

# **REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES**

**Washington R Nyabeze**  
BSc Eng (Hons), MSc Eng, PhD, PrEng.

**Guest Speaker**

**Ministerial Interactive Session with Water and Sanitation Sector**

**10 November 2018**

# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

The **legislative mandate** of the Department of Water and Sanitation is set out in the National Water Act (1998) and the Water Services Act (1997) is to ensure that the country's water resources are protected, managed, used, developed, conserved and controlled by regulating and supporting the delivery of effective water supply and sanitation. This should be done in accordance with the requirements of water-related policies and legislation that are critical for delivering on the people's right to have access to sufficient water and food, growing the economy, and eradicating poverty...while safeguarding the well being of current and future generations

- Implementation of NWA (1998)
  - Sector policies, regulations, strategies and targets
  - Implementation plans
  - Stakeholder involvement and
  - Climate for investment and resource sharing

**The Department of Water and Sanitation is the Sector Leader**

# REINVIORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

The NDP priority on Economic Infrastructure, calls for the expansion of the water infrastructure to support economic growth and social development/transformation goals etc. The NDP envisages full access to affordable and reliable water and sanitation before 2030 and *stresses that economic growth should go hand in hand with socio-economic transformation*. Sustainable Development Goals (SDGs) aim to achieve **universal** and **equitable access** to **safe** and **affordable** drinking water for all by 2030.

The Medium Term Strategic Framework (MTSF) 2014-2019 targets

- 5% increase in bulk water infrastructure compared to 2014
- Improved maintenance and supply availability of our bulk water resources infrastructures
- Progressively reduce differences in access to clean water and adequate sanitation,
- Increase in the percentage of households with access to a functional water service from 85% in 2013 to 90% by 2019
- Increase access to a functional sanitation service from 84% in 2013 to 90% by 2019,
- Eliminate bucket sanitation in the formal areas.
- Enforce measures to ensure water security and healthy catchments, rivers and wetlands.

We are going to miss the MTSF targets therefore we have to do much better during the 2019-2024 MTSF

**The Department of Water and Sanitation is the Sector Leader**

# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

## Structure of this presentation

..considers 5 of the 14 National Development Plan (Vision 2030) imperatives :

- 1) An efficient, competitive and responsive economic infrastructure
- 2) Protecting and enhancing our environmental assets and natural resources
- 3) Employment and inclusive growth
- 4) A skilled and capable workforce
- 5) **Rapid Radical transformation**

How can we obtain value for money?



**The Department of Water and Sanitation is the Sector Leader**

# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

How can we obtain value for money from delivery of water and sanitation services?

- Water is expensive to carry
  - ✓ CoJ charges R87.90 per month for 10 000 litres
  - ✓ Water tankering 10 000 litres can cost R245 per month
  - ✓ 10 000litres of water weighs the same as 10 tonnes of gold
  - ✓ 10 tonnes of gold can fetch R5 422 100 000...a 10t truck carrying gold obtains value for money
- Waste is expensive to treat
- Cost of water and sanitation services can be very high during droughts
- Treating water or waste under emergency conditions is very expensive business
- It is very expensive to treat polluted water in a river, lake or aquifer

Access to water and sanitation is a basic human right

- ✓ Keep cost of water and sanitation services as low as possible!!!



# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

## Some facts about **obtaining value for money**

- Reduce cost of water and sanitation services...**low hanging fruits**
  - Invest in maintaining water and sanitation infrastructure in good working condition
  - Implement polluter pays principle...police and enforce
  - Treat waste at source
  - Lower cost of delivering infrastructure
    - ✓ Improve costing and control expenditure
    - ✓ Institute social and ethics policy
    - ✓ Use available resources efficiently...**zero tolerance to corruption**
    - ✓ Improve targeting of budgets
- **Who is responsible for what?...conflicting interests**
  - Multiple actors

**New methods and tools**

**New rules**

**Leadership capacity**

DWS 2017/18 Annual Report pp115....R2.26mil per borehole !!!!!???

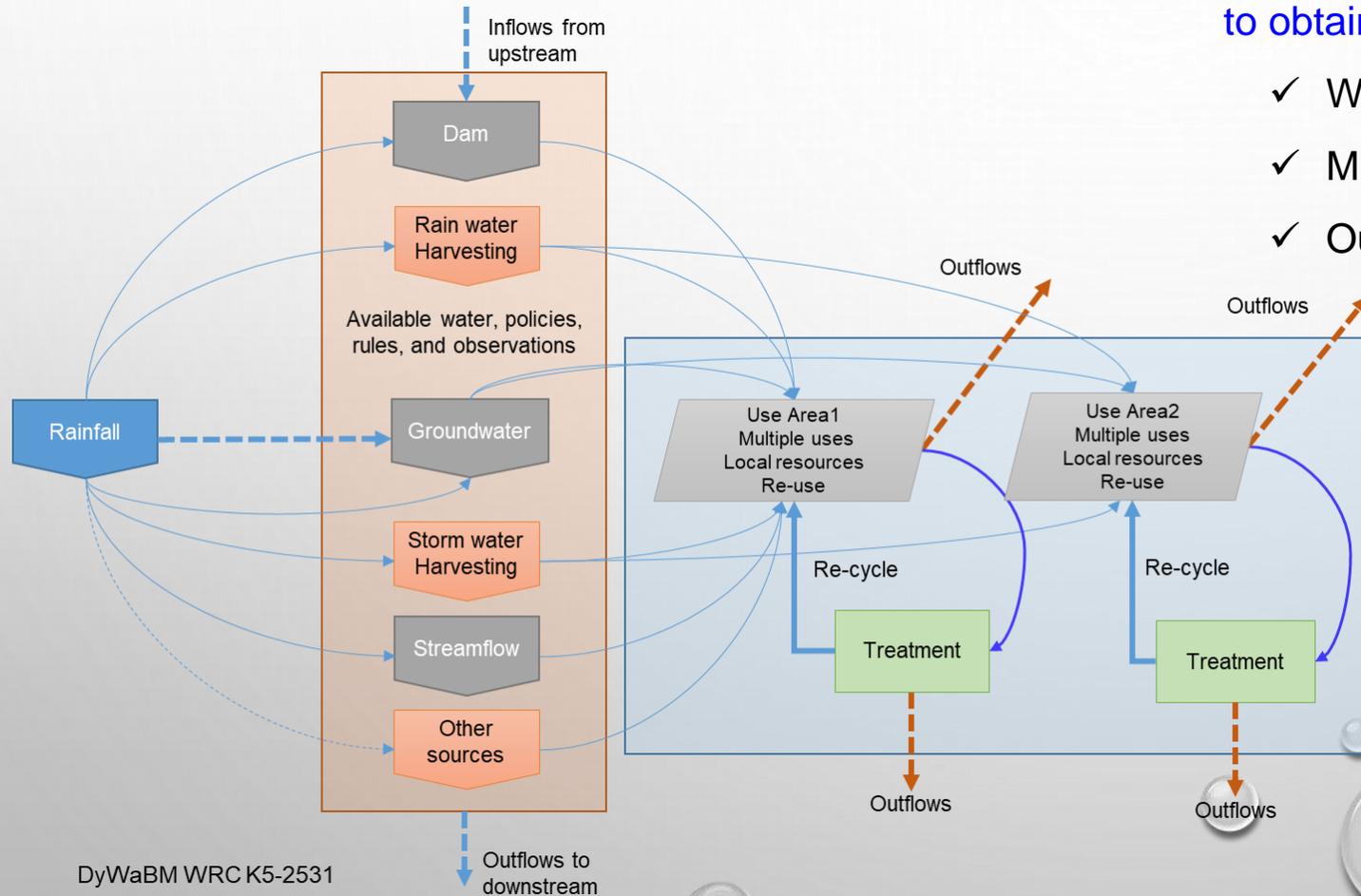
Project milestones	Project Status	Estimated project Cost	Amount paid to date
154 boreholes to be refurbished or re-drilled	137 completed and operational	R338mil	R309mil

# REINVIORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

Some facts about obtaining value for money

- Implement strategic shifts in water and sanitation provision to obtain value for money

- ✓ Water is always moving
- ✓ Multiple water uses
- ✓ Out of sight out of mind versus polluter responsibility



New methods and tools  
Budget shifts  
Implement research outcomes

# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

1) An efficient, competitive and responsive economic infrastructure

- Budget allocation for 2018/19, R15.5billion

Item	Allocation (R)	% of Total
Programme 1: Administration	1,714,639,000	11%
Programme 2: Water Planning and Information Management	862,122,000	6%
Programme 3: Water Infrastructure Development	12,496,165,000	80%
Programme 4: Water Sector Regulation	498,592,000	3%
Total	15,571,518,000	100%

- Of the 12.5billion allocated to Programme 3 direct transfers to Municipalities as Water Services Division of Revenue Act (DORA) as Water Services Infrastructure Grants (WSIGs) amount to about R 8.2 billion and transfers to Water Boards amount to about R0.7billion.

- Remaining 3.5billion

- Budget challenges from previous years, **R1.8billion**
- **1.7billion** is for continuation of existing projects



# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

- 1) An efficient, competitive and responsive economic infrastructure
  - Does the budget structure demonstrate efficient allocation of resources?

Item	Allocation (R)	% of Total
Programme 1: Administration	1,714,639,000	36%
Programme 2: Water Planning and Information Management	862,122,000	18%
Programme 3: Water Infrastructure Development	1,682,472,000	35%
Programme 4: Water Sector Regulation	498,592,000	10%
Total	1,714,639,000	100%

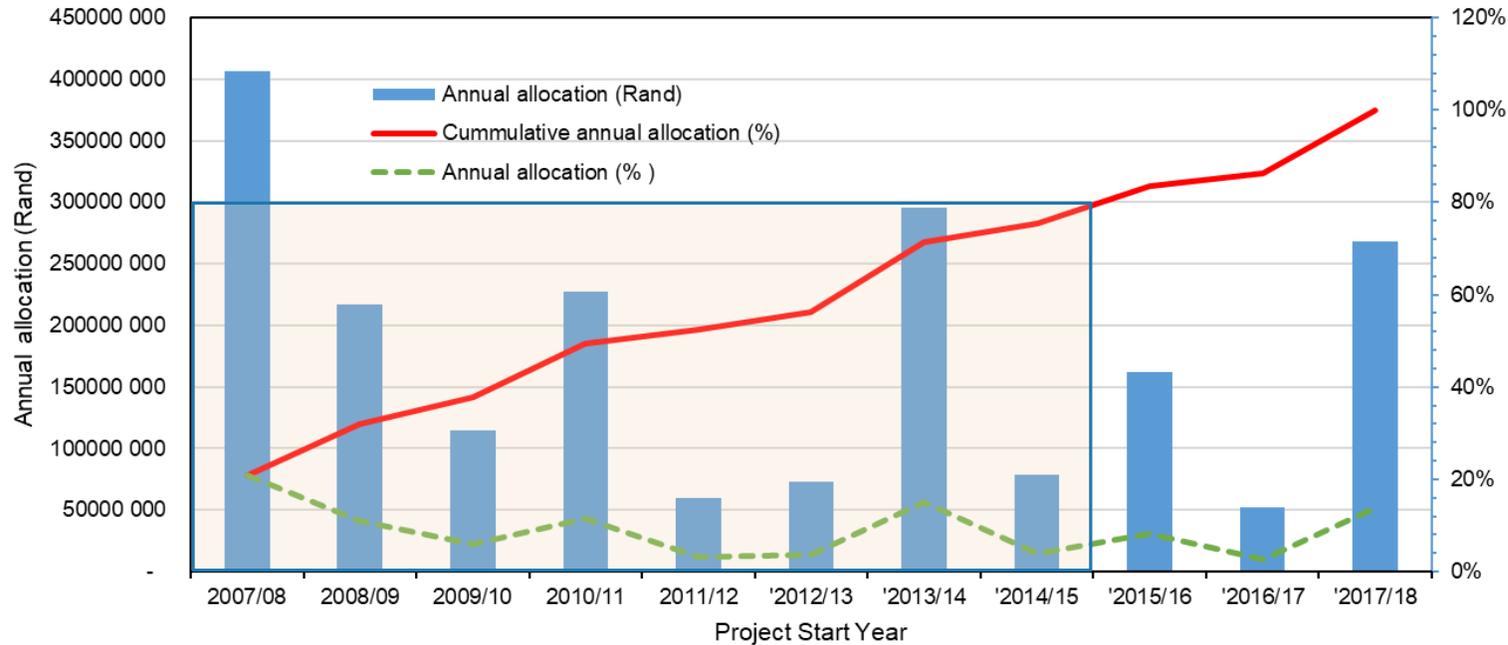
- How does this budget affect delivery on key imperatives
- Additional R1.302billion allocated for drought relief under Programme 3 – mid year adjustment budget...
  - ✓ Is this earmarked for building resilience?



# REINVIORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

## 1) An efficient, competitive and responsive economic infrastructure

- Incredibly slow pace of implementation
- Poor quality of infrastructure is delivered
- Infrastructure and services are delivered at a very high cost



- New modes of financing
- Obtain value for money



# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

## 2) Protect and enhance our environmental assets and natural resources

- Risk of pollution from waste water infrastructure is increasing. (*Examples: Rietvlei Dam, Kromellenboog Dam, Koster Dam, Hartbeesport Dam*)
- Build resilience, harness research
- Build Implement waste discharge system and information management capacity
- Regulate and enforce...core mandate for DWS
- Provide technical support to local government and intervening directly in priority areas

} As different functions

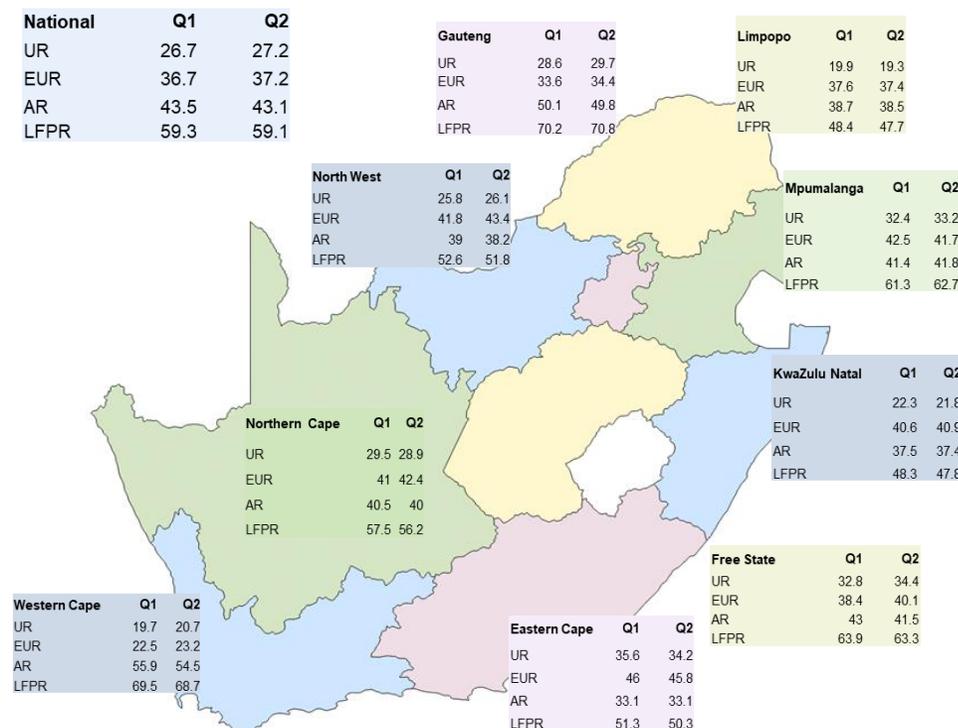


# REINVIORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

## 3) Employment and inclusive growth

- Is impact of reported empowerment levels visible?
- Should we be more optimistic about job creation and empowerment?
- Are we not experiencing a period of job destruction?
  - Examples...
    - the DWS is on a go slow,
    - suppliers of services to the DWS - large firms are either downscaling or closing shop,
    - SMMEs are closing shop, diversifying to informal or non-core activities
    - Etc.
- More focus on SMMES, women and youth
- Participatory and consultative approaches involving not only the private sector and other government institutions but also civil society and the beneficiaries as development partners – **sector leader should obtain buy-in**

STATS SA Mar-April 2018 Q1 and May-June 2018 Q2, 15-64 years



UR= Unemployment rate, EUR= Expanded unemployment rate, AR= Absorption rate, LFPR= Labour force participation rate,

New rules, New methods and tools, Leadership capacity

# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

## 4) A skilled and capable workforce

- Effective use of available skills... **large numbers coming through**
  - Qualified women and youth.....
  - ... skilled people are more productive if they work without fear
  - skilled unemployed, skilled unoccupied...
  - Expand the water and sanitation sector...SMMEs
- The War on Leaks Programme launched in 2015 - plumbers, water agents and artisans - **end of pipe solution**
  - Shift in investment focus from “War on leaks” towards operation, maintenance, replacement and upgrading...near real time performance monitoring systems....take advantage of advances in IT
- **Reinvigorate**
  - Strengthen capacity to plan and implement projects
    - ✓ Improve pace of implementation
    - ✓ Improve process management for high quality of infrastructure delivery
  - Rigorous monitoring, evaluation and **learning**
  - Increase range of interventions, support implementation of outcomes from research
  - Implement budget shifts



Obtain value for money

New methods and tools

New rules

Capable leadership

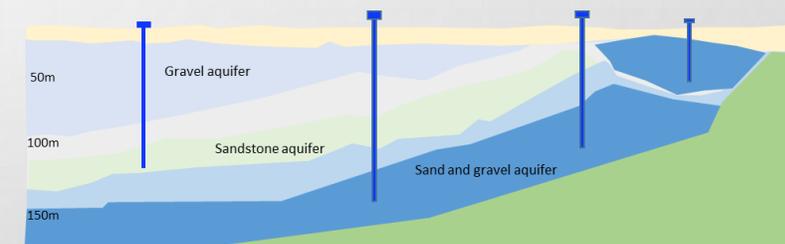
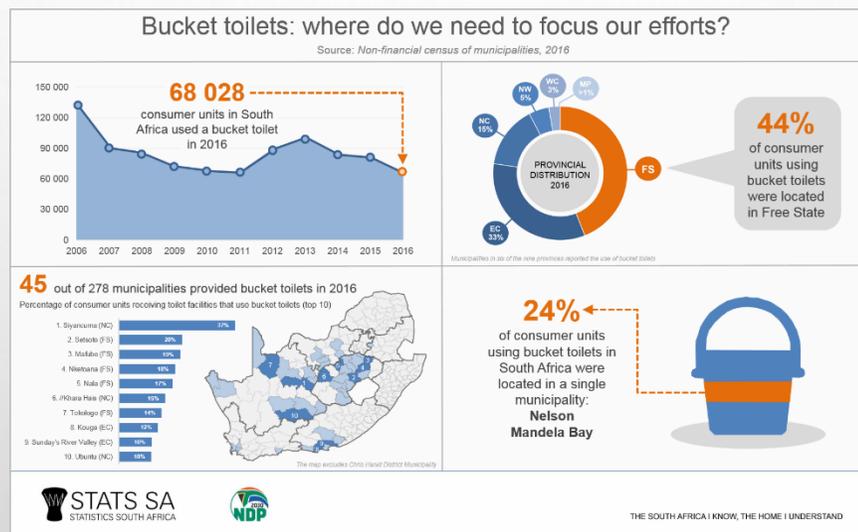


# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

## 5) Rapid Radical transformation

- Poverty and inequality - **We are striving for an inclusive and shared economy**
- Slow pace of implementation - a decent standard of living is not possible with the levels of water insecurity and inadequate sanitation services affecting a large number of people in South Africa.

Bucket Eradication Programme 2018/19 (Rand)	
Eastern Cape	-
Free State	442 860 000
Gauteng	-
KwaZulu-Natal	-
Limpopo	-
Mpumalanga	-
Northern Cape	165 315 000
North West	-
Western Cape	-
<b>Total</b>	<b>608 175 000</b>



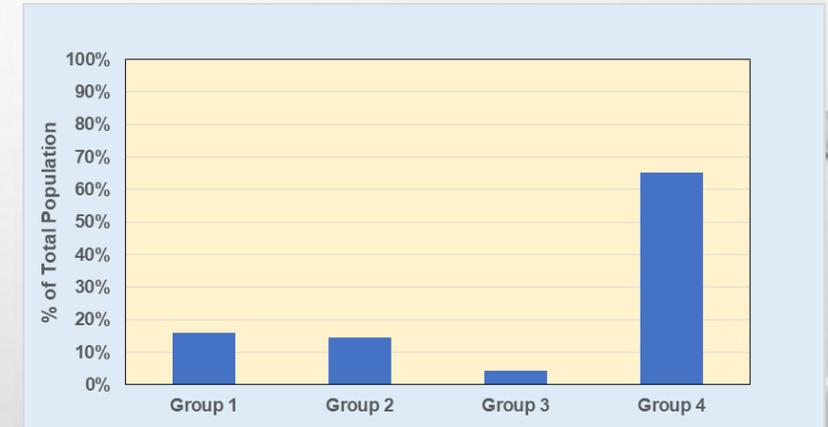
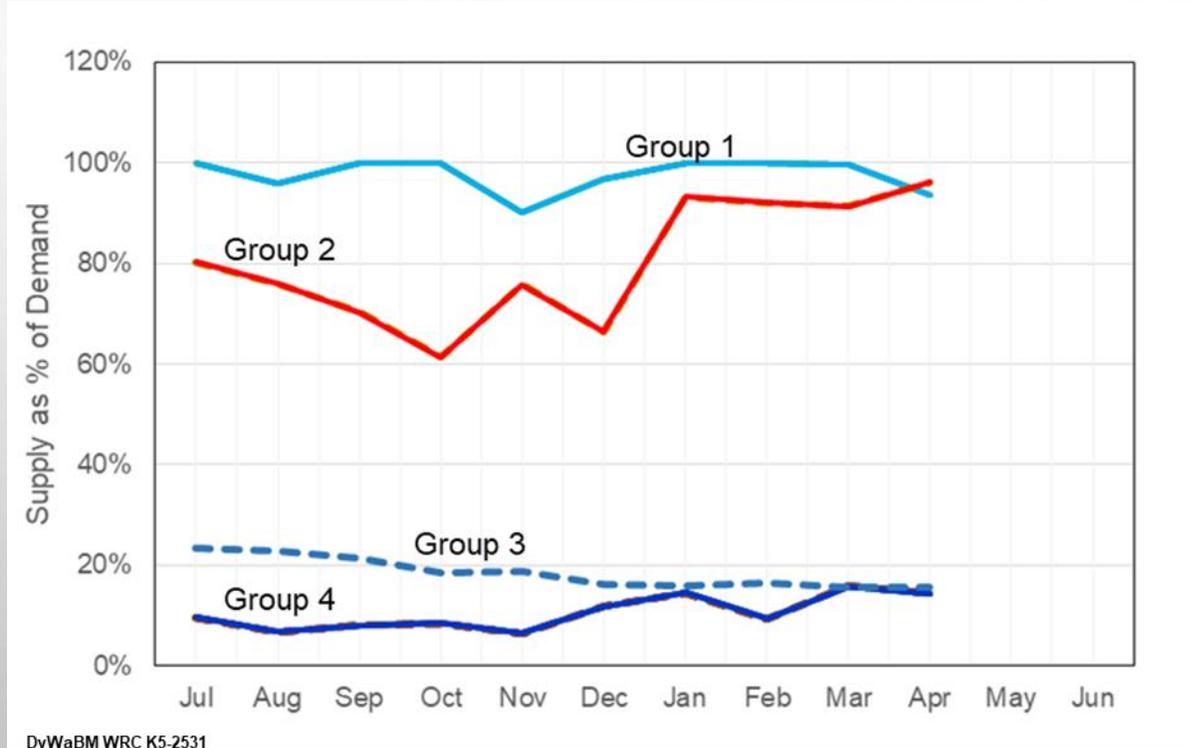
- Keep cost of water and sanitation services
- Broaden range of technology and service delivery options
- Implement new indicators and be more transparent
- Rigorous monitoring, evaluation and learning

New methods and tools  
New rules  
Bold decision making

# REINVIORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

## 5) Rapid Radical transformation

- Poverty and inequality - **We are striving for an inclusive and shared economy**



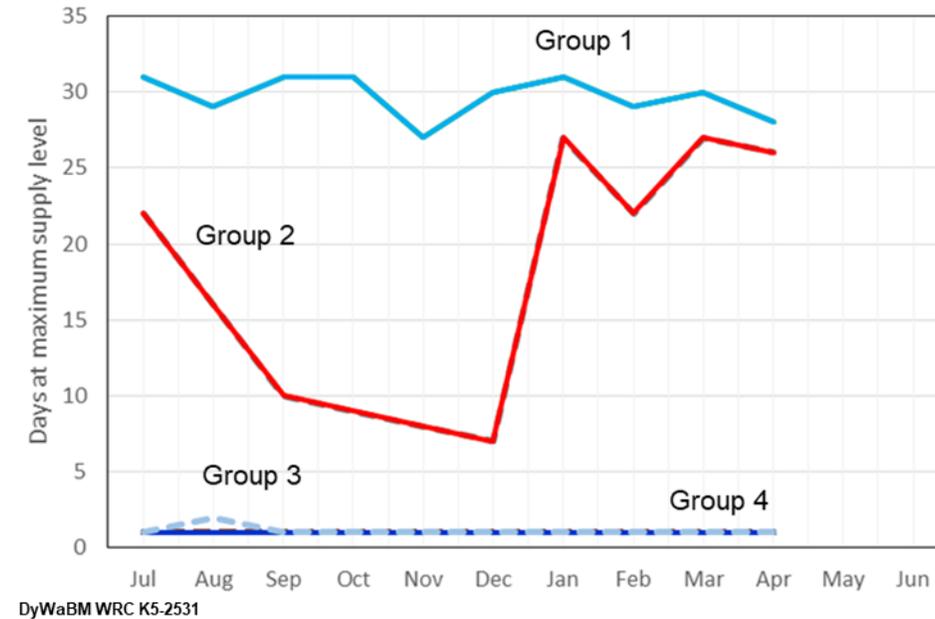
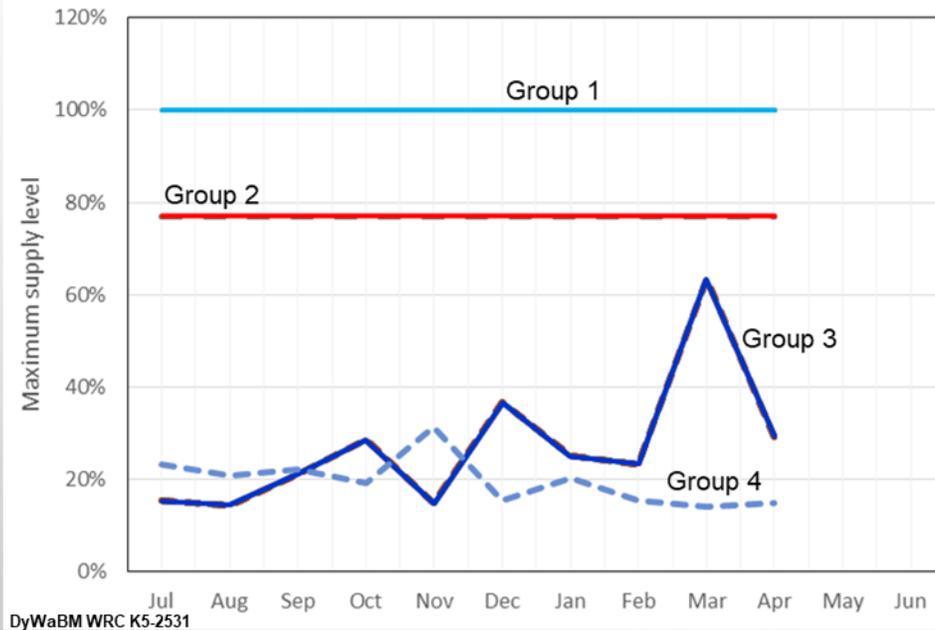
- Inequalities in relation to access to safe water – periods of “average” supply

Implement performance assessment tools that capture citizen experiences

# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

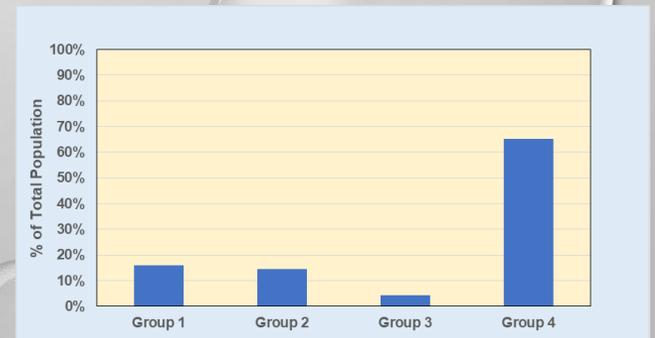
## 5) Rapid Radical transformation

- Poverty and inequality - **We are striving for an inclusive and shared economy**



- Inequalities in relation to access to safe water – periods of relatively “very good” supply

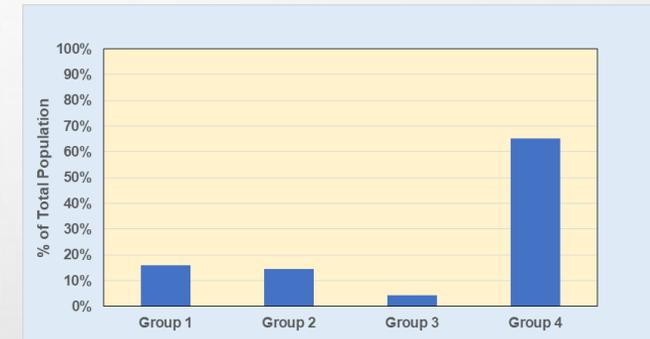
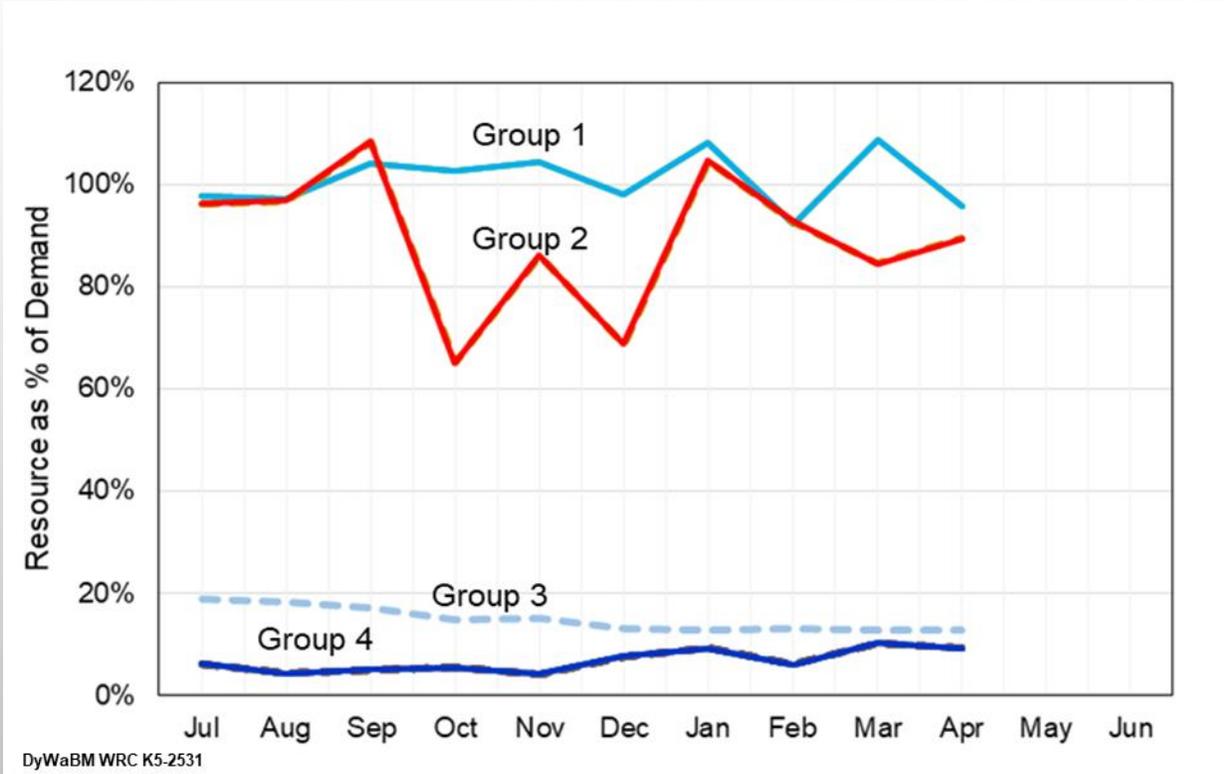
Improve distribution of water  
Improve operation of system



# REINVIORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

## 5) Rapid Radical transformation

- Poverty and inequality - **We are striving for an inclusive and shared economy**



- Access to water resources for some communities is far less than demand
- Inequalities in relation to access to water resources

Increase water source options  
Improve sharing of water resources

# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

## The Department of Water and Sanitation is the Sector Leader

The Minister highlighted the following for 2019-2024 MTSF period:

- 1) A National Water Resources and Services Authority
- 2) **A National Water Resources and Services Regulator ... (NWAC, 2013)** 
- 3) A Water Resources and Services Value Chain? 
- 4) A Water Resources and Services Master Plan
  - **National Water and Sanitation Resources and Services Strategy (NWSRSS) implementation plan ... (NWAC, 2013)**
  - National Norms and Standards for water supply and Sanitation Services
- 5) Institutional Rationalisation and Organisational Alignment
  - Repositioning of water boards to be engines of socio-economic development
- 6) **National Water Resources and Services Advisory Council ... (NWAC, 2013)** 
- 7) **Catchment Management Agencies ..clear purpose and timelines )... (NWAC, 2013)** 
- 8) **Working closer with COGTA..... (NWAC, 2013)**
- 9) **Establishment of a National Water and Sanitation Infrastructure Agency (NAWASIA)... (Draft bill gazetted in 2007, NWAC, 2013)**
  - **opportunity for off-budget financing**

***Importance of National Water Resources and Services Advisory Council***

# REINVIGORATING THE WATER AND SANITATION SECTOR TO OBTAIN VALUE FOR MONEY IN ORDER TO ACCELERATE DELIVERY OF FUNCTIONAL SERVICES

- Top 6 recommendations
  - Take immediate steps to address new leadership requirements for the DWS, restore stability and credibility
  - Implement new approaches for delivering water and sanitation infrastructure
  - Implement social and ethics policy to strengthen governance
  - Appoint National Water Resources and Water Services Advisory Council
  - Establish National Water and Sanitation Infrastructure Agency
  - Implement catchment management agencies