



**water & sanitation**

Department:  
Water and Sanitation  
REPUBLIC OF SOUTH AFRICA



# **SHIFTS IN DWS INSTITUTIONAL ENVIRONMENT**

## **PRESENTATION TO THE IWQM SYMPOSIUM**

**BY**

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# Context

## National Development Plan

- Regional Water Utilities, CMAs and National Water Resource Agency supported

## National Water Resources Strategy

- Regional Water Utilities
- Investigate the arrangements for managing WR infrastructure
- Assess the institutional arrangements for the Economic Regulator

## National Policy Review

- New Policy Position establishing Regional Water Utilities and confirming CMAs.

## Institutional Reforms and Realignment (IRR)

- IRR cabinet approval in 2013.

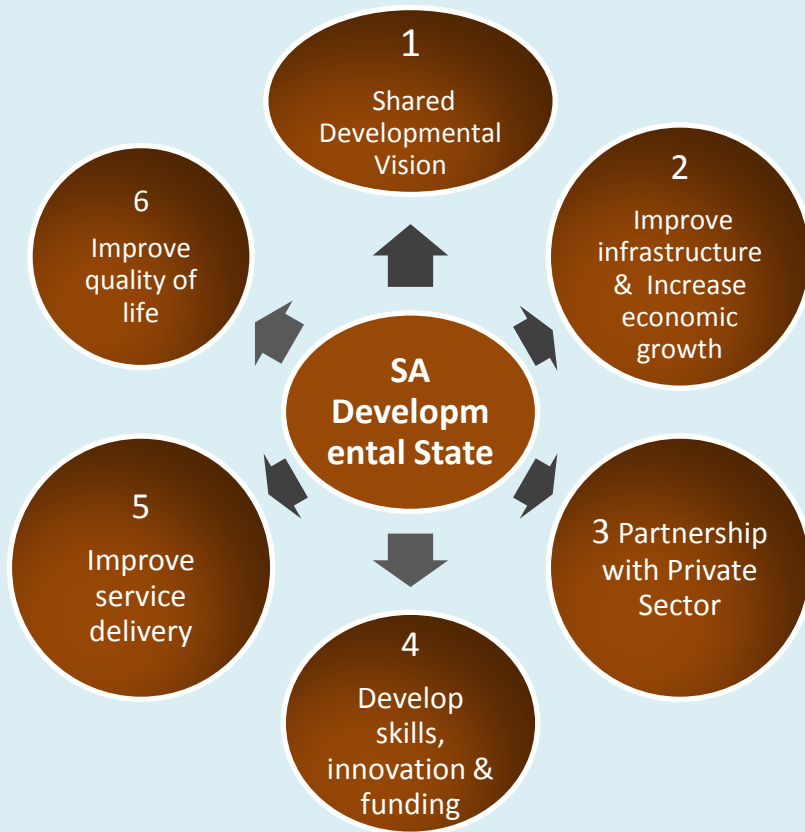
## Cabinet Lekgotla February 2015 Resolutions (Presidential Review Committee)

In February 2015, Cabinet Lekgotla endorsed recommendations on the strengthening of SOE. The recommendations are focused on :

**RATIONALISATION** creating an **INSTITUTIONAL FRAMEWORK** that will support the advancement of the **NATIONAL DEVELOPMENT PLAN OUTCOMES**

# SA as a developmental state needs state entities.....

We need to create an enabling environment for state entities to deliver on their social and economic mandates and to ensure that they complement the capacity of the state to deliver

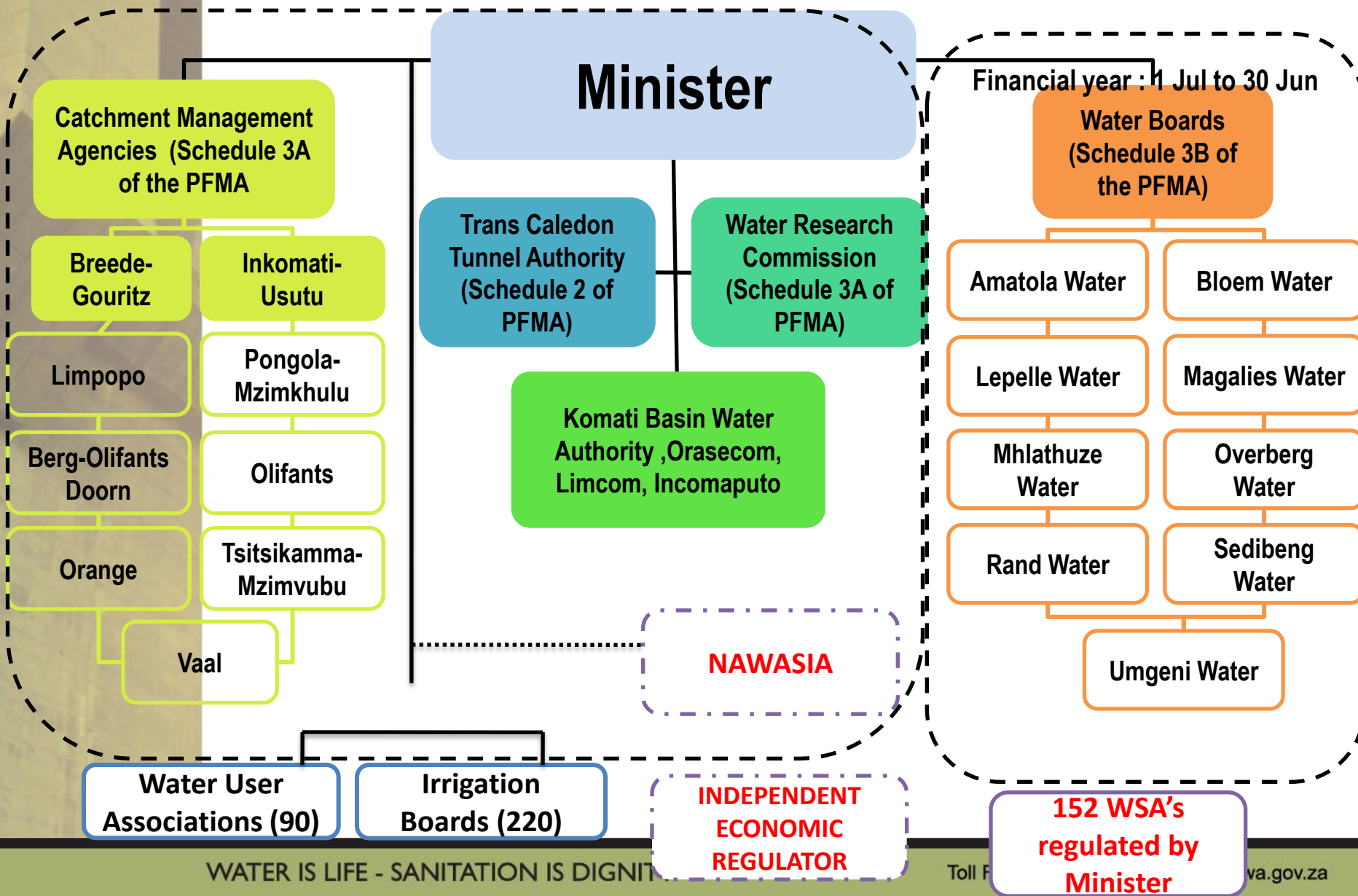


- Good governance
- Financial viability
- Compliance with statutory requirements
- Monitoring Performance
- Improved service delivery
- Transformation

# The case for change

1. Poor service delivery and weak performance in the management of water supply and sanitation services by many municipalities.
2. The growing concerns around poor water quality
3. Slow pace in decentralising and delegating water resource functions to local level
4. Limited transformation in the sector (WAR) and access to land remains a challenge
5. There have been (and currently exist) governance and performance-related problems for some of the existing water boards.
6. Mandate of regional bulk /bulk not well defined in current water services legislation-discretionary space.
7. Water boards based on economic principles serving urban & mines whilst those with primarily social mandate (former homelands) are struggling.

# Current water sector institutional landscape



# Primary motivation for CMAS

*Compelling argument for CMAS as a separate entity from DWS.*

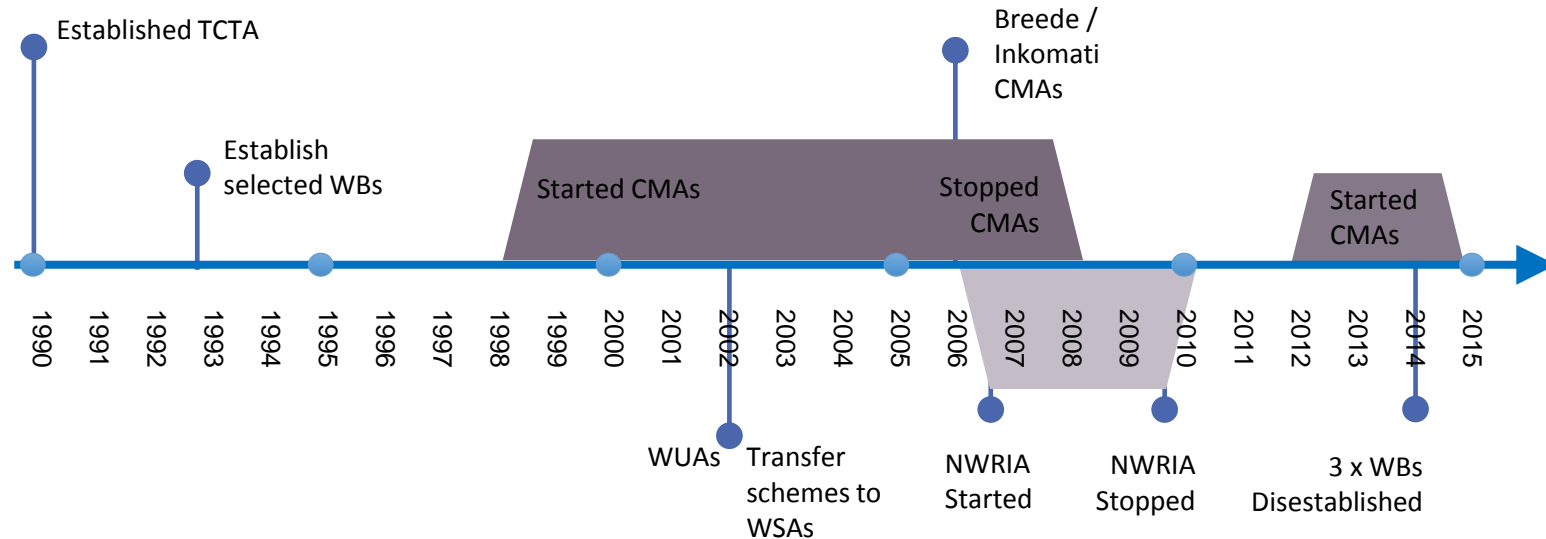
- Allows DWS to devolve operational functions to facilitate a clear separation from its policy and regulatory roles. (Presidential Review Committee on SOEs)
- Creates institutions that are focused solely on water resources management (as opposed to also dealing with water services). Provides vehicle to consolidate (de-fragment) water resources management within the respective CMAs
- Allows for water to be managed at a local level. More responsive (to water user needs) and speedy decision making around water resources management
- Provides a more effective platform for stakeholder engagement and partnerships
- Facilitates greater transparency on decisions (as well as utilization of water use charges) and performance around water resources management
- Creates accountability at a local level for water resources management
- Provides an opportunity to create a more customer focused culture for water resources management (difficult to course correct in the current institutional model)



# Legal mandate

- CMAs are established in terms of chapter 7 of the NWA (was conceptualised in the 1996 white paper)
  - CMAs are Statutory bodies established in terms of, section 78(1). They are also listed as schedule 3a entity under the **PFMA-service delivery Public entity**
  - are responsible for protecting, developing, managing and controlling water resources in a sustainable and equitable manner to meet the countries socio economic objectives
- The NWRS provides for 9 viable CMAs to be established by 2016

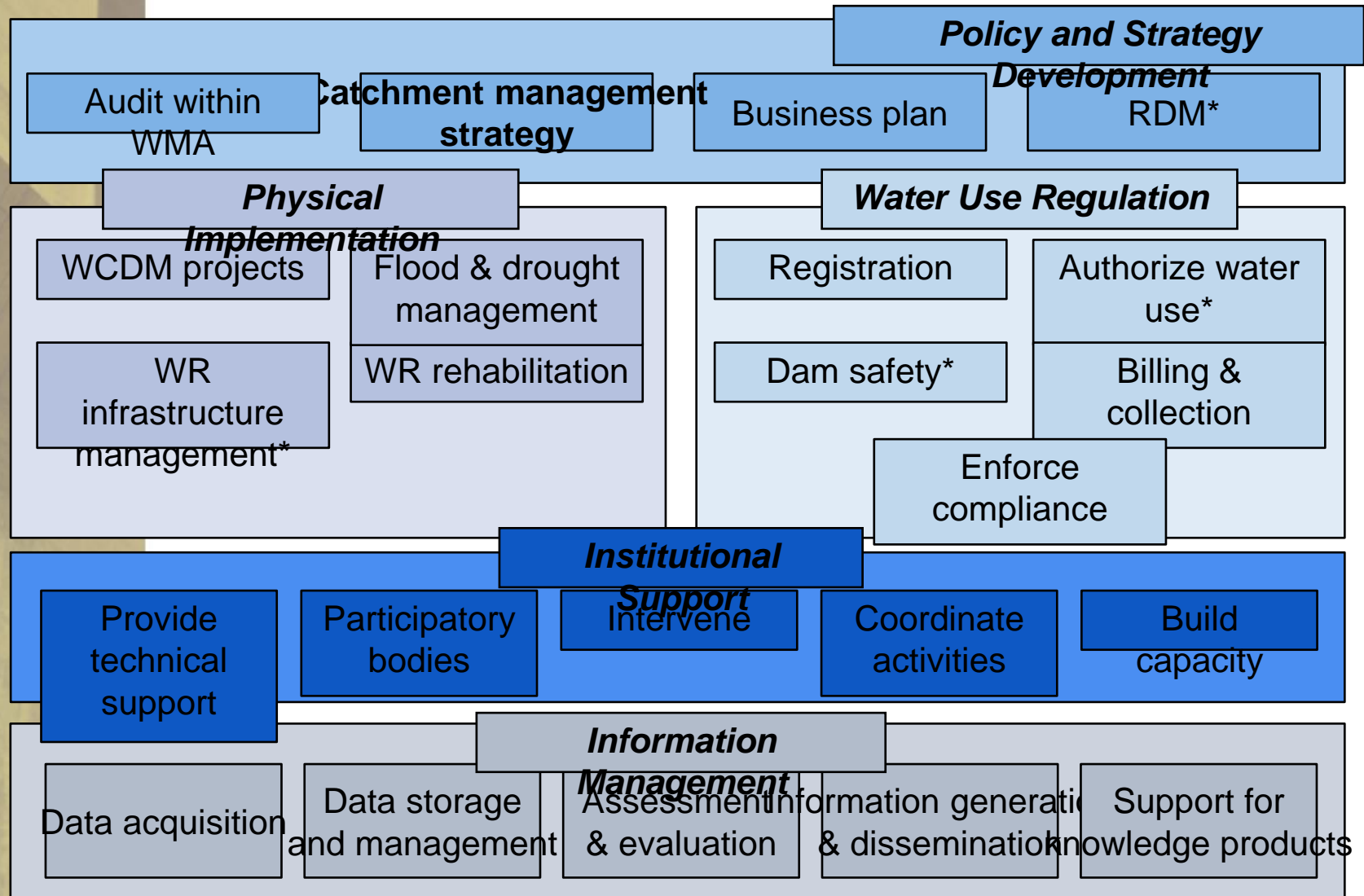
# Background



- The current sector operating model, is as a result of evolution, rather than functional design and it has been characterised by a start-stop reform process
- The institutional uncertainty is negatively affecting sector performance because institutional capacity cannot be established and sustained
- 14 studies undertaken on institutional reform, 7 of these assessed the institutional arrangements of CMAs
- All of these studies have recommended that CMAs be established as Schedule 3a Public Entities, with the last two studies confirming that 9 such Public Entities be established



# Functions of the CMA (summary)



# Ring-fencing of water resource management functions

- ❖ As from 01 April 2015 proto-CMAs have been ring fenced to operate as ring fenced structure during incubation period of 12 Months to fast track the establishment process.
- ❖ Proto-CMAs are transitional structures (Incubator model) within the Regions to ring fence the Water Resource Management (WRM) functions and associated staff to be transferred to the CMA.
- ❖ The purpose was to consolidate the functions and budget for 9 Proto-CMAs in order to have operational, legal and financial effectiveness in performing functions, determining the yields and setting the tariffs in accordance to the pricing strategy
- ❖ Was to clarify the responsibility and accountability especially in areas where one CMA crosses three Provincial offices
- ❖ Was to ensure that the establishment process is implemented smoothly and transfer is done smoothly once the CMAs are established.

# **The functions that will be retained by DWS in the long term are:**

- Development, revision and amendment of policy and legislation
- Developing and ensuring the implementation of the National Water Resource Strategy, including the raw water pricing strategy
- National water resources planning and reconciliation of supply and demand
- Development, operation and maintenance of national monitoring and information systems
- Determination of classification, reserves and resource quality objectives for water resources of national significance or with significant inter-water management area implications and ensuring that CMAs implement
- Regulation and oversight of CMAs, RWU, TCTA, NAWASIA
- Flood monitoring and management in national systems
- Authorisation of strategic water use, national infrastructure development and operation, and determination of inter-basin transfers
- Ensuring water use authorisations are in line with national policy, procedures and guidelines, including policies on redress and equity
- Negotiating and overseeing agreements in transboundary basins

# Establishment of DG's Task Team

In March 2017 the DG established a task team to deliberate in a strategic conversation and make recommendations on the following:

- ❖ Ultimate end state of Regions in line with the policy direction to establish CMAs;
- ❖ Clearly define roles and responsibilities between CMAs, Regional Offices, National Water and Sanitation Agency, Regional Water Utilities and Water User Associations/Irrigation Boards;
- ❖ Confirm the core functions and mandate of the Department in light of the establishment of the new institutions;
- ❖ That the Task team will consider and recommend an approach to engage with Unions on the proposed institutional arrangements
- ❖ That the task team will make and present its recommendation to the Department's Strategic Planning session

# Challenges

Incomplete separation of DWS roles (policy, regulation and operation)

Lack of decentralisation (WR functions & Revenue)

Uncertainty on establishment of institutions

Fragmentation of functions

Negotiations with Labour ongoing for too long

Leadership and accountability

Inadequate skills and capacity

Inadequate funding

Poor relations between regions and proto-CMAs

Limited Oversight capacity to oversee +-200 entities



# THANK YOU