

1. Purpose of Document;

- This document is prepared to help in formulate a DBSA position for management to begin to engage external emerging partners, especially within the Northern Cape.
- It is particularly directed at firstly, desired Capital Programming, especially linked to the pledging of other Government Grants like MIG, RBIG, DME's Electrical Infra Grants, etc. DBSA accordingly has direct financial investment interests.
- Further, no additional / new infrastructure can function apart from other existing infrastructure. Skewed fund and resourcing allocations as well as many other sectoral constraints and limitations including even rising levels of Authority failure are greatly increasing infrastructure system-related risks. Operation and Maintenance is symptomatic of these challenges. Accordingly specific additional attention has now been given for DBSA to make a strategic DBSA inter-divisional contribution to addressing practically O&M. DBSA is accordingly now extending its role to broadly protect larger W&S 'service environment' risks (strategic, operational, etc.).

2. Background and Referencing Matters

- This document's origins are more technical in nature and other DBSA Appraisal Modular views (municipal Governance and Municipal Finance, etc) probably need to be appended
- Previous experiences with similar programmes in other provinces. Many and continuing lessons are to be learnt and shared. There is much room for selective application and continuing 'improvement'
- This province is exceptional in that the Sector Leader is relatively active but receives little support from other departments, especially CoGHSTA.

3. Priority W&S Issues

- Physical water resource depletion – Bulk sources now only available at increasing distance and cost. Resource and use (demand) management is an increasingly important and vital issue.
- Inter-department and IGR linkages warrant particular attention, alignment but also particular structuring in order to support integration and hence desired stakeholder-shared 'Programming'.
- Province-wide access water backlogs are moderate but 'access-to-sanitation' backlogs are still significant.
- Existing Municipal infrastructure including W&S is aged and more and more is hence overdue for replacement.

Comment [N1]: This version is now particularly shared into DWA National and NC and with emerging role players in advance of planned meetings. This is in the hope of securing and pinning actual collaboration towards shared formulation and planning for practical action. For instance some shared and resourced events are now planned for both EC (25th October) and then after probably another in NC (Feb 2011).

Comment [N2]: IMPORTANT NOTE TO EXTERNAL PARTIES IN HOW TO APPROACH THIS DOCUMENT;

Hence the last 3 pages are more within the domain of the DBSA O&M Strategic Theme Task Team and can accordingly be discussed by and with those DBSA Team members.

However on the other side, the Capital Programming lies in other domains of DBSA and strictly within the domain of other DBSA management and line functions. Accordingly anything related in the first two pages should only be noted as background and is depending on OT individual engagement on that side.

- Accumulated Rehabilitation / Replacement, Operating, Maintenance “gaps” (in all forms) exist.
- Diverse Government and Authority gaps esp. capacity, resources, constraints and limitations exist, notably administrative, planning, procurement, management, compliance reporting, effective monitoring and early warning systems. Capital project implementation challenges (issues and risks) are very real.
- 2010 Blue Drop (DWQ) results (Av. Score 47%) are challenging but 2009 ‘Green Drop’ (TWQ) results (Av. score 29% - 45% assessed) indicate broad failure. There is a broad and unfolding crisis in the sector.
- Where private sector (e.g. mines) or specialized units (e.g. Water Boards) are positively involved performance is much improved. However coordination challenges and structures are critical to retain essential balances between Authorities (maintaining core responsibilities) and other stakeholders providing essential but temporary support. Capacity transfer warrants particular structure and continuing attention. This is the rationale for deep rooted but select demonstration programming for O&M-type interventions.
- DWA NC, probably like other government department, is caught up in its own transformation challenges. However the National DWA Institutional crisis should not be under-estimated as major structural blockages and skewed resource allocations and broad gaps exist.
- Linkages to National Strategic Support Interventions (e.g. Turn-around) are positive, emerging but warrant careful alignment and active incorporation. Careful and focused testing, validating and ensuring practical value is delivered within municipalities is a key need.
- The Water Sector-linked DBSA Strategic Interventions refer. These are a DPD- aligned Water Strategy (6-7 point strategic agenda) just formulated, not seen) and more specifically a more focused Waste-Water Treatment (WWT) Strategy. These are all high-level and actually warrant a much closer alignment to the operational environment and municipal realities specifically. Linked to the Water Strategy there is a informal recognition that a much more targeted and focused “Water Loss Strategy” is needed to lead effective external interventions. DPD has only informally indicated its willingness to pursue this. (This aspect is developed here-after)
- Effective dialogue and the conclusion of particular inter-organisation agreements will be key.
- Water sector support coordination has been identified as a key issue between the NC Water Sector Department and DBSA to overcome these kinds of difficulties and promote and develop ‘programming’. The DWA NC Office is primed and ready to explore these issues.
- Wider sector stakeholder involvement (public, private and professional associations) is key to overcoming most gaps. Referencing group systems and active learning processes are essential to ground and build capacity at lowest levels.

Highlighting an Outline Approach for improving O&M in some Northern Cape Municipalities (This page refers to attached Conceptual Diagram)

1. Background & Status

- The NC has received priority identification for potential application of O&M-type interventions in NC from both DWA and hence the DBSA O&M Theme Task Team. That has now only reached the conceptual stages. One particular reason is NC's rather unique preceding 'O&M Programme' (2004-2009). That already demonstrates leadership, as well as revealed & developed a lot which other provinces can already hope to benefit from.
- Further than Capital Programming: The O&M TTT now proposes, due to what follows, to follow an approach of demonstrative and incremental insertion / improvement of O&M situations in the NC. An unfolding process of formulation, planning and implementation in select municipalities is proposed. In order to secure and sustain, replicate and continue to improve O&M practices broadly speaking and over an extended time, a form of 'catalytic support programming' is envisaged. This is identified and developed in the following sections.

2. Problems/challenges within but also around municipalities

- O&M **failure is but a symptom** of much larger government/stakeholder challenges. Principally it is a government 'house-keeping' problem.
- At the same time O&M **needs** within municipalities have **massive diversity**. (i.e. "Operators don't 'fix' what isn't broken / at risk of breakage")
- O&M situation is **massively constrained by policy, resourcing, capacity** and many other **political and community issues**.
- **DBSA should minimize assuming any responsibility** – it can only afford to demonstrate implications of the lack of O&M or rather the positive benefits of improved O&M. Rather it has to follow government leadership (like DWA) and seek to bridge the spectrum identified in the above bullet points.
- O&M will become **fragmented unless it is held together** or integrated under knowledge frameworks like Infrastructure Asset Management, (IAM) particularly for 'O&M improvement'. Internationally it is a service sector practice for transformation and reform. In SA it can also under-pin 'development.'
- **Accordingly DBSA's primary role is more of a catalytic development agent**. This involves extending Siyenza Manje's SM capability, aligning SA Operations (Operational Coordination and Planning) and particularly assisting in applying and incisively inserting and confirming DPD's contributions.
- The **normalizing role of Sector stakeholders** as well as assurance of protecting and developing that capability is a key performance area.

3. Operational Solutions

- Interventions should be based on broad municipal service **assessments (like 'Cases')**, usually of particular town supply / distribution / collection systems and their management.
- These interventions will be too broad based without explicit focus selective demonstration, continuing refinement and then wider replication to build on success and minimise failures – hence the notions of “**incremental ring-fencing**” (Coherent O&M-centering Strategies incorporating change management) but those must be municipal-adopted. Also a **clear focus on resource and revenue protection “Water Loss Management”** (Existing water loss type projects refer) **and active programming**.(IGR-based Implementation Frameworks including referencing and resourcing).
- In essence **key gaps need to be bridged, filled and developed over-time** to underpin service-based recovery and turnaround actions. Operational realities should inform and lead external support, additional resourcing as well as clearly focused in-sourcing. All within well managed arrangements.
- There is a **need for select pro-active application** as Turnaround is not impacting at desired levels and warrants deepening to service levels and all constraints / limitations (risks) must be overcome. To bridge the “**IAM-based leap to a performance basis and excellence**”, project demonstration is needed. The DBSA O&M TTT is advocating sample municipality engagement, planning, agreement and application. Specifically;
 - DBSA must extend impact at practical O&M / **Water Loss ‘content levels’**
 - DBSA must extend impact at **community level** (not merely water demand management but appending ‘conservation’ (awareness, education, etc) as that underpins key accountability and sustains performance.
 - **Other support projects / actions** will continue to be identified–e.g. Evaluation of preceding NC O&M Programme (it is incomplete without that).

4. Issues that have bearing on potential partners

- **Capacity** cannot be assumed, it needs to be assured and monitored. So that there is not just delivery but development. Availability plans are needed from accessible partner-provided resources. For municipalities / authorities, access and exit plans are key.
- A **partnering agreement** between DWA / DBSA is envisaged based in the NC but under the National Water IAM (Policy / Strategy) Programme to align and under-pin the latter’s effective Implementation Framework. The role of CoGHSTA is not excluded.
- A provincially-centred ‘**referencing and applied learning**’ system needs to be established. Targeting of particular NC Districts / sub-regions is also desired. Learning outputs / events can inform and empower broader parties not directly involved.
- **Gaps and disconnects do exist** and National Treasury is also being engaged by O&M TTT to help to, for example;
 - Improve key information availability (e.g. repairs and maintenance, etc)
 - Under-pin National IAM Programme Development leadership
 - Identify Resourcing fund options on how to continue to close and further resource those. Performance incentives are needed.
 - Review / refine O&M-supporting policy application.

NORTHERN CAPE PROVINCE OPERATION & MAINTENANCE (O&M) 'IMPROVEMENT' FRAMEWORK

