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**SECTION 78(3) WATER SERVICES ASSESSMENT
CACADU DM – KAROO CLUSTER SHARED SERVICES CENTER
LEARNING JOURNEY TO SIYANDA DM**

DRAFT REPORT

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1. Background

The Cacadu DM has conducted a s78(3) assessment for its water service delivery to investigate effective and sustainable mechanisms for the district. The Cacadu DM-Karoo Cluster Shared Services Centre (SSC) has been the recommendation from the Options Assessment report. The Cacadu-Karoo Cluster is taking this further in conducting a feasibility assessment to understand the practicalities involved in the planning, implementation, monitoring and support required for effective and sustainable SSC development.

The Cacadu-Karoo Cluster SSC participating WSAs are Baviaans LM, Blue Crane Route LM, and Ikwezi LM while Camdeboo LM and Sundays River Valley LM have an interest in the SSC but did not participate in the s78(3) assessment. Consequently the business concept document has been based on only the former three WSAs.

An SSC is being implemented by Siyanda DM for its water services operations and maintenance. The need of further investigation and understanding of the activities involved in the implementation of an SSC, together with the existing implementation of an SSC at Siyanda DM, provided an opportunity for the Karoo Cluster to embark on a learning journey to Siyanda DM which took place from the 9th to the 11 February 2010.

The stakeholders who participated in the learning journey were as follows:

- Cacadu-Karoo Cluster (a combination of municipal councillors and officials from Baviaans LM, Blue Crane Route LM, Camdeboo LM, and Ikwezi LM,)
- Siyanda DM (municipal politicians, Municipal Managers and Technical Services team from Kgatelopele LM, Tsantsabane LM, Kheis LM and Mier LM);
- Eastern Cape Department of Water Affairs (municipal support) and
- WIN-SA.

2. Objective of the SSC Learning Journey

The Cacadu-Karoo Cluster has embarked on the learning journey with the following objectives:

- To understand **the institutional arrangements** within the Siyanda DM SSC
 - Is there a separate structure to implement and manage the SSC?
- To assess **the capacity & skills development**
 - Are there technical resources procured under the SSC?
 - Where is the staff located; at LMs or in the District?
 - Is there a training and capacity development programme in place or is one being implemented?
- To assess **water services planning**
 - Is planning being encouraged and/or achieved?
 - How is water services planning achieved with the LMs?
- To assess **budget expenditure**
 - The Cacadu costing model does not allocate costs to specific WSAs, is this the case with Siyanda and if how are the costs allocated?
 - How has funding been spent?
 - Can the DM manage the SSC without external funding?
- To analyse **water services delivery efficiency**
 - What are the functions of the SSC?
 - Has any impact been achieved with the implementation of a SSC on service delivery?

3. The Learning Journey Process

The learning journey commenced at the Siyanda DM Head office in Upington, subsequently visits to the LMs were then conducted: Kgatelopele LM in the town of Danielskuil; the journey was completed in the town of Grobleshooop at Kheis LM.

Presentations on the status of the municipal water services were done by the DM, Kgatelopele LM, Tsantsabane LM, Kheis LM and Mier LM. These were followed by discussions from the participants (see annexure A).

4. Siyanda DM SSC Factsheet

The information on each of the WSAs was extracted from the presentations and discussions given during the learning journey.

Siyanda DM

- Houses and coordinates the Siyanda SSC
- It has limited technical capacity to support all WSAs in the SSC
 - two Civil Engineering Technicians located at the District head office
 - one Water Quality Officer who is physically located at Kheis LM
- The SSC funding is coming to an end in March 2010 thus the DM would need to source funding for the unit since it is not self sustaining currently
- Uses both groundwater and surface water (Orange River)

Kgatelopele LM

- Does not have a technical manager or Chief Finance Officer
- Has no qualified technical skills (water services operations and management)
- Has water services infrastructure challenges (old infrastructure)
- Has no planning in place
- Uses groundwater for water supply

Tsantsabane LM

- Has technical management and leadership (Technical Director)
- Has limited operational human capacity
- There is infrastructure and spatial development planning in place
- Explores cooperative governance and intergovernmental support with different government institutions and the local mines
 - The government institutions and local mines have been identified as potential sources for funding for water services delivery, while the mines has further been considered as alternative source for technical skills such as plumbers, artisans from retrenched or from temporal staff.
- Relies on boreholes as the main source for water supply

Kheis LM

- Has limited technical skills (Technical Services Manager & Water quality Officer)
- Lacks operational resources (request for support from neighbouring LMs)
- Uses a bulk pipeline as the main source of water supply (Vaal Gamagara)
- Has 70% indigent community
- Sustainability of the WSA is questionable owing to its need for constant support from the DM

Mier LM

- Has only two technical personnel (level of capacity is not determined)
- Has poor infrastructure but bulk pipeline upgrades are underway
- Has asset register in place

5. Outcomes of the Learning Journey

The visit to Siyanda DM as well as to the LMs participating in the SSC yielded various outcomes which included amongst others; achievements, opportunities, and challenges on the Siyanda DM SSC.

5.1 Findings

One of the aims of the learning journey to Siyanda DM was to gain further knowledge according to the objectives mentioned above. At Siyanda DM; the shared services concept is not a new one as it also exists for auditing and therefore the sharing of resources is regarded as a value-adding mechanism for these LMs and others in the DM as they have limited or no skilled capacity available.

1. The WSA status of Cacadu DM and Siyanda DM is similar as the LMs and DMs themselves are all WSAs. They all incur similar water services delivery needs and challenges: These are:
 - a. Lack of capacity and technical skills;
 - b. Low population figures of which a proportion is highly indigent (Kheis LM 70% indigent population),
 - c. Cannot afford to attract and retain skilled capacity (budget limitation, geography of the District, limited skilled capacity available)
 - d. Constant and ongoing need for support from Siyanda DM by LMs for water services planning, infrastructure upgrades, operations & maintenance.
2. It was established that the water services operations and maintenance support that has been provided by the Siyanda SSC to the LM is as follows:
 - a. The rehabilitation of the Tsantsabane LM Wastewater Treatment Works which has also been financially supported by the local mines
 - b. Making available the Water Quality officer at Kheis LM
 - c. Water & sanitation planning, water supply support and infrastructure upgrades

5.2.1 Institutionally

1. The Siyanda SSC provides functions which include water services planning support, water quality management support, repairs & maintenance human capacity and procurement of spare parts for the LMs;
2. There is no established separate structure which provides services to the participating WSAs. The sourced capacity forms part of the existing technical services unit within the DM. The Siyanda DM remains in the process of establishing a Municipal Support Unit which will be a separate structure which aims to carry out support functions to LMs. These would include water services infrastructure planning, operations & maintenance, finance and other functions as requested by the LMs.

5.2.2 Capacity and Skills development

1. The Siyanda DM is facing challenges in attracting and retaining skilled resources however through the SSC funding it has managed to source three people which are the two Civil Engineering Technicians and a Water Quality Officer. They are all based at Siyanda DM.

However the Water Quality Officer is physically based at Kheis LM which had major water quality management challenges.

2. The DM did not source capacity upfront in order to ensure that the SSC provides required skills and the support to address skills and capacity challenges within the DM. However in the proposed SSC model for the Cacadu-Karoo Cluster recommends that the relevant capacity should be sourced beforehand and the support unit fully structured at the commencement of the implementation process.
3. A training and capacity development programme is underway for Plant Operators in Siyanda. A workshop funded by the Department of Water Affairs in 2008 was attended by Plant Operators from the participating LMs. This training intended to develop qualified and registered Plant Operators for the District. This is one of the capacity development activities that form part of the SSC model draw-down services for Cacadu-Karoo Cluster.

5.2.3 Water Services Planning

1. Water service planning is still highly driven by Siyanda District as there limited capacity at LM level to ensure that effective water services planning takes place. In the Cacadu-Karoo Cluster model, planning is one of the mandatory services received by all participating WSAs. The shared services unit in Cacadu is also based on a 5 year strategy and implementation of business plans against the strategy.

5.2.4 Budget Expenditure

1. The use of the SSC funding is facilitated and managed by the District. The budget spending has mainly focused on operations and maintenance support at LM level.
2. The LMs are provided with support by the DM as per need or emergency. Currently there is no systematic way agreed between the LMs and the DM and or between the LMs themselves on how the budget would be spent on operations and maintenance. The DM only has one MOU in place within the SSC which is with Kheis LM. The rest of the LMs are supported based on the broader support mandate of the district. The Cacadu-Karoo Cluster model provides for budget contributions from each WSA after the first five years as well as the development of service agreements which would outline services to be provided to each WSA. The services will be provided on highly structured bases, which include a 5 year strategic plan and annual business plans.
3. The water services operations & maintenance services procured by LMs through the SSC are invoiced to the District and the district would pay the LM

5.2.5 Water Service Delivery and SSC Impact

The Siyanda SSC has made the following positive contributions to the participating LMs:

1. Siyanda DM has procured three people with technical capacity (two Civil Engineering Technicians and one Water Quality Officer).
2. Kheis LM has received human capacity as there is a Water Quality Officer sourced through the SSC. Kheis LM has further established operations and maintenance support from the neighbouring Khai Garib LM particularly for over the weekend or when additional human and equipment resources are required. This reflects the role and value behind shared resources especially where WSAs have capacity and skills challenges.
3. Mier LM has received support with infrastructure planning and rehabilitation.
4. Tsantsabane LM has received financial support to upgrade its Wastewater Treatment Works through the SSC in year 2007.

Therefore it can be said that the implementation of the SSC has had positive impact on service delivery in the LMs.

6. Conclusion

The learning journey to Siyanda DM has provided more insight on the processes and practicalities involved in the establishment and management of a SSC for water services operations and maintenance. The establishment of Shared Services Centre can address water services challenges including:

1. The lack of technical capacity. The Siyanda SSC has procured technical skills which include two Civil Engineering technicians and a Water Quality Officer of which the WSAs would have not managed to afford and retain on their own.
2. The SSC has improved water and wastewater infrastructure including the Tsantsabane wastewater treatments works and Vaal Gamagara bulk line.
3. The SSC has provided operations and maintenance human capacity to more than one WSA to improve water services delivery and efficiency.

However there are still issues to be addressed by the Siyanda SSC in order to ensure effective and sustainable shared serviced implementation and management. These include amongst others:

1. Confirm council resolution from the four WSAs
2. Sign MOUs with the four WSAs
3. Source more technical capacity to improve the effectiveness of support to the participating WSAs.
4. Improve the sustainability of the funding model for the SSC since donor funding will be coming to an end as from the end of March 2010.
5. Provide and or coordinate a training and capacity development programme so that qualified and skilled human capacity can be developed and retained within the different WSAs.

7. Recommendation

It is recommended that the Cacadu-Karoo Cluster establishes a shared services support unit for its water services delivery. However it is important for the Cluster to ensure the following processes are in place before the operation of the unit:

1. Council resolutions are in place beforehand from the relevant WSAs. This would ensure commitment from WSAs to implement and participate in the SSC.
2. Each LM needs to prioritize the detailed water services delivery needs so as to ensure an effective phased approach during implementation. This is informed by the Needs Assessment report and the Options Assessment report developed through the project study. This process will feed into the 5 year strategic plan as well as annual business plans.
3. Sign MOUs or service level agreements with clearly understood and agreed services or functions between the SSC and the participating WSAs.
4. Participating WSAs should be prepared to contribute financially to the SSC after the first 5 years, but they need to assess the impact (both positive and negative) on their budgets from the outset.

8. Way Forward

Since the Cacadu Karoo Cluster has in principle accepted the establishment of a SSC for its water services delivery; the following key activities now needs to be undertaken:

Establish the SS Support Unit

1. Source council resolution from Cacadu – Karoo cluster to establish the SS Support Unit
2. Workshop with the relevant WSAs, the dimensions of their service requirements based on the services identifies in the SSC business concept

3. Develop MOUs and negotiate them with participating WSAs
4. Engage with potential funders such as DWA; Co-operative Governance, DBSA, other donor agencies regarding the overall cost for the first five years
5. Physically establish the Support Unit
6. Resource the Support Unit with adequate skills and capacity
7. Develop and agree on the 5-year strategic plan
8. Commence development of Business Plans for year 1 in each WSA.
9. Monitor and evaluate the Support Unit performance each year

ANNEXURE A: SIYANDA DM PRESENTATION AND ORGANOGRAM

ANNEXURE B: KGATELOPELE PRESENTATION

ANNEXURE C: KHEIS PRESENTATION

ANNEXURE D: MIER PRESENTATION