with adequate support of provincial government) and that effective transfer of all service provision to local government takes place.

Figure 1-1 : The Formulation of Gap and Policy and Strategy Responses

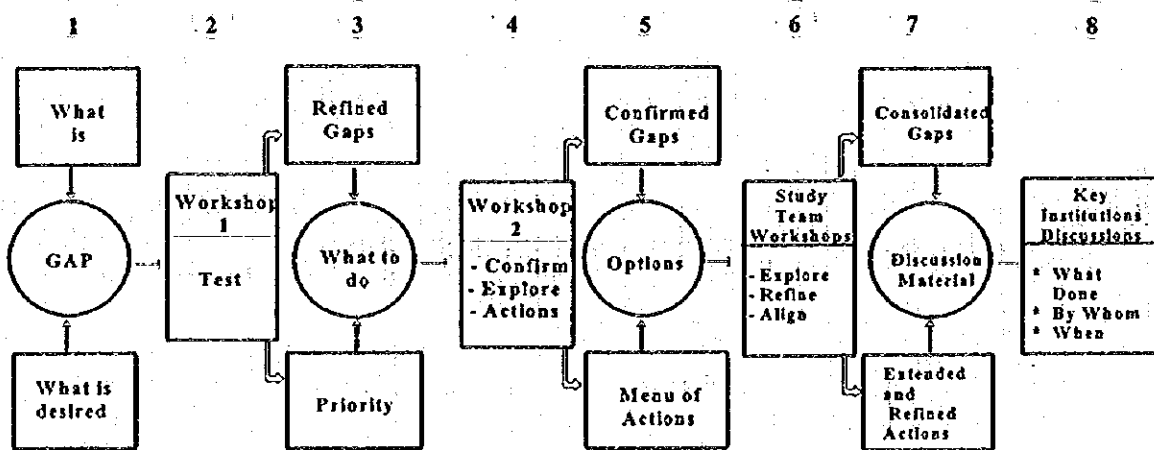
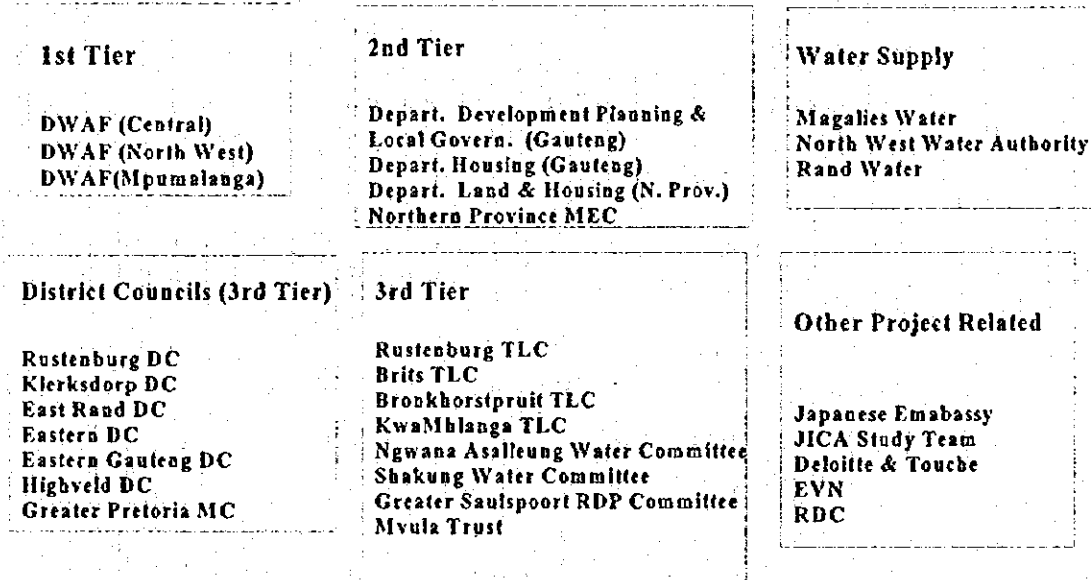


Figure 1-2 : Organisations Participating in Workshop



CHAPTER 2 PLANNING APPROACH

CHAPTER 2 PLANNING APPROACH

2.1 Introduction

This Chapter presents the approach (and methods used) to arrive at the Policy and Strategy Options which are the subject of this report.

The Study Team has devoted particular attention to the process followed for the reason that the Project has an important goal of mobilizing actors in the Study Area to achieve a vision of the future which is substantially different for the past realities. In this respect the Project is part of a broader change and transformation process. How the work has been approached needed to be responsive to this.

The Chapter covers:

- (1) Objectives which the approach sought to achieve;
- (2) The conceptual framework created to put current activities in perspective when they were explained to Stakeholders; and
- (3) Activities which made up the overall process.

Of particular note in the approach is the extent to which the Study Team sought to involve Stakeholders as is emphasised in this Chapter.

2.2 Planning Objectives

The approach to formulation of Policy and Strategy Options has been structured to achieve the following objectives:

- (1) To ensure maximum participation of stakeholders (within the constraints of the time available);
- (2) From the involvement of stakeholders to endeavour to build relationships founded on common interest and trust;
- (3) To yield realistic recommendations which can be implemented within the constraint of the environment;
- (4) To be consistent with existing macro policy principles; and
- (5) To recognise the need for change over time as overall development goals and targets change.

The last point above led to the conclusion that there is a need for of a conceptual framework within which policy and strategy can be developed.

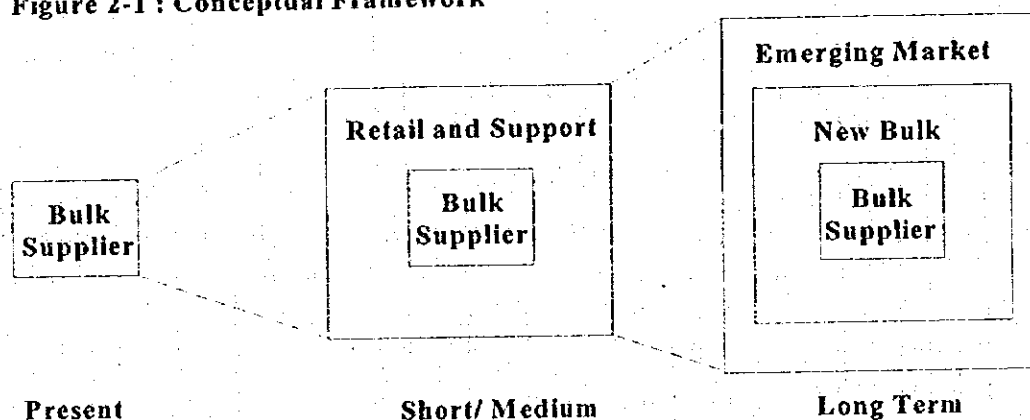
2.3 Conceptual Framework

In developing a plan for the extension of MW, the JICA study has had to address the difficult task of planning in a sector characterised by change and uncertainty. The approach adopted through the gap analysis and the subsequent formulation of policy and strategy responses has sought to address the dynamics of the sector and its actors. Two issues are discussed in this context: short and long term roles for Water Boards; and the notion of Policy and Strategy Options.

2.3.1 Short and Long Term Roles for Water Boards

The policy and strategy recommendations have to be placed in the framework of an understanding of the short and long term roles of Water Boards. The short term expectation in terms of national water supply policy is different to the long term vision, and both must be recognised in MW and wider sectoral planning. In essence, the challenge to Magalies Water can be expressed diagrammatically as follows:

Figure 2-1 : Conceptual Framework



In the long term, policies and strategies will focus on extended bulk functions, but may retain a component related to the ongoing development of an emerging market.

National policy thus creates a challenge for Water Boards by having to extend their activities whilst sustaining their core role of wholesaling bulk water. In the short to medium term, the boards are expected to extend supply areas, and to provide various support functions to the third tier. These support functions are not clearly defined in policy. In the long term, it is envisaged that the Boards will return to the orthodox bulk supply role of the past, but with a new body of bulk customers, mainly in the form of single or collective local authorities. In this post transitional phase, it might also be expected that the Boards will continue to explore and develop an emerging market for bulk water.

The implementation of this policy has two major implications for MW and other Water Boards:

- (1) The extension of areas of supply, and the provision of bulk services to a wider spectrum of customers. This task has organisational and infrastructural implications, and has to be planned against the background of the technical feasibility investigations mobilised under the JICA Study. Short and long-term strategies will be required, incorporating organisational and managerial planning, infrastructure development planning, cost recovery planning and capital investment planning.
- (2) The provision of various forms of third tier support. For planning purposes it is necessary to categorise various forms of support:

- a) Interim project implementation.

It is foreseeable that MW will be asked to implement water supply projects in areas where third tier capacity is limited or non-existent. This activity should diminish as third tier capacity grows, and hence should be seen as a short-to-medium term responsibility. In the study area, there is welcome evidence that third tier organisations such as the Rustenburg District Council are ready to address the local government vacuum in various rural and peri-urban areas. However, some of the other District Councils are less ready for this role. The question for MW is how to address the matter of internal capacity to deal with interim implementation demands.

- b) Technical support to the Third Tier.

It is clearly in the interest of MW to see the third tier becoming self-sufficient as rapidly as possible. The strategic issue revolves around the extent to which MW should develop its own in-house Third Tier support capability, and the manner in which the organisation can play a facilitative role working with other Third Tier support actors.

- c) Development of new bulk markets.

The two forms of Third Tier support discussed above are essentially of short to medium term relevance. For the longer term, MW might wish to link such activities to a strategy for the development of new bulk business. Whilst a) and b) appear to require strategies for interim implementation, c) may well warrant a more permanent strategy and capacity, with implications for organisational structure and human and financial resources.

2.3.2 Policy and Strategy Options

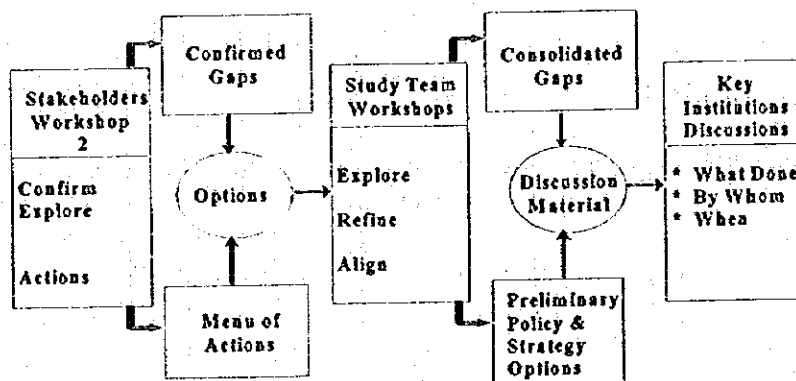
Because the implementation of the new water supply and sanitation policy requires a complex network of cooperation and partnership among actors directly and indirectly involved in water, it is inappropriate to propose policy and strategy initiatives unilaterally, or purely from the perspective of MW. Hence the position adopted here is to frame the recommendations as options, which must be considered by the Board of MW, by DWAF and by other actors such as

the District Councils and Local Authorities. A process to take discussion around these options further is discussed in paragraph 4.4.2 below.

2.4 Planning Activities

The overall process for Policy and Strategy Options was shown in Table 1-1 and the resulting Critical Path shown in Appendix 1. The Gap Analysis is a large part of this process. In this report we are concerned only with final steps in this process, i.e. the portion of the process shown below:

Figure 2-2 : Policy and Strategy Process



2.4.1 Task Teams

Before exploring the process illustrated above in detail it is relevant to comment on the Task Teams which prepared the inputs for the 2nd Stakeholder Workshop since these groups laid the foundation and strategy options and therefore played a key role.

- (1) The Task Teams were mandated by the first stakeholder workshop to investigate three theme areas being:
 - a) The institutional environment (including 1st, 2nd and 3rd Tier)
 - b) Third Tier Reform
 - c) Finance and Cost Recovery
- (2) Their terms of reference were to:
 - a) Review and examine existing development targets with a view to refining or recommending appropriate targets;
 - b) Advise on desirability of current development targets and their consistency and

adjoining linkages;

Current / Present Situation:

- a) Review and Confirm current situation.

Identification of Gaps:

- a) Evaluate and determine whether newly identified gaps are appropriate;
- b) Refine and Strengthen gaps where appropriate.

Recommendations:

- a) Prioritise gaps related to specific Task Teams;
- b) Identify gaps in terms of which strategies can be implemented easily or immediately based on short and medium term objectives; and
- c) Identify policy and strategy options and their implications.

(3) In addition to the above, the Institutional Environment Task Team was specifically requested to also study the enabling framework necessary for the supply of services in the Study Area. This framework consisting of the following components:

- a) Policy within which the institutions in the supply area operate, consisting of both overall national policies and those local organisations from provincial government downwards;
- b) The regulatory (i.e. organisational) frameworks, both existing and new, which create the capacity to deliver service. Particular attention being given to clarification of functions and roles; and
- c) The planning process and its capacity. Including the integration mechanisms between institutions.

What is highly relevant is that these teams consisted of both members of the Study Team (including Local Consultants) and stakeholders. The names of the participating individuals is included as Appendix 3.

Each task team produced a report which included the first draft of options for addressing gaps. Findings of the Teams and initial recommendation are included as Appendix 4. These options have been further explored, refined, added to and prioritised during the activities which followed.

2.4.2 2nd Stakeholder Workshop

The second Stakeholder workshop was held to:

- (1) Review the output of the Task Team's work.
- (2) Finally confirm the gaps.
- (3) Consider possible Policy and Strategy Options which were emerging.

This again took the form small group discussions.

2.4.3 Drafting Policy and Strategy Options

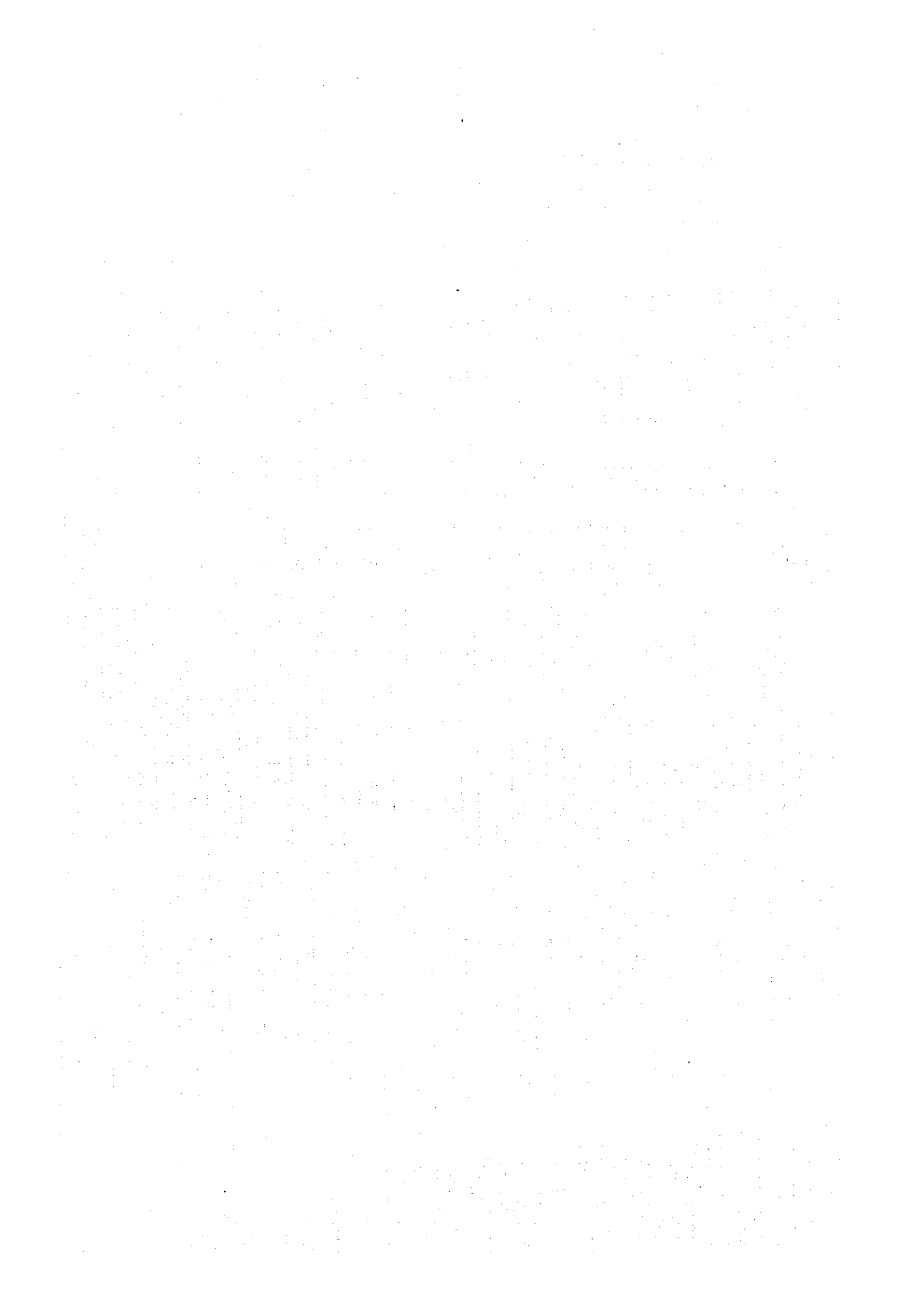
The final major steps in this process are the formulation of Policy and Strategy Options. These are being developed by:

- (1) Considering the implications of the Gaps.
- (2) Assessing the actions that are possible to address these implications.
- (3) From these formulating Policy and Strategy Options.
- (4) Reviewing these possible options in consultation with key people in DWAF and Magalies Water.

2.4.4 Concluding Observations

What is important is that the Gap Analysis process was designed to be as inclusive and participative as possible. The reason for this is that the Study Team wished to ensure that the gaps for which solutions are developed are the right ones that they have been confirmed by a wide range of stakeholders below:

- | | |
|--------------------------------|------------------|
| (1) Initial workshop: | 45 Participants. |
| (2) 1st Gap Analysis workshop: | 46 Participants. |
| (3) 2nd Gap Analysis Workshop: | 45 Participants. |



CHAPTER 3 IMPLICATIONS OF AND RESPONSES TO GAP ANALYSIS

CHAPTER 3 IMPLICATIONS OF AND RESPONSES TO GAP ANALYSIS

3.1	Introduction	3-1
3.2	Summary of Gaps	3-1
3.3	Nature of Response	3-1
3.4	Direct Responses to Identified Gaps	3-2
3.5	Understanding Systemic Responses to the Identified Gaps	3-2
3.6	Conclusion	3-3
Table 3-1 : Gaps to be Addressed in Terms of Policy & Strategy		3-4
Table 3-2 : Symptomatic Recommendations by Gap Issue		3-5
Table 3-2 : Symptomatic Recommendations by Extension Challenge		3-10
Figure 3-1 : Linkage Between Gaps		3-13

CHAPTER 3 IMPLICATIONS OF AND RESPONSES TO GAP ANALYSIS

3.1 Introduction

In this Chapter the responses to the identified gaps are presented. These are based on an analysis of the Gaps and their implications following the process outlined in the previous Chapter.

The Chapter covers:

- (1) A summary of Gaps for which Policy and Strategy Options have been developed as solutions.
- (2) The type or nature of the responses encountered in the process of interaction with stakeholders which either addressed symptoms or were more fundamental systemic solutions.
- (3) A listing of the direct responses to the Gaps identified. These were outputs of the consultation process.
- (4) A discussion of the more systemic approach to some of the items consistently raised during consultations.

3.2 Summary of Gaps

For reference purposes the Gaps to be addressed are summarised in the Table 3-1.

For further reference a more detailed description of the Gaps is included as Appendix 3.

Full detail can be obtained from the Supporting Report C, Gap Analysis.

3.3 Nature of Response

Responses to these gaps have to take account of priority, the institutional and resource (physical, human and financial) capacity to deal with them, and issues relating to the balance between short term mobilisation and long term sustainability. Two kinds of policy and strategy responses are possible in this context:

(1) Symptomatic Solutions

These are solutions which respond directly to the identified Gaps. They address the evident symptoms, but do not consider the broader impact on other gap issues. In situations of transition and crisis management, symptomatic solutions often prevail.

(2) Systematic Solutions

These are solutions which consider the complex and interlinked nature of the water sector, and the interdependence of problems and solutions.

It in this context it is recognised that the way to tackle a problem is not necessarily the most obvious or direct.

3.4 Direct Responses to Identified Gaps

Many direct (or symptomatic) responses to the Gaps were generated in the Gap Analysis process. These are options that must be sifted, prioritised and put into action through a process of focused and purposeful discussion among the relevant actors. The nature of this process is outlined in Chapter 6.

The Table 3-2 summarises the options tabled by participants in the Gap Analysis programme.

It is not implied that all of the recommendations should be implemented, nor that MW should be the sole agent doing so. The table maps the responses considered to be necessary to address the key Gaps - how these are prioritised and who champions them is not considered here.

The recommendations in Table 3-2 can be placed in the context of the two challenges that face Magalies Water: extension of supply and support to the Third Tier. Table 3-3 illustrates which of the recommended actions might be incorporated in strategies to extend supply, and which might be mobilised as Third Tier support strategies. Some consideration is also given to initiatives that might support a strategy to develop new bulk markets. As argued earlier, the development of bulk markets may be regarded as the long term objective of Third Tier support. As with Table 3-2, Table 3-3 simply lists the options without specific reference to programming and responsibilities.

3.5 Understanding Systemic Responses to the Identified Gaps

The responses tabulated in Table 3-3 represent a set of simple problem-solution statements. The table does not identify the catalytic actions which will clear logjams impeding progress across a number of Gaps, nor does it assign any priority to the implementation of solutions. This matter requires further debate and discussion in future, but it is striking that Gap Workshop delegates presented a wide diversity of viewpoints when asked to identify the single most important intervention leading to effective and universal water delivery. Key categories of response were the following:

- (1) Resolve the service standards debate and align policy to public opinion.
- (2) Achieve effective and widespread cost recovery.
- (3) Support the development of an effective and sustainable Third Tier.
- (4) Entrench and extend communication among water sector actors.
- (5) Align legal frameworks and tools with policy objectives.

The variety of opinions is reflective of the complexity of the transitional agenda, but it also points to the possibility of subjectively favoured solutions being promoted above others. A careful and

objective analysis of the linkages between the gaps is required in order to arrive at an integrated view of the key policy and strategy imperatives. The diagram in Figure 3-1 is the untested result of a preliminary linkage analysis. It presents a perspective where:

- (1) Cost recovery and integrated service provision are promoted by process activities such as planning, capacity building and the assumption of roles and responsibilities, and
- (2) These process activities in turn sit in an enabling/constraining environment which includes policy, expectations, resources and public involvement.

3.6 Conclusion

The implications of gap issues and responses to them outlined above have been developed and refined with the complex ongoing process of transition in mind. In this context, the findings are built on a prior and highly consultative Gap Analysis procedure, which has ensured that the issues and recommendations are relevant, inclusive, compatible with other related initiatives and widely supported.

The recommendations made in response to the findings in this chapter and set out in the next chapter will therefore have to be considered and put into action by the proposed lead actors, often in consultation with others. Their refinement and implementation will be guided in some respects by the JICA Study (eg through ongoing feasibility investigations). Together, the recommendations constitute a multi-layered action framework including many key water sector actors. In essence they illustrate the need for partnership in addressing South Africa's post-apartheid water supply and sanitation vision.

Table 3-1: Gaps to be Addressed in Terms of Policy and Strategy

GAP TITLE	DESCRIPTION
Unclear Roles and Responsibilities	Roles and responsibilities among water sector institutions are often not clearly defined, assigned or understood. Actors are sometimes reluctant to negotiate roles for themselves.
Gap Between Policy and Legal Framework	The White Paper on Water Supply and Sanitation and other policy instruments are, in many cases, ill matched to existing legislative frameworks (such as the Water Act of 1956)
Insufficient and Ineffectively Utilised Capacity	Many water sector institutions lack human, financial and technical capacity. This is so in new organisations (eg. new TLCs), and where new or revised functions have been delegated. Capacity requirements are not well understood.
Gap Between Community Involvement Ideals and Reality	Community involvement is widely promoted and encouraged, but its practice is variable and outcomes are of differing value to the communities concerned. Mechanisms for involvement across tiers are sometimes weak.
Limitations in Coordination and Communication	Despite a proliferation of forums and similar communication vehicles, coordination and communication is still limited. In some cases this may have more to do with a lack of will to share agendas than opportunities to interact.
Inadequate Levels of Cost Recovery	Policy driven development targets assume a level of cost recovery that remains distant from reality. Recovery levels are highly differentiated across water suppliers, but the reasons are not always fully understood.
Lack of Integrated and Coordinated Service Delivery	Local government has to manage a basket of services. In many cases there is a lack of integrated service planning and delivery. Water sector institutions often promote a narrow water perspective in dealings with third tier.
Insufficient Capital Resources	A lack of capital resources to implement and upgrade water supply is evident, particularly at third tier. This relates to a lack of capital investment planning and to the absence of the necessary conditions to secure finance.
Divergent Perspectives on the Value of Safe Water	Policy stresses the economic value of safe and reliable water supply. This perspective is not always shared by users, for reasons relating to limited water knowledge, local payment history, poor service, poverty and opportunism.
Proliferation of Unauthorised Connections	Unauthorised connections are symptomatic of a gap between the ideal of sustainable and collectively responsible local water management and locally variable patterns of informal, opportunistic and unregulated use.
Poor Development of Third Tier Planning Roles	Many third tier organisations are unclear on their roles in local and regional development planning, and in planning around the integrated provision of services. There is no integrated planning framework, but DFA may help.
Gap between Community Expectations of Service Levels and RDP Standard	There is an emerging gap between the basic level of service set by the RDP and the expectations of communities. The gap also manifests among water sector actors, where different positions are being articulated.
Limited Water Board Experience in Retail Sector	Water Boards have a depth of experience in bulk water supply, but many have limited exposure to retail supply and the capacity building and support that is required to entrench this at local level.
Lack of Accommodation of Local Diversity	Policy offers little guidance in terms of dealing with the implications of local social, economic and political diversity.
Poor Deployment of Resources: Overstaffing and Understaffing	Human resources (and skills) are not optimally deployed among water sector organisations. Due to shifting roles and new administrative circumstances, some are overstaffed, while others are understaffed.
Lack of Handover Guidelines- Personnel and Assets	Relates to the gap above. There is a lack of policy-driven principles and widely agreed guidelines for the transfer of human, technical and financial resources. As a result conflicting points of departure are evident.

Table 3-2: Symptomatic Recommendations by Gap Issue

GAP/ RESPONSE	Policy Change/ Review	Human Resource Development	Managerial / Organisat Change	Finance and Cost Recovery	Third Tier Support Strategy	Information/ Skills Transfer
Unclear Roles and Responsibil.	Clear goals and targets with tools and incentives	Team and management development	DWAF and Water Boards to engage on a more bilateral basis * Explore and create service partnerships/cooperatives. Dist. Councils to Champion		Capacity building in all aspects of management at third tier level * Build discussions on roles and responsibilities on an understanding of capabilities	Discussion of roles and responsibilities and available best practice in appropriate provincial and area forums
Policy vs. Legal Framework	JICA project input to water law review process * Shift to emphasis on legislative measures/incentives to promote service delivery * Review RDP goals		Empower institutions to borrow on their own account * Service and collection responsibilities clearly assigned and accepted	Clarify cost recovery enforcement instruments and preferred practice		
Limited Capacity		Training and skills audits on a regional/area basis * Management Development * Coordinated skills and training programmes * Government allocations for third tier training * Explore training rationalisation, especially technical	Help Water Boards tailor support in areas of strength (eg financial management) * Establish service cooperatives/service networks * Support roles of CBOs and Local Water Committees actively pursued		Explore roles for the private and deploy their capacity	Local/ area forums to share best practice * Water Boards and government departments to exchange info on regional economic development planning * Local Government departments to communicate capacity building plans/initiatives

GAP/ RESPONSE	Policy Change/ Review	Human Resource Development	Managerial/ Organisat Change	Finance and Cost Recovery	Third Tier Support Strategy	Information/ Skills Transfer
Variable Community Involvement	Use Development Facilitation Act as catalyst for community- based development planning		Build second tier capacity in community liaison * Work with local capacity (LWCs and CBOs) without undermining elected local officials		Set clear and transparent goals for community involvement * Use service cooperatives and support networks as capacity building and empowerment mechanisms	Involve Water Boards in area planning forums * Use local forums to monitor and report on the enabling environment for community involvement
Limited Coordination Communicat.			Emphasis on consultative and human relations oriented management			More exposure of Water Boards to development forums * Critical review of DWAF communicat. strategy
Limited Cost Recovery	Formulate clear policy on cost recovery. Clarify links between recovery and enforcement * Review impact of RDP goals on cost recovery * Clarify subsidy policy and ways to link subsidisation to cost recovery		Empower institutions to borrow on their own account * Responsibility for service and collection clearly assigned and accepted	Balance positive incentives with legal and social pressure to pay * Link development to payment * Explore and test innovative incentives * Use two-part tariff * Test kiosk and prepayment systems * Investigate and compare cost of recovery systems in various settings	Use private and NGO sector in appropriate roles	Explore and share cost recovery "success stories" in local/regional forums

GAP/ RESPONSE	Policy Change/ Review	Human Resource Development	Managerial / Organisat Change	Finance and Cost Recovery	Third Tier Support Strategy	Information/ Skills Transfer
Limited Service Integration	Explore the Development Facilitation Act as way to promote integrated service provision		District Councils to lead coordination and integration of services at third tier			Local-level forums to discuss pros and cons of integration, and share best practice
Limited Capital Resources			Deploy and resource management of a two-level tariff		Seed capital for new local government institutions to build capacity * Institute a revolving pool fund	Guidelines for local authorities seeking finance, including criteria applied by lenders
Views on Value of Water			Introduce service cooperatives and support networks. Use these to convey value of safe water		Support local initiatives to demonstrate the value of safe water. Financial and training support from 1st and 2nd tiers	Marketing campaign linking the value of safe and reliable water supply to billing
Proliferation Unauthorised Connections	Formulate clear policy regarding unauthorised connections * Link cost recovery and unauthorised connection strategies				Conditional moratorium on unauthorised connections	
Unclear Planning Roles	Explore links between the Development Facilitation Act and water supply planning. DFA may support local development planning	Empower water planning champions at local level	Clarify and entrench local planning roles and responsibilitie s. * Explore monitoring and assessment mechanisms		Establish a planning framework and guidelines relevant to the third tier (especially local authorities)	

GAP/ RESPONSE	Policy Change/ Review	Human Resource Development	Managerial/ Organisat Change	Finance and Cost Recovery	Third Tier Support Strategy	Information/ Skills Transfer
Service Standards Debate	Develop a position on policy regarding service level expectations (consultation with stakeholders). Options are to modify policy or to facilitate moving beyond RDP standards. No resolution could entrench non-payment.			Explore and disseminate financing options for higher levels of service (also strategies to deal with risk)		Communicate and discuss clear policy positions/ options in the service standards debate. * Discuss financing options for higher levels of service
Limited WB Retail Experience			Create a service cooperative to pool capacity between institutions			
Accommodat. Local Diversity	Broad based policy review with the involvement of local level stakeholders. * Explore policy implications of the diversity found in the JICA situational analysis				Assist local government to link water supply to local economic development	Share information on local economic development. Role for Dist Councils and RDP structures. * Share information on local best practice
Poor Human Resource Deployment		Overall audit of personnel and skills, leading to options: deploy capacity, share capacity, train capacity, redefine tasks	Establish a service cooperative			

GAP/ RESPONSE	Policy Change/ Review	Human Resource Development	Managerial / Organisat Change	Finance and Cost Recovery	Third Tier Support Strategy	Information/ Skills Transfer
Lack Handover Guidelines			Formulate clear principles and guidelines for the handover of staff and assets/ liabilities			

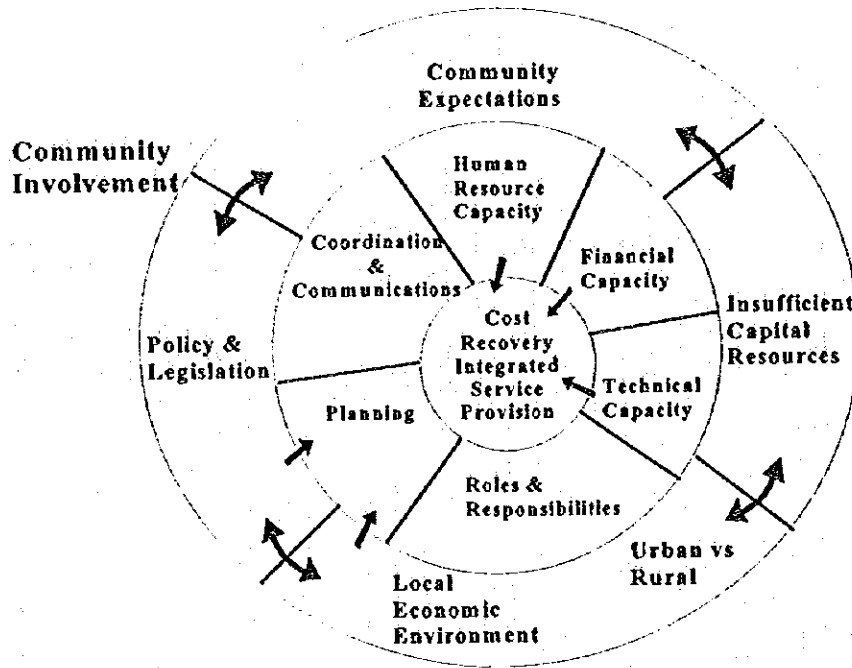
Table 3-3 : Symptomatic Recommendations by Extension Challenge

	Strategies to Extend Supply	Strategies to Develop New Bulk Markets	Strategies to Provide Third Tier Support
Resource and Infrastructure Development	Water balance investigation * Technical solutions study * Capital investment plan	Develop a classification of emerging bulk customers and prioritise assistance	
Policy: Change and Review	Shift in emphasis to guidelines, incentives, processes that will promote service delivery * Review RDP goals * Clarify implications of DFA, plan extension with this framework in mind	Explore DFA as a framework for local development planning * Use JICA study to understand local diversity	Provincial and area forums to discuss roles and responsibilities * Clarify RDP policy and response to service standard debate * Clarify policy positions on cost recovery, unauthorised connections and subsidies, and link these
Human Resource Development	Additional staff for new roles * Team and management development * Training/skills audit * Coordinated skills and training programmes * Plan appropriate deployment of sector human resources	Take strategic view on HR requirements of future bulk customers	Management capacity building * Training and skills audits on a regional/area basis * Coordinated skills and training programmes * Government allocations for third tier training * Clarify support roles of LWCs and train accordingly
Managerial and Organisational Change	Explore service cooperatives, led by D Councils * DWAF and W Boards engage more bilaterally * Emphasis on consultative and human relations oriented management and guidelines	Explore long term potential of service cooperatives * Third tier support with characteristics of sustainable bulk customers in mind * Clarify and entrench local planning roles and responsibilities * Formulate clear handover strategy and responsibilities	Explore service cooperatives, led by D Councils * Institute managerial and organisational conditions so that local authorities can borrow on their own account * Service and collection responsibilities clearly assigned and accepted * WB support in areas of strength (eg financial mgmt) * Pursue support roles of CBOs and LWCs (without undermining elected officials) * Build/support structures for integrated service delivery * Deploy service cooperatives and support networks

	Strategies to Extend Supply	Strategies to Develop New Bulk Markets	Strategies to Provide Third Tier Support
Financial Management and Cost Recovery	<p>Deploy and resource cost recovery managers and processes for new customers</p> <p>Clarify instruments and preferred practices (balance incentives with pressure to pay)</p> <p>Refine/modify financial planning and management procedures according to new roles and scenarios</p>	<p>Prepare a cost recovery plan with forecasts and targets</p>	<p>Discuss ways of linking payment to development, also preferred instruments and practices</p> <p>Explore and test innovative "best practice" regarding recovery, incentives, and payment systems</p> <p>Explore and discuss financing options for higher levels of service (also ways to deal with risk)</p>
Business Unit Strategy	<p>Explore short and long term pros and cons of business unit options</p>	<p>Devolve responsibility for market development to business units/ regions</p>	<p>Devolve third tier development tasks to business units/ regions</p>
Supply Area Definition and Consolidation	<p>Programme to deal with remaining boundary issues</p>		
Third Tier Support	<p>Clarify third tier support roles: eg interim emergency assistance at third tier level; development of future market</p>	<p>Strategy of third tier support which will develop new bulk market</p>	<p>Capacity building in all aspects of management</p> <p>Discussions of roles and responsibilities, based on capability</p> <p>Explore private sector roles and deploy</p> <p>Service coops and support networks as capacity building and empowerment mechanisms</p> <p>Govt seed capital for local institutions</p> <p>Institute a revolving pool fund</p> <p>Planning framework and guidelines relevant to third tier</p> <p>Assist third tier to link water supply to local economic development</p>

	Strategies to Extend Supply	Strategies to Develop New Bulk Markets	Strategies to Provide Third Tier Support
Communication and Representation	<p>Build strong capacity to interact with communities</p> <p>+</p> <p>Mechanisms to exchange information on regional/area economic development planning</p> <p>+</p> <p>Board representative of emerging market</p> <p>+</p> <p>Devolution of community interaction functions</p> <p>+</p> <p>Design and implement clear communication strategy</p>	<p>Build strong capacity to interact with communities</p> <p>+</p> <p>Board representative of emerging market</p>	<p>Discussions of "best practice" at provincial and area forum (eg cost recovery success stories)</p> <p>+</p> <p>Area forums to monitor enabling environment for community involvement</p> <p>+</p> <p>Discussion of service integration and local best practice</p> <p>+</p> <p>Guidelines for local authorities seeking finance, including criteria applied by lenders</p> <p>+</p> <p>Marketing campaign linking the value of safe and reliable water supply to billing</p> <p>+</p> <p>Discussion of service standards policy, and financing options for higher levels of service</p>

Figure 3-1 Linkage Between Gaps



**CHAPTER 4 POLICY AND STRATEGY OPTION
RECOMMENDATIONS**

CHAPTER 4 POLICY AND STRATEGY OPTION RECOMMENDATIONS

4.1	Introduction	4-1
4.2	Focus	4-1
4.3	Nature of Recommendations	4-2
4.4	Recommendations	4-2
4.4.1	Overall Policy Review	4-2
4.4.2	Clarification and Interpretation of Specific Policy and Guidelines	4-3
4.4.3	Integration and Partnership	4-4
4.4.4	Coordination of Training and Training Resources	4-5
4.4.5	Water Supply and Local Economic and Resource Development	4-6
4.4.6	Sharing "Best Practice"	4-7
4.4.7	Development of New Markets/Bulk Customers	4-8
4.4.8	Perceptions of Water Boards	4-9
4.4.9	Systems and Key Processes	4-10
4.4.10	Appropriate Structuring of MW	4-10
4.4.11	Redeployment of Resources to Create Capacity	4-12
4.5	Conclusion	4-13
Table 4-14: Alignment of Recommendations to Areas of the Study		4-14

CHAPTER 4 POLICY AND STRATEGY OPTION RECOMMENDATIONS

4.1 Introduction

In this Chapter the Policy and Strategy Options which are the output of this Stage of the Study are presented. It follows that this is therefore the critically important Chapter in the report.

The Chapter covers:

How the recommended options were arrived at given the large number of implications and responses to gaps presented in the previous chapter.

- (1) Eleven recommended options.
- (2) Each recommendation is discussed covering:
 - a) Description
 - b) Lead actors
 - c) Policy implications
 - d) Assessment of priority.

4.2 Focus

The implications of the Gaps and possible recommendations are many, very varied and inter related. In short a highly complex situation exists. Complex situations are best dealt with by focusing on a few critically important issues. The issues which are likely to have almost impact on the overall environment should be selected for solution formulation.

Another way of focusing on issues is to concentrate on those areas which are within the power of the players involved to either influence or manage. Those issues which cannot be influenced are not worth significant effort.

With the above two guidelines in mind, the Study Team has selected from the many possible solutions in Chapter 3 eleven option recommendations. The Team's intention has been to:

- (1) Try and identify critical issues with significant potential impact;
- (2) Cover priorities of the stakeholders; and
- (3) Arrive at a manageable number of recommendations.

There was no plan to arrive at a specific number of recommendations i.e the fact that there are eleven is coincidental. An intensive process of analysis and discussion took place to arrive at these ten, initially within the Study Team and finally with representatives of the key institutions being:

- (1) Magalies Water (Nick Fenner)
- (2) Rustenberg District Council (John Cunniff)
- (3) Department of Water Affairs and Forestry (Louise Colvin)

4.3 Nature of Recommendations

The following section summarises the eleven key action areas recommended by the JICA Study. The first two have to do with the reform and clarification of enabling public policy, whilst the remaining nine refer to purposeful initiatives that might be taken by MW and partners in the water sector to ensure the implementation of the water supply vision of the White Paper on Water Supply and Sanitation.

It is further relevant to note that the recommendations loosely align with areas to be considered by the Study as shown in Table 4-1. The only significance of this table is to demonstrate that the key areas of the Study are all covered by one or more of the recommendations.

4.4 Recommendations

Each recommendation comprises a strategy proposal, a comment on the current status of related initiatives, an outline of the lead actors in implementing the recommendation, the implications of the recommendation for policies among the relevant water sector actors, and the priority of the recommended action.

4.4.1 Overall Policy Review

(1) Strategy Proposal

It is clear that many laws and regulations inherited from the previous system of government and service provision are not supportive of new water supply policy. It is recommended that the JICA Study and Magalies make inputs to relevant policy review processes.

An example of an area which has been identified by the Study where it appears necessary to review policy is rural water supply. Current policy does not differentiate rural from other forms of supply. Findings of the Study and views of key people involved in the Study are that this area may require special treatment in policy. Some of the issues are:

- a) A complete lack of resources (financial and other) amongst people in many rural areas. Paying for water may be an impossibility;
- b) The isolated nature of schemes many of which are small stand alone units (e.g. borehole);
- c) Dispersed communities with little or no organisation; and

- d) Limited potential for longer term development of supply schemes beyond the most basic arrangements.

The possible policy implication is that DWAF may have to accept responsibility (both financially and physically) for water supply to very rural communities.

(2) Current Status

A water law review process is currently in progress

(3) Lead Actors

DWAF is leading the process. MW and JICA to present relevant material.

(4) Policy Implications

Review of remaining outdated legislation and regulations.

(5) Priority

High

4.4.2 Clarification and Interpretation of Specific Policy and Guidelines

(1) Strategy Proposal

Several aspects of existing policy require clarification and the development of a common understanding among affected water sector actors. Some of the areas where clarity is necessary are:

- a) RDP standards and the implications of changing these;
- b) The role and impact of the Development Facilitation Act in the promotion of local planning and service delivery;
- c) Updated views on transitional roles and functions originally outlined in the White Paper on Water Supply and Sanitation; and
- d) Clear definitions of "bulk" and "bulk customers".

The forums in which the discussions on the above issues should take place will vary according to the topic (see Lead Actors below).

(2) Current Status

Feedback from communities is showing some dissatisfaction with the RDP service level benchmark of the RDP, and the likely stand of government on this issue is not clear. The DFA is being implemented at local level by some District Councils (e.g. Rustenburg), but not by all. Emerging views on roles and functions are being discussed in some forums, but conclusions are not necessarily widely shared. The question of the definition of bulk has yet to be resolved in the Study Area.

(3) Lead Actors

It is suggested that the following lead actors take responsibility for processes leading to the clarification of the issues listed above:

- a) RDP. DWAF (national and regional), working in regional and area planning forums.
- b) DFA. District Councils. MW and DC to consider jointly the implication of the DFA for the development of bulk services.
- c) Transitional roles. DWAF and District Councils, through regional and area planning forums.
- d) Definition of Bulk. MW and District Councils.

(4) Policy Implications

Greater clarity among water supply implementers.

(5) Priority

High.

4.4.3 Integration and Partnership.

(1) Strategy Proposal

It is proposed that a framework and an active plan for sharing information and the integration of activities are established. This plan will examine existing communication instruments and networks, and their effectiveness, and will implement actions to deal with shortcomings. The notion of training, service and support cooperatives should be included in the plan.

(2) Current Status

At present two broad frameworks for communication, integration and partnership are crystallising. The first is led by actors in the water sector (notably DWAF), and has an obvious water focus. The second framework centers on local government, and is presently less well developed. In some parts of the Study Area, District Councils are making progress with the institutional development necessary to empower local authorities to deliver a basket of services, in accordance with their constitutional brief. A priority action is to develop and rationalise the links between these frameworks.

(3) Lead Actors

DWAF should continue to lead the development of water sector institutional arrangements, and the provinces and District Councils local government functions. A forum or forums for integrated planning should be developed. The emerging area forums may serve this purpose, but attention must be given to areas where institutional capacity is not present. MW should participate in such forums. MW might also resource and implement its own communication capability and strategy, in concert with the broader initiatives of DWAF, the provinces and the District Councils.

(4) Policy Implications

Water sector development policy seems likely to become much more integrated with policy empowering local government.

(5) Priority

High

4.4.4 Coordination of Training and Training Resources.

(1) Strategy Proposal

Design and implementation of an integrated approach to training and the sharing of training resources. This might include consideration of issues such as the formation of a training cooperative, the implementation of skills and training needs audits, forums to discuss the deployment of human resources, and the effective use of local support structures such as NGOs, LWCs and RDP committees.

(2) Present Status

Training is presently loosely coordinated and often implemented in relative isolation.

(3) Lead Actors

Training needs are so diverse that it is not possible to identify a single lead actor. The urgent need is to find frameworks and forums where training needs and actions can be discussed across tiers and among various actors. Area planning forums, with inputs from District Councils and DWAF, may serve an initial "brokerage" function. MW should participate in the training discussions, and identify areas where they can offer training. Internal MW training needs are discussed under paragraph 4.4.10 below.

(4) Policy Implications

More integrated and efficient training policy among water sector organizations.

(5) Priority

High.

4.4.5 Water Supply and Local Economic and Resource Development.

(1) Strategy Proposal

The development and implementation of a strategy to link water supply to both local economic development and community institutional capacity building. The key to such a strategy appears to be the entrenchment of planning capacity and purpose at local level. Such planning should address the delivery and management of all services, together with the mobilisation of the human resources required to perform and sustain these tasks.

(2) Current Status

Large and well resourced local authorities engage in local development planning. Many of the new local authorities are uncertain of their responsibilities in this regard, and often have no experience or capacity. The Rustenburg District Council is one of the first in South Africa to empower local planning by linking small local authorities, and assigning technical expertise to these "zones". This model is a variant of several possible service cooperative approaches, and should be monitored closely by DWAF and MW.

(3) **Lead Actors**

The primary responsibility for local development planning should rest with the provinces and the District Councils. DWAF and MW might play a catalytic role in the Study Area by assisting emerging District Councils to explore and evaluate the approaches of bodies like the Rustenburg DC.

(4) **Policy Implications**

The promotion of integrated local planning has substantial implications for policy regarding Third Tier capacity building, and the manner in which the Third Tier tackles its service delivery roles. It seems likely that service cooperatives, with the possible involvement of the private sector (as planning facilitators and service providers) will become more common, especially outside of the resource-rich major urban areas. Among other things, government will have to become clearer on its policy position regarding the contribution of the private sector.

(5) **Priority**

High.

4.4.6 **Sharing "Best Practice"**

(1) **Strategy Proposal**

The development of an approach and vehicle / vehicles for the sharing of best practices (and information). As the transitional process unfolds, it is certain that innovative and effective approaches to issues like cost recovery, local incentives, payment systems, local financing, and locally managed operations and maintenance will be developed. The strategy is to ensure that these initiatives and experience are shared.

(2) **Current Status**

Effective management and operational solutions are sometimes unrecognised by a wider group who might benefit from them.

(3) **Lead actors**

The most effective forums to discuss and explore best practice are those where both water delivery and local government administration are on the agenda (e.g. area planning forums). Lead actors might be District Councils and DWAF. MW should contribute actively to the forums wherever possible.

(4) Policy Implications

Best practice will make a contribution to operationalising policy, and to the development of practical and tested guidelines.

(5) Priority

High.

4.4.7 Development of New Markets/Bulk Customers.

(1) Strategy Proposal

It is seen to be important that MW clarifies its own position on three forms of Third Tier support:

(a) Project implementation and “emergency” Third Tier support where the relevant local government structures do not exist.

(b) Forms of support to wider Third Tier capacity building.

(c) The development of new bulk customers and markets.

The first form of Third Tier support is essentially short-term, and will apply where capacity does not exist. Issues to be considered are the terms of MW engagement and the timing and nature of handover. The development of new bulk markets is a long-term activity that will include aspects of Third Tier capacity building. Issues requiring attention in the context of the development of bulk markets are determining the nature of Third Tier support required to empower effective future bulk customers; the development of a classification of emerging bulk customers, with the type of support required for each category; the preparation of cost recovery forecasts and targets, and the development of appropriate capacity to interact with emerging bulk customers.

(2) Current Situation

MW is already involved in short term project implementation, but has frequently articulated the need to clarify this involvement and other forms of Third Tier support.

(3) Lead Actors

MW is the lead actor in this context, but the proposed strategy will require discussions with DWAF and elements of the Third Tier (especially District Councils, and possibly area development forums).

(4) Policy Implications

The positions adopted by MW will assist in clarifying WB roles as broadly described in the White Paper on Water Supply and Sanitation.

(5) Priority

High

4.4.8. Perceptions of Water Boards

(1) Strategy Proposal:

Develop a strategy to build a constructive perception of Water Boards (and especially MW) in the Study Area. This activity links to the development of bulk markets outlined above, and would seek to create a sense of "ownership" among local authorities and communities in the Study Area.

(2) Current Situation

It is evident from the work of DWAF (and agencies like BODA) in the various provinces that communities are unfamiliar with the role played by Water Boards. In some areas, local authorities are concerned with what they perceive to be a parallel bureaucracy.

(3) Lead Actors

MW is the lead actor in this context, but will have to work within the framework of Third Tier institutions and protocols. BODA will be a useful source of technical advice.

(4) Policy Implications

The strategy is entirely in line with the broader policy of promoting Water Boards as key actors in the water supply chain.

(5) Priority

High.

4.4.9 Systems and Key Processes

(1) Strategy Proposal

Investigate and develop key processes and systems that will assist in the effective supply and management of water at local level. Issues that might be given attention include prepaid metering, basic water related accounting, community and private-sector based collection systems, and local financing systems for higher levels of service. This strategy might be carried out in conjunction with the "best practice" strategy discussed above.

(2) Current Situation

Many processes and systems are already in place, but have not been fully evaluated.

(3) Lead Actors

The discussion of "best practice" might take place in the forums discussed above. MW (in discussion with the District Councils and DWAF) might then select initiatives worthy of support in terms of its Development of New Markets strategy.

(4) Policy Implications

Tried and tested processes and systems might be more widely adopted in due course.

(5) Priority

High.

4.4.10 Appropriate Structuring of MW.

(1) Strategy Proposal

Develop a structure proposal for MW in the Extended Supply Area which addresses short, medium and long term needs, and MW's role vis-a-vis other players in the water and local government sectors. Issues that will shape the structure proposal include:

- (a) The priority and technical and financial feasibility of resource and infrastructure development (this will influence decisions about expanding technical, financial and operations and maintenance capacity in MW);
- (b) The present and anticipated future pace of development of the Third Tier (this will influence the view taken on capacity for "emergency" assistance);

- (c) The nature of the selected long term Third Tier support strategy (especially with reference to the strategy to develop new bulk markets). This will influence decisions about communication/interaction capacity and capacity for targeted Third Tier capacity building. It may also have a bearing on decisions regarding the nature and representativeness of the Board;
- (d) The short and long term capacity of present management and organisational structures in the context of the extension challenges (extending supply and providing support);
- (e) The short and long term resolution of issues relating to the definition of the supply area boundary (e.g. the Water Board option selected by the KwaNdebele Water and Sanitation Task Team, and the finalisation of long term options around present supply agreements with Rand Water); and
- (e) Links between spatial units based on water management criteria and those formed by local government structures for area planning and local administration purposes. In this context, avoiding the duplication of capacity is an issue.

With these issues in mind, MW may have to reconsider the present structure of the organisation, possibly extending operations and maintenance functions, placing these in modified spatial and management contexts. It might also wish to build a market development arm, with additional organisational implications.

(2) Current Situation

MW is an effective and efficient organisation in the context in which it currently operates. In addressing the new challenges, MW and its Board will wish to retain these qualities.

(3) Lead Actors

Decisions around organisational structure are the jurisdiction of MW and its Board. This is confirmed in the Scope of Work agreed between the governments of South Africa and Japan.

(4) Policy Implications

MW decisions regarding the appropriate structure of the organisation might assist other Water Boards to structure their response to the challenges of transition and beyond.

(5) Priority

High.

4.4.11 Redeployment of Resources to Create Capacity

(1) Strategy Proposal

Magalies Water recently absorbed about 350 staff from NWWA as a result of the extension of MW's area to include areas formerly more effectively structured and use of technology it is possible that the current water supply function in the former NWWA area might be undertaken by say 300 people. This creates the possibility of reallocating about 50 people. It is proposed that these people after training could be used to strengthen the capacity of the Third Tier. Ultimately the individuals would be transferred from the employ of MW to that of the relevant Local Authorities.

The function which could be undertaken by the relocated staff would be as follows. We note that this would be within selected communities;

- (a) Effecting connections
- (b) Meter reading
- (c) Collections
- (d) Problem solving / Liaison
- (e) Minor repairs

It is stressed that this is an idea/suggestion at this stage and full consultation between all parties, including the employees concerned and their representatives would need to take place.

(2) Current Status

MW has only recently completed the process to taking these staff on and is accessing operational requirements. This assessment will confirm the possibility of implementing this idea.

Areas where such staff could be deployed in the capacity of Third Tier support have not been identified. The training needs have not yet been assessed.

(3) Lead Actors

MW would need to lead the process in consulting with Third Tier role players in the area selected.

(4) Policy Implications

Policy with regard to transfer of staff between institutions in the Study Area and the process for doing this needs to be determined.

(5) Priority

High as this is a real opportunity to enhance Third Tier capacity.

4.5 Conclusion

The policy and strategy recommendations outlined above have been developed and refined with the complex ongoing process of transition in mind. In this context, the recommendations are built on a prior and highly consultative gap analysis procedure, which has ensured that the recommendations are relevant, inclusive, compatible with other related initiatives and widely supported.

For the purposes of the policy and strategy recommendations, the challenge to Water Boards has been divided into two components;

- (1) The extension of supply (area and customers).
- (2) The provision of Third Tier support (emergency and long term bulk market development).

Against this background two sets of recommendations have been developed:

- (1) A menu of possible responses to particular gap issues (symptomatic responses).
- (2) A set of integrated policy and strategy recommendations and action plans (systematic responses).

These recommendations will have to be considered and put into action by the proposed lead actors, often in consultation with others. Their refinement and implementation will be guided in some respects by the JICA Study (e.g. through ongoing feasibility investigations).

Together, the recommendations constitute a multi-layered action framework including many key water sector actors. In essence they illustrate the need for partnership in addressing South Africa's post-apartheid water supply and sanitation vision.

Table 4-1: Alignment of Recommendations to Areas of the Study

Recomendation	Area of Study
Overall Policy Review	Finance and Cost Recovery - Communication
Clarification and Interpretation of Specific Policy and Guidelines	Communication -
Intergration and Partnership	Communication - Operations and Management
Coordination of Training and Training Resources	Human Resources -
Water Supply and Local Economic Resource Development	3rd Tier Support - Operations and Management
Sharing "Best Practice"	3rd Tier Support - Technical and Engineering
Development of New Markets / Bulk Customers	Study Area Boundry - Technical and Engineering
Perceptions of Water Boards	Business Unit - Communication
Systems and Key Processes	Finance and Cost Recovery - Operations and Management
Appropriate Structure of MW	Technical - Business Unit

CHAPTER 5 PREREQUISITES FOR ACTION

CHAPTER 5 PREREQUISITES FOR ACTION

5.1	Introduction	5-1
5.2	Enabling Conditions for Implementation	5-1
5.3	Allocating Roles & Responsibilities	5-2
5.4	Capacity Requirements Framework	5-3
5.5	Enabling Change in the Study Area	5-4
Figure 5-1: Initiating Implementation		5-6
Figure 5-2: Components of Capacity		5-6

CHAPTER 5 PREREQUISITES FOR ACTION

5.1 Introduction

In this chapter the question of the preconditions for actioning the recommended options is discussed and proposals are made regarding appropriate strategies.

Considerable effort has gone into formulating the Policy and Strategy Options and the benefit of this will be lost if they cannot be turned into concrete action. Furthermore expectations have been created amongst stakeholders who participated in the process that their efforts would lead to improvements in the study area. An extremely negative environment will be created if these expectations are not met. Implementation strategies have to therefore succeed. Included in this chapter are a discussion of :

- (1) The enabling conditions for implementation of strategies.
- (2) How roles and responsibilities can be determined and allocated.
- (3) Four components of capacity which need to be assessed.
- (4) The need for a documented implementation charter.
- (5) Managing the change process.

The point is also made in this chapter that a stakeholder inclusive process has been followed to date and this should continue during implementation.

5.2 Enabling Conditions for Implementation

It is often the case that insufficient attention is given to creating a platform from which implementation of solutions can take place. This problem is generally experienced in social, managerial and institutional fields rather than in technical ones. Engineers never proceed to build a structure without first having adequate foundations in place. By contrast managers and administrators regularly embark on major organisational change with little attention to the support base for such change. The complexity of initiating and sustaining actions to effect change and enhancements particularly in environments characterised by uncertainty is usually underestimated or naively ignored. As a result many sound ideas and good solutions to community and organisational problems fail to realise anticipated benefits.

Creating the enabling platform is the first stage in the change process is illustrated by the Figure 5-1.

In the diagram in Figure 5-1 the aspects of role clarification and capacity creation are also illustrated. These are expanded upon in paragraphs 5.3 and 5.4. respectively.

Strong and sustainable sponsorship of proposed changes is what this enabling platform is about. Resistance to change exists in all situations where new developments take place, (although this is usually denied by the people involved). Without strong sponsorship this resistance impedes or stops the process.

There are three prerequisites for establishing an enabling platform:

- (1) Firstly understanding by the key players of the issues, critical success factors, and solutions. Also the implications of the solutions. It is not the solution itself that is likely to be resisted but the implications which the parties involved will need to live with.

For the purpose of ensuring understanding it is necessary that there is comprehensive communication and that this is in an appropriate form given the target audiences.

- (2) Secondly that the key players involved accept the proposed solutions. It should be recognised that understanding a proposal and accepting it are two distinct steps. Acceptance cannot take place without full understanding, (but understanding does not automatically lead to acceptance). It is at this point in the process that a decision is made by those involved. An important psychological step is taken by making the decision either individually or as a group to accept a certain proposal or option.

From a practical perspective the acceptance process helps to identify the parties who will be involved in taking the process further.

- (3) Thirdly all solutions need to be sponsored for the reason that the challenge of implementation is often greater than the process of arriving at agreement and a decision. Resistance to change and many practical issues need to be overcome. Thus key individuals must act as sponsors lending their support and motivating achievement of the ends. Without this sponsorship research shown that change very often fails.

Sponsorship roles can clearly be identified at two stages; the initiation of a process and sustaining it over time. In the former the emphasis is on motivating and leading, while in the latter it is on problem solving and coordinating.

5.3 Allocating Roles & Responsibilities

Once commitment and sponsorship of change proposals has been obtained the allocation of roles and responsibility becomes crucial to implementation. It is noted that very often:

- (1) Required roles and responsibilities are not clearly identified.
- (2) Allocation is not done formally after due consideration of the capacity and competences required.

The result is a lack of accountability. A general axiom is that where accountability to achieve results is absent failure can be expected.

We therefore stress the importance of the key player formally considering the role and responsibility requirements and allocating there after careful consideration of available resources. This may be difficult in an environment where capacity is a problem. In such situations it is perhaps even more important that this process is dealt with formally as it is likely that:

- (1) Individuals with appropriate skills will have to be sought out.
- (2) Compounding existing resource work over load can easily occur. This is not in the interest of the individual nor the solution sought.

Once allocation of roles and responsibilities is undertaken it is clear as to who should take the next steps and then follow the process through to the final realisation of goals.

5.4 Capacity Requirements Framework

As with the enabling platforms and allocation of roles and responsibilities, capacity requirements need to be assessed and dealt with in a carefully considered manner. A common error in solution implementation is to consider some and not all aspects of capacity.

A useful framework for illustrating the generic capacity requirements for solution implementation and execution is shown in the Figure 5-2.

The figure identifies the four components that are most commonly referred to when assessing institutional capacity to achieve results. All four are essential. However the nature of the challenge will tend to place more or less emphasis on each of these components. This emphasis may also change over time.

Each component is elaborated on as follows:

- (1) Organisational Capacity

Refers to the social system which comprises the organisation. Essentially the human resources, their individual and collective competencies (knowledge, skills and experience), organisation structures which direct their effort and the culture which determines how the people interact and operate.

- (2) Process Capacity

Deals with two components of effective organisational functioning : Firstly the overall macro "business" processes which determine the way the organisation for example, requires customers, controls materials / resources, and delivers services. Secondly the systems within the overall processes which enable the organisation to measure, manage and control.

(3) Technical Capacity

Refers to the technology employed by the organisation to enable it to convert resource inputs into outputs in the form of products and services. Traditionally technology was represented in organisations by physical infrastructure in the form of plant and facilities. It is however increasingly also in the form of technical software and encoded data / processes.

(4) Financial Capacity

Has two aspects : Firstly the capital investment necessary for the organisation to create the physical infrastructure necessary to perform its purpose. Secondly the finance necessary for operating on a day to day basis as it absorbs resources, processes them and delivers outputs / services.

5.5 Enabling Change in the Study Area

In the proceeding paragraphs we have dealt with the prerequisites for success implementation of solution. To recap these are:

- (1) An enabling platform
- (2) Allocation of roles and responsibilities
- (3) Putting in place adequate capacity

We need to consider more specifically some of the implications of this for the implementation of the study findings given the current environment. In the opinion of the Study Team the following are key issues:

- (1) A potential for a lack of strong sponsorship of solutions exists. The reason for this is that there are multiple organisations and key players, being principally:

DWAF Head Office
DWAF Regional Office
Magalies Water Board
Rustenburg District Council
Brits District Council

Where multiple players exist:

- (a) Ownership of solutions is less clear
- (b) Goals and objectives may be different between key parties

Both of these concerns make it more difficult to achieve strong sponsorship. To address this we make a recommendation that a forum is created to provide the leadership and support for the process of implementation. This recommendation is elaborated on in the next chapter which deals with required institutional arrangements.

- (2) Because of the multiple organisations involved clear allocation of roles and responsibilities becomes particularly critical. In this regard these allocated roles in implementation will need to differentiate clearly between acting as representatives of their parent organisations and being part of a broader initiative in the Study Area. We also deal with this in the recommendations in the next chapter..
- (3) Limited capacity is already a known problem, particularly in the Third Year. It is therefore not possible that all the strategy and policy options can be dealt with, certainly not simultaneously. Very careful attention will therefore need to be given to prioritisation.

A sharing / pooling of resources will need to also be considered.

Figure 5-1 : Initiating Implementation

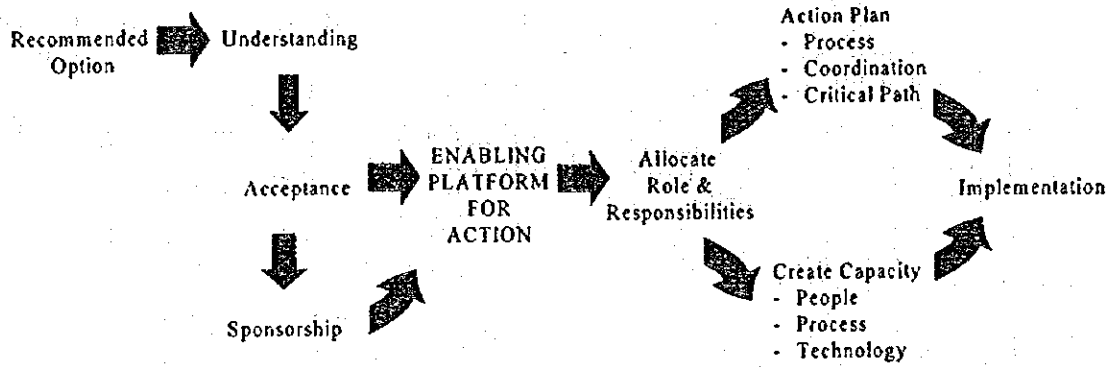
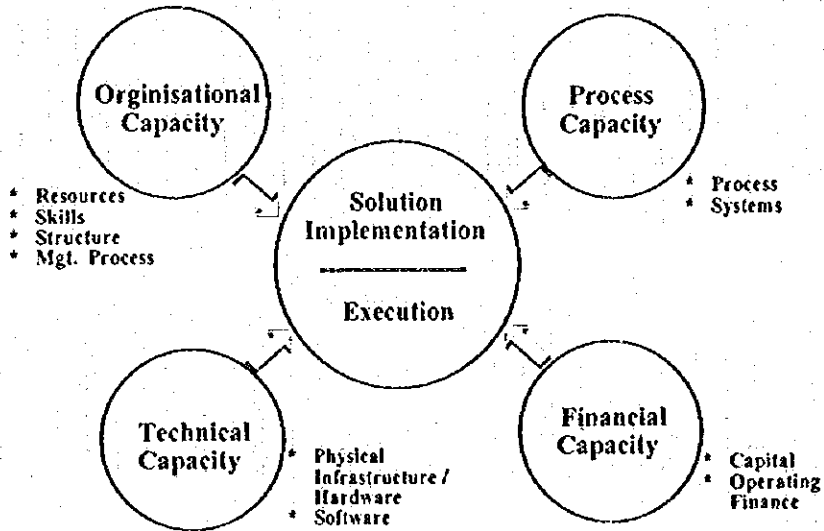


Figure 5-2 : Components of Capacity



**CHAPTER 6 IMPLEMENTATION STRATEGY
& STRUCTURE**

CHAPTER 6 : IMPLEMENTATION STRATEGY & STRUCTURE

6.1	Introduction	6-1
6.2	Summary of Implementation Requirements	6-1
	6.2.1 Participation	6-1
	6.2.2 MW as Key Player	6-1
	6.2.3 Intergration	6-2
	6.2.4 Formal Plan	6-2
	6.2.5 Sharing of Experience	6-2
6.3	Recommendations	6-2
	6.3.1 Coordinating Forum	6-2
	6.3.2 Consensus Critical Path	6-4
6.4	Next Steps	6-4

Figure 6-1: Initiating Ongoing Planning & Conditions	6-5
--	-----

CHAPTER 6 : IMPLEMENTATION STRATEGY & STRUCTURE

6.1 Introduction

In this Chapter the strategies for implementing the recommended policy options are explored together with the structures necessary to enable the strategies to be achieved.

The Chapter covers:

- (1) A Summary of implementation requirements which arise from the Policy and Strategy Options.
- (2) Recommendations regarding the strategies and structures necessary for successful implementation.
- (3) Suggested next steps.

In the conclusion we stress the importance on agreement being reached on the "next steps" before the end of this phase of the Study so that the momentum which has been achieved is not lost.

6.2 Summary of Implementation Requirements

Implementation requirements have been mentioned in previous Chapters and discussed in some depth in Chapter 5. We summarise the key requirements which are:

6.2.1 Participation

The overall approach in this Study has been to involve stakeholders in the process of planning. As a result the Study has achieved a strong credibility amongst key players. It follows that the recommended policy / strategy options and the proposed technical solution have acceptance. This is a strength of the Study as currently constituted which should be retained in the future. Implementation should therefore proceed with as broad involvement as is possible.

6.2.2 MW as Key Player

From the inception of the Study Magalies Water has been recognized as the key player in the future solution. This is in keeping with a "broader" role for water boards envisaged by DWAF. MW should therefore continue to be the leader actor during implementation.

It is however recognized that:

- (1) Water supply to communities is fundamentally a Third Tier responsibility.
- (2) DWAF must set the overall policies and strategies for water supply.

6.2.3 Integration

In Chapter 6 the importance of integration was discussed in the light of the number and diversity of important role players in the Study Area. This can be interpreted as a requirement for specific and strong integrative processes and structures in the Study Area.

6.2.4 Formal Plan

In Chapter 6 both the need for role / responsibility clarity and formal action plans were discussed. These are both core ingredients of concrete (formal) plans. Without such plans implementation cannot be expected to succeed given to diversity of role players and the complexity of issues.

6.2.5 Sharing of Experience

It has been demonstrated again and again that there are many excellent ideas and sound initiatives already having an impact in the Study Area. Hence the strategy recommendation regarding "sharing of best practice". The process of implementation needs to contribute to this process and facilitate it.

These needs are addressed by the recommendations which have been formulated and are discussed in the next section of this Chapter.

6.3 Recommendations

The Study Team makes two principal recommendations:

6.3.1 Coordinating Forum

DWAF, MW and the District Councils in the Study Area should create a coordinating forum through which they can take the work of the Study further. The term forum is specifically chosen to suggest that this vehicle could also be used for further consultation and broader participation as necessary.

(1) Purpose

To enable the key player to interact and engage the issues, recommended Policy / Strategy Options, technical solutions and implementation strategies. Through such interaction to gain commitment to the way forward and agree roles in the process, allocated responsibilities amongst members of the group and formulate action plans.

(2) Objectives

To achieve meaningful (and measurable) progress towards implementation of the:

(a) Policy and Strategy Options

(b) Technical Solutions

(c) Pilot Projects

(3) Leadership

MW should play a lead role in the formulation and facilitation of the work of the forum.

(4) Participation

Will be the key players in the study area and include at least:

(a) DWAF

(b) Magalies Water

(c) Rand Water

(d) Rustenburg District Council

(e) Brits District Council

(5) Duration

This would need to be determined by the parties. However given the nature of challenge it is likely that the forum to have an impact would need to have a life of at least two years.

(6) Frequency of Meeting

Again this would need to be agreed by the parties but to be useful it is likely that the forum would need to meet at least twice per year.

(7) Outputs

A number of outputs could be expected from the Forum including:

(a) Action Plans

(b) Role / responsibility allocations

(c) Agreements for sharing resources

(d) Joint submissions on policy

(e) Coordinated activity between parties on a bi-lateral basis.

6.3.2 Consensus Critical Path

The Study Team strongly recommends that a formal plan be developed by the members of the forum (discussed in the proceeding recommendation) and that this plan indicate the relative order and timing of key activities so as to show the critical path of changes. Preparation of this plan would be the first task of the Forum.

(1) Purpose

To analyse the issues, challenges, solutions and recommendations so that a sufficiently in-depth understanding is created to facilitate ordering actions to be taken in a logical manner.

(2) Objective

To create a realistic and accepted critical path for change in the Study Area, together with the necessary detailed plans.

(3) Leadership

As with the Forum it is suggested that MW should play a lead role in developing the plan.

(4) Participation

This would be an output of discussions within the Forum. Participation should however be as inclusive as possible.

(5) Timing

To have a meaningful input and contribute to the rapidly changing environment this plan would need to be in place by early 1997.

(6) Output / Result

A formally document plan with activities, allocated responsibilities, timing and critical path.

6.4 Next Steps

It is proposed that progress to achievement of the above recommended action and process be as follows:

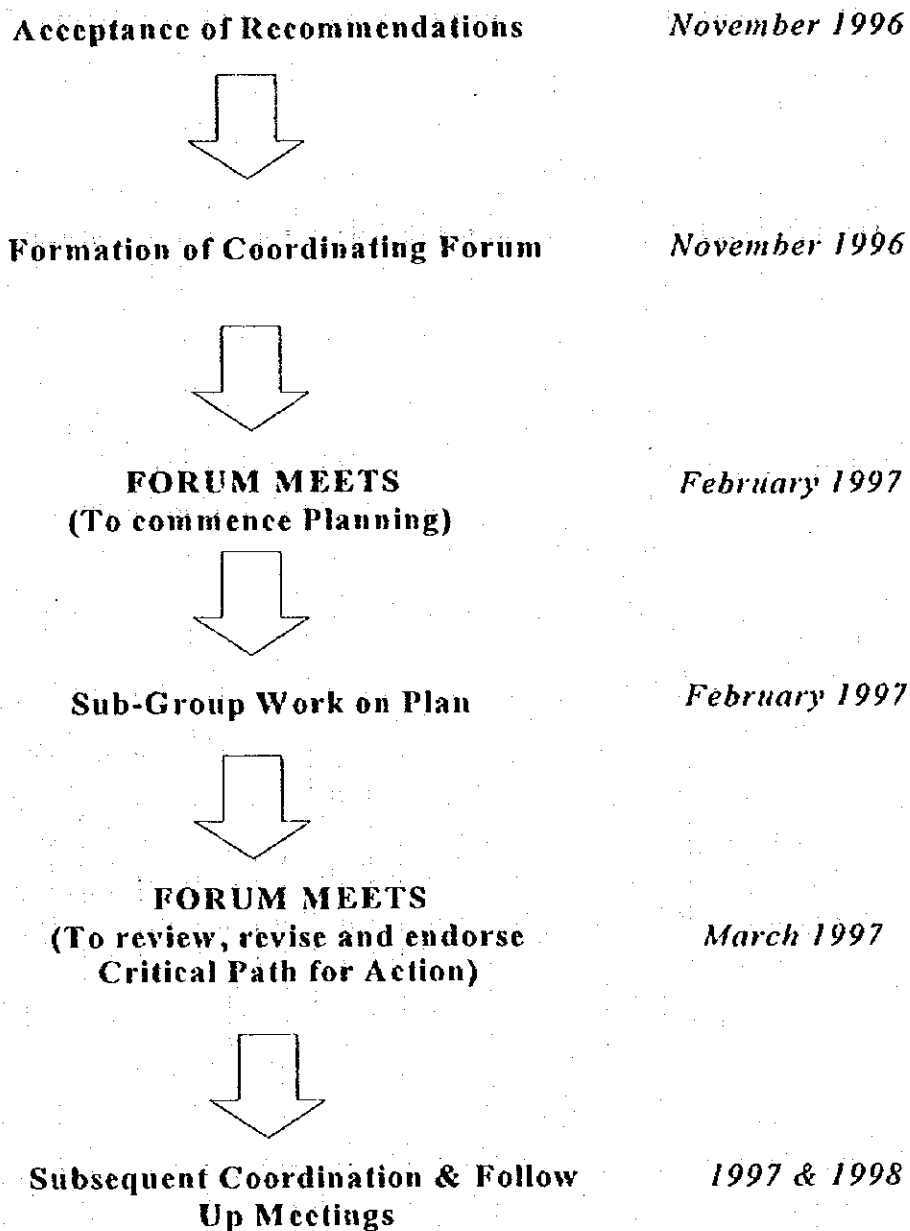
- (1) Initially the Study team will be discussing these proposal with individual key player on an informal one to one basis.

- (2) Next the proposals will be discussed formally at the Project Management Committee Meeting.

Both sets of above discussions may lead to some modification of the ideas.

- (1) The Project Steering Committee will then discuss the final proposals. A key players are all part of this meeting. Endorsement by them at the meeting will need to be worded in such a way as to confirm that they intend to move forward to implement the proposal. This will need to be done in the absence of the Study Team who will be completing this Phase of the project in November and returning only in March 1997.

Figure 6-1 : Initiating Ongoing Planning & Coordination



APPENDIX

APPENDIX 1 : GAP ANALYSYS CRITICAL PATH

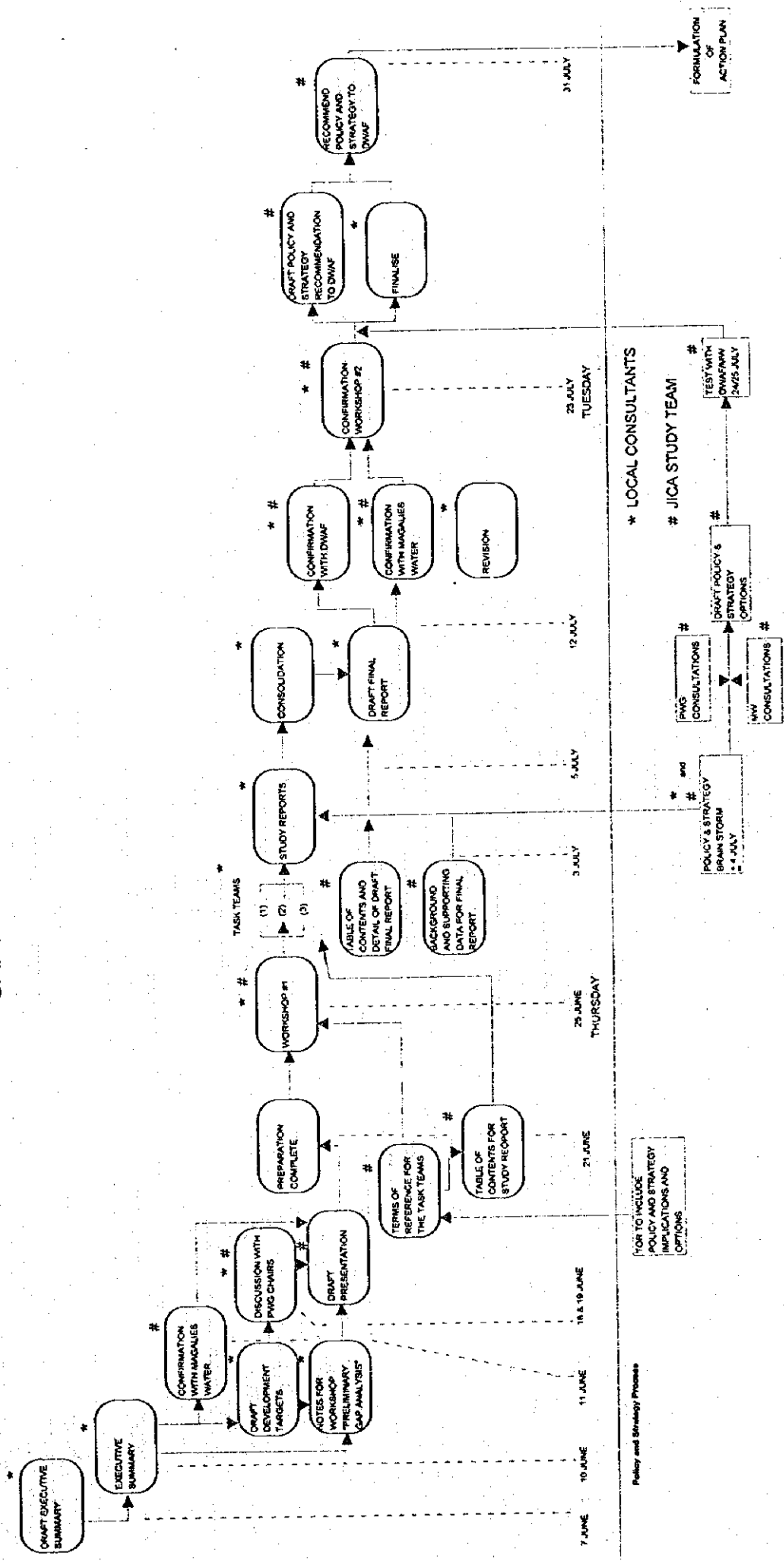
**APPENDIX 2 : GAP ANALYSYS / POLICY AND STRATEGY
PROCESS**

APPENDIX 3 : PARTICIPANTS IN TASK TEAMS

**APPENDIX 4 : LIST OF GAP ISSUES IS INITIAL
RECOMMENDATIONS FROM
STAKEHOLDERS WORKSHOP 23 JULY 1996**

APPENDIX 1 : GAP ANALYSYS CRITICAL PATH

GAP ANALYSIS CRITICAL PATH



**APPENDIX 2 : GAP ANALYSYS / POLICY AND
STRATEGY PROCESS**

Table Appendix 2 : Gap Analysis/Policy and Strategy Process

STEP IN PROCESS	RESPONSIBLE/ PARTICIPANTS	DESCRIPTION	OUTPUT
Summary of Current Situation and Formulation of Development Targets	* Local Consultants	Summarise the findings of the Stage I Situational Analysis and identify policy-based development targets in the various contexts	Draft discussion documents
Preliminary Identification of Gaps	* Local Consultants * Study Team	Compare development targets with current situation and describe the gaps (in four areas: 2nd tier; 3rd tier; technical/engineering; finance/cost recovery)	Draft discussion documents
Testing Preliminary Gap Findings (Bilateral Meetings)	* Local Consultants * Study Team * Magalies Water * PWG Chairs	Meetings to check current situation summaries, development targets and preliminary gap comments	Modified discussion documents
Testing Preliminary Gap Findings (1st Stakeholder Workshop)	* Study Team * Local Consultants * DWAF * Magalies Water * Stakeholders	Workshop to involve stakeholders in confirmation of development targets and current situation summaries, and in the further development of gap definitions	Workshop not
Refine Gaps, Prioritise, Explore Implications and Develop Preliminary Menu of Actions (Task Teams)	* Local Consultants * Study Team * Selected Stakeholders	Task teams briefed to review and test development targets, review and conform the current situation, refine and strengthen gap identification, prioritise gaps, and identify policy and strategy options and their implications Three Task Teams were formed: * Institutional Environment * Third Tier Reform * Finance and Cost Recovery	Draft Task Team Reports
Testing Task Team Findings (Bilateral Meetings)	* Study Team * Local Consultants * Magalies Water * PWG Chairs	Meetings to discuss gap identification, prioritisation, implications and suggested policy and strategy options	Revised Task Team Reports
Testing Task Team Findings (2nd Stakeholder Workshop)	* Study Team * Local Consultants * DWAF * Magalies Water * Stakeholders	Workshop to involve stakeholders in confirming gaps, identifying and agreeing the implications, and exploring recommendations regarding policy and strategy options and roles	Workshop notes

STEP IN PROCESS	RESPONSIBLE/ PARTICIPANTS	DESCRIPTION	OUTPUT
Policy and Strategy Framework	* Study Team	Setting the framework for the further development and refinement of policy and strategy options. Based on the following assumptions: * <i>Options</i> will be presented to provide space for MWD/WAF to discuss short and long term Water Board roles and to reach agreement on actions * Focus will be on options that have implications for the extended role of Magalies Water	Framework document to guide further discussion
Draft Gap Report	* Local Consultants	Report distilling and carefully defining gaps (around 20), fully discussing implications and exploring the linkages between gap issues	Draft report
Policy and Strategy Workshop	* Study Team * Task Team members	Small workshop to study policy and strategy options, to refine and test these, and to place these in various scenarios regarding policy directions, involvement of 2nd and 3rd tier roleplayers, and timeframes	Workshop notes
Draft Policy and Strategy Report	* Study Team	Report based on policy and strategy workshop and Task Team inputs	Draft report
Review of Gap and Policy and Strategy Processes	* Study Team * PSC * PMC	PSC and PMC will review the gap and policy and strategy processes, and will comment on the broad recommendations	Meeting notes
Testing Policy and Strategy Recommendations/ Gap Report	* Study Team * Task Team members * DWAF * Magalies Water * District Councils	Meetings to discuss, test and refine policy and strategy recommendations	Draft final policy and strategy report; final gap report
Discussion and adoption of policy and strategy options	* Study Team * Magalies Water * DWAF * District Councils	Process to discuss policy and strategy recommendations and to facilitate Magalies Water adoption of these	Final Policy and Strategy Report; MW policy and strategy decisions

APPENDIX 3 : PARTICIPANTS IN TASK TEAMS

TASK TEAMS

The workshop mandated the formation of three Task Teams to investigate gap items falling into three theme areas in further depth. The three theme areas and Task Team members were:

Institutional Environment

Johan Coetzer - Magalies Water
John Cunniff - Rustenburg District Council
Julian Nagy - Study Team
Steven Lear - Local Consultants
Marc Maleta - Local Consultants

Third Tier Reform

Johan Coetzer - Magalies Water
John Cunniff (alt Mr Oberholzer) - (Rustenburg District Council)
L. Lloyd - Highveld Deistrict Council
Mrs S. Mbomvu - Mayor, KwaMhlanga, TLC.
Mr M. Mahlangu - Acting Town Clerk, Kwa Mhlanga.
Deputy Chief Molefe Pilane - Bafokeng Tribal Authority
Tim Hart - Study Team
Jovito Nunes - Local Consultants
Paul Forsyth - Local Consultants

Finance and Cost Recovery

Nic Fenner / Johan Coetzer - Magalies Water
John Cunniff - Rustenburg District Council
M. Maluketa (alt S. Mahlansu) - KwaMhlanga, TLC
Y. Miyanishi - Study Team
Charles McKudu - Local Consultants
Scott Jazyuka - Local Consultants

**APPENDIX 4 : LIST OF GAP ISSUES AND INITIAL
RECOMMENDATIONS FROM STAKEHOLDERS
WORKSHOP 23 JULY 1996**

Table Appendix 4: Gaps and Proposed Policy and Strategy Responses

CONSOLIDATED GAP	GAPS ORIGINALLY IDENTIFIED	PROPOSED POLICY AND STRATEGY RESPONSES
<p>1. Clarity on Roles and Responsibilities</p>	<ul style="list-style-type: none"> * Lack of clarity on roles and responsibilities of 2nd tier organisations * Lack of clarity re Third Tier 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 * Financial and cost recovery roles and responsibilities not clear * R&R not assumed or assigned * Lack of communication contributes to gap 	<ul style="list-style-type: none"> * Province-wide workshops to discuss roles and responsibilities. Support Provincial Planning Forums as venue to debate these roles. Allow roles to evolve through communicated "best practice". Emphasis on guidelines and what works. * Local/District workshops to share viewpoints, discuss roles and responsibilities and to explore and create service partnerships (Dist. Councils to champion). Discuss "best practice". Area Forums have an important role here * Discussions around roles and responsibilities must understand capabilities. If not, allocated roles will not be accepted * DWAF to engage MW on more bilateral basis * Capacity building in all aspects of management at third tier level * Re examination of DWAF communications strategy * Team/ management development * High level meetings on roles and responsibilities * An environment of productive communication * Clear goals and targets with tools and incentives

CONSOLIDATED GAP	GAPS ORIGINALLY IDENTIFIED	PROPOSED POLICY AND STRATEGY RESPONSES
<p>2. Supportive and Integrated Policy and Legal Framework</p>	<ul style="list-style-type: none"> * Present defining and regulatory legislation for institutions is not a reflection of new water supply policy * Gap between and within existing policies and frameworks relating to finance and cost recovery 	<ul style="list-style-type: none"> * Speed up new Water Act JICA project to make specific input to water law review process * Identify legislative Incentives/ measures to promote provision of services to communities * Cost recovery and enforcement links must be formulated * 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 signed
<p>3. Insufficient or Ineffectively Utilised Capacity</p>	<ul style="list-style-type: none"> * Institutional capacity to implement projects on basis of WP guidelines (especially at second tier) * No skills and training audit (3rd tier particularly) * Identify sources of training * Chronic shortage of urban management capacity * Lack of programme and timeframe for the establishment of capacity at third tier * WP objectives not met by technical capacity (eg personnel capacity and capital capacity) 	<ul style="list-style-type: none"> * Help Water Boards tailor targeted support, esp in areas of cost recovery and financial management * Develop support networks, discuss support/service partnerships in relevant forums (eg Area Planning Forums). Pool resources in a service cooperative/ cooperatives which will be championed by local government * Training and skills audits on regional/area basis * Management development * Coordinated skills and training programmes, forums to share "best practice" * Govt allocations for third tier training * Explore rationalisation in training, especially in technical field * LWCs and other CBOs to augment capacity * Water Boards and government departments to exchange information on provincial and regional economic development plans * Provincial departments of Local Government to communicate their capacity building initiatives * Use the private sector * Develop internal capacity

CONSOLIDATED GAP	GAPS ORIGINALLY IDENTIFIED	PROPOSED POLICY AND STRATEGY RESPONSES
4. Coordination and Communication	* Lack of coordination and communication - leading to different perspectives on objectives and methods to build water supply capacity	* Emphasis on consultative and human relations oriented management * More exposure of Boards to development environment * Management development * Review DWAF communications strategy
5. Policy and Guidelines regarding Handover	* New gap.	* Formulate clear guidelines and principles governing the handover of assets/liabilities and staff.
6. Insufficient Capital Resources	* Insufficient capital resources at third tier to implement RDP standard or expanded standard	* Soliciting capital resources * Revolving pool fund * Two level tariff * Seed capital for new institutions to build capacity * Prepare guidelines for local authorities seeking finance, including the criteria typically applied by lenders
7. Community Expectations on Service Levels	* New gap	* Develop a strategic position on policy regarding service level expectations (based on consultation with stakeholders). Lack of resolution could entrench non-payment * Modify policy regarding service levels/ formulate and discuss ways in which local government/communities can move beyond RDP minimum standards * Explore financing options for higher levels of service as a priority (also strategies to deal with risks)
8. Value of Safe Water	* Gap between policy view that water has value and actual practices	* 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
9. Commercial Experience of Water Boards	* WB commercial experience in bulk but less familiar with the retail sector	* Creation of a service cooperative to pool capacity between institutions

CONSOLIDATED GAP	GAPS ORIGINALLY IDENTIFIED	PROPOSED POLICY AND STRATEGY RESPONSES
10. Cost Recovery	* Inability in some cases to achieve full cost recovery	<ul style="list-style-type: none"> * Formulate clear policy on non-payment. Clarify the links between cost recovery and enforcement * Achievable and acceptable RDP goals * Balance positive incentives (job creation, entrepreneurial opportunities) with legal and social pressure to pay. * Link development to payment wherever possible * Subsidise limited water for low income * Empower institutions to borrow on their own account * Responsibility for service and collection clearly assigned. Must be locally driven. * Utilise private sector * Explore and test innovative incentives * Use two-part tariff * Explore and test kiosk and prepayment systems * Investigate the costs of recovery in various settings * Explore and share cost recovery "success stories" * Clarify subsidisation policy and possible ways to link subsidisation to cost recovery
11. Unauthorised Connections	* New gap	<ul style="list-style-type: none"> * Moratorium on unauthorised connections * Formulate clear policy regarding unauthorised connections * Link cost recovery and unauthorised connection strategies
12. Integration and Coordination of Services	* Provision of integrated and coordinated services is weak in some areas	<ul style="list-style-type: none"> * District Councils to lead coordination and integration of services at third tier * Local-level forums (District Council Level) to discuss pros and cons of integration, and to share "best practice" * Explore the potential of the Development Facilitation Act to facilitate integrated service provision

CONSOLIDATED GAP	GAPS ORIGINALLY IDENTIFIED	PROPOSED POLICY AND STRATEGY RESPONSES
13. Planning	<ul style="list-style-type: none"> * Poor understanding by third tier organisations of their role in development planning 	<ul style="list-style-type: none"> * Establish a planning framework relevant to the third tier. * Give attention to the links between the Development Facilitation Act and water supply planning. DFA may be a catalyst to stimulate local Integrated development planning * Water planning champions at third tier * Explore monitoring and assessment mechanisms
14. Understanding of Local Diversity (Urban/Rural, Local Socio-Economic Conditions)	<ul style="list-style-type: none"> * New gap: understanding of rural/urban differences * Policy does not always reflect the socio economic realities of the ESA 	<ul style="list-style-type: none"> * Broad based policy formulation ensuring the involvement of implementers * Share information regarding the theory and practice of local economic development. Role for District Councils and RDP structures. * Link water supply to local economic development * Obtain a better understanding of the implications of local diversity (eg as indicated in Situational Analysis) * Share information on experience, pilot projects, "best practices"
15. Overstaffing and Understaffing	<ul style="list-style-type: none"> * Overstaffing and understaffing co-exist 	<ul style="list-style-type: none"> * Overall audit of skills and personnel, and redeployment * Establish a service cooperative

CONSOLIDATED GAP	GAPS ORIGINALLY IDENTIFIED	PROPOSED POLICY AND STRATEGY RESPONSES
<p>16. Community Involvement</p>	<ul style="list-style-type: none"> * Water Boards have limited capacity to involve communities * Community involvement is not seen as directly related to cost recovery 	<ul style="list-style-type: none"> * Involve Water Boards in Area Planning Forums * Build capacity in community liaison and use different actors for different types of liaison * Work with local capacity. Recognise and use LWCs and other CBOs, but in a process that empowers elected local authorities. * Focused management of community involvement around defined outcomes * Use Development Facilitation Act as a possible catalyst for community-based development planning * Use service cooperatives/support networks as a capacity building and empowerment mechanism. These should be strongly rooted in communities * Use local forums to monitor the enabling environment for community involvement

JICA