

2020

Determining the Expenditure Efficiency of the Regional Bulk Infrastructure Grant

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Summary

Programme reviewed

The spending review was undertaken on the Regional Bulk Infrastructure Grant (RBIG), a local government infrastructure grant of the Department of Water and Sanitation (DWS). Access to adequate basic services such as water and sanitation is not equitable in South Africa. One of the factors that cause inequities in access to water and sanitation is the lack of basic water and sanitation infrastructure. The perennial underspending of conditional grants such as the RBIG, their poor management and weak contract and project management signal the existence of inefficiencies which lead to insufficient water infrastructure maintenance and investment. To ensure there is equal access to basic water and sanitation services, the challenges related to the implementation of the regional bulk infrastructure grant programme should be addressed. This could contribute to universal coverage by 2030 to meet the sustainable development goals targets (SDGs).

Findings from the performance and expenditure review

1. It is difficult to obtain performance data for analysis as there is no monitoring reporting system i.e. RBIG Management Information System (MIS). The department relies on performance reports submitted by municipalities and oversight visits conducted by programme managers. The performance reports are too detailed and largely have non-financial information related to one specific project. Also, the reporting is not consistent for all the provinces on the actual spending of the RBIG. This causes weaknesses in project planning, prioritisation, funding, implementation, reporting and oversight. The RBIG MIS could help the department to resolve these issues.
2. Lower-level detail expenditure at a municipal level is difficult to determine as most of the RBIG receiving municipalities do not capture RBIG related expenditure on the Municipal Standard Chart of Accounts (MSCOA).
3. Over the three-year review period, total RBIG expenditure as captured on the Basic Accounting System (BAS) was R15.8 billion (direct grant – R5.8 billion, indirect grant – R9.6 billion, compensation of employees – R110.7 million and goods and services – R334.5 million). The bulk of the expenditure over the three-year review period is attributed to the indirect component – R9.6 billion or 60%. This is expected given that 61.2% of the grant is allocated to the indirect component. Over the same period, there has been persistent underspending on both the direct and indirect component amounting to R5.1 billion. The underspending on the indirect component amounted to 20.5% or R1.8 billion. In relation to the direct component, the DWS transferred 98.7%

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(R5.8 billion) to municipalities. Municipalities spent 43.6% of the transferred funds, underspending by 56.4% or R3.3 billion over the three years. The direct component significantly contributed to the underspending over the three years. The persistent underspending by municipalities is due to:

- a. Lack of capacity and required skills to plan and implement the grant.
 - b. Leadership and governance instability within the municipality.
4. The unit project costs computed in the spending review show variable average project costs. The outliers are due to a number of large and mega projects implemented in provinces like Gauteng and Limpopo. Based on this, the spending review is unable to objectively measure the average project cost efficiency due to lack of different costs per project category. That is, the unit project cost were computed by adding all the RBIG 6B projects implemented by the department and dividing them by the total provincial expenditure. Additionally, there are varying provincial dynamics such as vast distance, mountainous and rocky terrain, poor contract and project management, community protests that have not been included in the modelling, these factors also affect project costs and efficiency rates.
5. Projects are not completed timeously and on budget due to:
- a. Poor project planning and implementation.
 - b. Inadequate project and contract management.
 - c. Misalignment between raw, bulk and reticulation infrastructure, leading to vandalism and repeated repair works.
 - d. Lack of infrastructure management system could be prioritising wrong projects.
 - e. Lack of prioritisation plan for RBIG project resulting in many projects on the ground delaying to be completed.
6. The RBIG does not have an Operation and Maintenance (O&M) component, as a result there are emerging asset management problems. However, municipalities only budget about 2% of their operational budgets for operations and maintenance while the norm is 8%.

Recommendations

1. In addition to the detailed project based RBIG reports, the DWS should adopt the same reporting format of the Municipal Infrastructure Grant (MIG) annual reports to summarise the annual financial and non-financial performance of the RBIG. In addition, the DWS should report on RBIG performance per province in its AR. This will enhance transparency and make value for money or efficiency exercises easier to conduct. Also, given that the department indicated they do not have an RBIG MIS, the

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department should develop a reporting system (RBIG MIS) to ensure systematic collection of relevant financial and non-financial data. This could also improve project planning, prioritisation, funding, implementation, reporting and oversight.

2. Support on how to capture financial information correctly on MSCOA should be provided to municipalities, to ensure RBIG financial information at municipal level is easily accessible.
3. The department needs to improve its monitoring mechanisms in relation to project implementation. It should enhance its oversight visits conducted by programme managers and involve the Municipal Infrastructure Support Agent (MISA), Department of Cooperative Governance (DCoG) and National Treasury (NT). Also, regular meetings relating to project implementation with the MISA, DCoG, NT and all other sector/line departments should be conducted.
4. Efficiency in the RBIG spending requires appropriate planning, project and programme management as well as improved financial controls. To achieve this, a portion of the grant must be diverted towards capacity building; the department should conduct an audit of all the RBIG projects to determine the extent of those in feasibility, under construction, misaligned with raw and bulk and those needing urgent interventions for completion. Rather than having multiple projects across the board, the DWS should prioritise a few to fast-track their completion; and improve collaboration during planning process with stakeholders and ensure consequence management is implemented to ensure municipalities and implementing agents are held accountable if they misuse the grant for unintended purposes.
5. RBIG allocation criteria should be biased towards provinces with a high number of households reported to have no access to piped water. The spending review recommends that the DWS develops an RBIG allocation formula with transparent allocation weights for the allocated objectives like for instance the MIG formula.
6. The review proposes that provincial expenditure should be reported against a project or category of projects to enable value for money analysis. This will enable efficiency results and recommendations that are not to be subject to disclaimers, thereby informing decision-making related to the RBIG policy reforms. In terms of the varying provincial dynamics, the spending review proposes for the benchmarking of costs in provinces affected by these factors separate from those not experiencing most of them. Thus, the department can also develop standardised costing guidelines for a group of provinces, as a uniform or blanket guideline might ignore varying factors influencing project costs across different provinces.

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7. The DWS and CoGTA should support municipalities in building capacity to ensure current projects are completed without further increasing budgets. The departments should utilise project management capacity from the MISA, DWS's construction unit and Water Boards in the short-term and develop a skills transfer and capacity building plan to develop municipal capacity in the medium to long-term. To support this, the spending review proposes a diversion of some of the grant towards capacity building or allocation of funds for local government capacity building for this purpose.
8. Given the emerging asset management problems, the spending review proposes a process to support asset management planning within the RBIG and in the long-term to set aside a portion of the RBIG for O&M conditional to municipalities complementing the funds through user charges. That is, the department should develop O&M systems and there should also be a move towards funding O&M using an incentive-based measure incorporating municipal own revenue.

Importance of the findings and implementing the recommendations

Essentially, the above findings are factors that hinder progress in reducing regional bulk infrastructure backlogs. It is important that the recommendations are implemented to ensure the RBIG funds are used efficiently and effectively, thereby reducing underspending and eliminating infrastructure backlogs. The above recommendations will further enhance transparency and make value for money or efficiency exercises easier to conduct. Also, RBIG receiving municipalities will be able to accurately capture financial information on MSCOA. Moreover, the recommendations will ensure a mandatory use of an RBIG MIS system to ensure systematic collection of relevant financial and non-financial data. This will assist policy makers in finding useful information that can improve decision making going forward. Most importantly, municipal capacity will be improved, thus ensuring completion of project phases on time and on budget.

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1. Introduction

1.1 Overview

The South African government has made great strides in providing access to basic water and sanitation services since 1994. However, despite notable progress in coverage, a considerable number of households are still without access to basic water and sanitation services. The 2016 Community Survey states that South Africa has approximately 16.9 million households, of which

- 15.2 million or 89.9% have access to piped water.
- However, 83% of households have access to safe drinking water.
- Only 64% of these households have a reliable water supply service.
- 10.3 million or 61% of households have access to sewage connected flush toilets, with the additional 37% having access to some form of sanitation.
- Only, 14.1 million households have access to safe sanitation.

Moreover, the Water and Sanitation Master Plan states that 56% of wastewater treatment works (WWTWs) and 44% of water treatment works (WTWs) are in a poor or critical condition while 11% are dysfunctional. As a result, there are far too many incidents of pollution and environmental degradation. 41% of municipal water does not generate revenue with 35% lost through leakages, representing a loss of R10 billion annually. This defeats the water security objectives of the country and raises questions about the scale and efficiency of water infrastructure grants such as the RBIG, and the ability of these grants to achieve water and sanitation backlog eradication.

With the above in mind, this spending review focusses on the spending and performance of water infrastructure grants, with specific focus on the RBIG. The RBIG is a conditional or specific purpose capital grant to supplement the financing of the social component of regional bulk water supply and sanitation infrastructure. The RBIG aims to support government's development targets (i.e. eradication of basic water supply and basic sanitation backlogs) as well as addressing specific water risks such as water availability, water quality and environmental challenges. Ensuring value for money in the RBIG is important in order to improve rollout of services to the beneficiaries of the grant.

1.2 Purpose and scope of the spending review report

The purpose of this spending review is to examine the pattern, composition and trends in expenditure and performance of the RBIG. The review covers a period of three years between 2017/18 and 2019/20. In terms of scope, the spending review report aims to provide:

- A clear understanding of the organisational and implementation logic of the RBIG;
- An in-depth analysis of historical expenditure patterns of RBIG;
- An in-depth analysis of historical performance patterns in relation to the construction and completion of regional bulk infrastructure projects; and
- An understanding of the root causes attributing to the persistent underspending of the RBIG and delays in completing regional bulk infrastructure projects on time and on budget;
- Proposals for improved budget allocations.

2. Background

2.1 Description of RBIG

As stated in the Division of Revenue Bill (DoRB) (page 113, 2019) the RBIG

“supplements the financing of the social component of regional bulk water and sanitation infrastructure. It targets projects that cut across several municipalities or large bulk projects within one municipality. The grant funds the bulk infrastructure needed to provide reticulated water and sanitation services to individual households. It may also be used to appoint service providers to carry out feasibility studies, related planning or management studies for infrastructure projects. It has both direct and indirect components. In areas where municipalities have the capacity to implement projects themselves, funds are transferred through a direct grant. In other areas, the Department of Water and Sanitation implements projects on behalf of municipalities through an indirect grant. A parallel programme, funded by the Department of Water and Sanitation, also funds water boards for the construction of bulk infrastructure. Though not part of the division of revenue, these projects still form part of the Department of Water and Sanitation’s larger programme of subsidising the construction of regional bulk infrastructure for water and sanitation”.

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2.1.1 RBIG-direct component (schedule 5b)

The direct grant is an allocation gazetted in schedule 5b of the DoRA. In this schedule disbursement of funds to municipalities are done or transferred in advance (pre-work payment) to municipalities. Municipalities based on the transfer made execute the work aligned with the conditions of the funds transferred and report to the DWS as the transferring institution on the performance of the funds (expenditure incurred including physical progress made) within regulated period and intervals. Furthermore, municipalities classified on direct payment are deemed to be institutions with requisite capacity to implement water services infrastructure projects of bulk nature as well as ability to conform fully with the regulated provisions and condition as per the framework of the grant and also the DoRA.

2.1.2 RBIG- indirect component (schedule 6b)

The indirect grant is an allocation gazetted in schedule 6b of the DoRA. In this schedule the DWS implements the projects or appoints an implementing agent either in the form of water boards or other municipality on behalf of the concerned municipalities. Where the latter takes effect, the concerned implementing agent executes the work and thereafter invoices the DWS for the reimbursement or payment of this work. The payment is done post verification by the DWS on work claimed. The implementing agent also reports to the DWS on regulated periods or intervals as contained in the Service Level Agreement signed between the two institutions.

2.1.3 Conditions of RBIG

The RBIG is intended to fund the social component of regional bulk water and sanitation projects approved by DWS, unless exemptions based on affordability are recommended by DWS and approved by NT. All identified projects must be referenced to and included in the municipal Integrated Development Plan (IDP) and Water Services Development Plans (WSDP) and show linkages to projects under the Municipal Infrastructure Grant (MIG) and/or the Water Services Infrastructure Grant (WSIG). Funds may only be used for drought relief interventions based on a business plan approved by DWS.

2.1.3.1 Direct component (schedule 5b)

- The municipality must spend grant funds in line with the Implementation Readiness Studies (IRS) and detailed designs approved by DWS.
- The municipality must submit monthly financial and quarterly non-financial reports to DWS on stipulated dates.
- Grant funds must be reflected in the capital budget of the municipality

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- All sources of funding for the cost of the project must be clearly outlined in the approved IRS.

2.1.3.2 Indirect component (schedule 6b)

- This grant can be used to build enabling infrastructure required to connect or protect water resources over significant distances with bulk and reticulation systems.
- The financing plan with associated co-funding agreements must be in place prior to implementation of the project unless exemption to co-funding requirements has been approved by NT.
- All sources of funding for the full cost of the project must be outlined in the IRS and the Memorandum of Understanding (MoU).
- The IRS and MoU must be approved by DWS and endorsed through a council resolution of the benefiting municipality.
- All projects must be implemented and transferred in line with the approved IRS and detailed designs.

2.2 Legislative and policy intent

The comprehensive legal, policy and regulatory frameworks for the RBIG are contained in Table 1. However, the following are at the forefront:

- The right to have access to sufficient water and basic sanitation is encompassed in Chapter 2 of the Constitution of South Africa, 1996¹.
- The Water Services Act (Act 108 of 1997) regulates the supply of water and sanitation services.
- The Framework for Implementation: Regional Bulk Water Services Programme governs the RBIG. This policy framework defines the overall principles for the national management of bulk, the principles of funding and support from national government of regional bulk water related initiatives, the overall regulatory framework and the roles and responsibilities of the various key role players. This document replaces the Regional bulk Infrastructure Grant Policy and Criteria document published as a draft by the Department of Water and Sanitation in February 2007.
- The DoRA backs the mechanisms for managing and implementing the RBIG policy and framework. It also facilitates the flow of funds, their management and sets out the accountability and reporting mechanisms.

¹ Chapter 2 of the Constitution of South Africa provides that: "Everyone has the right to have access to sufficient food and water."

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2.2.1 Regulatory framework observations

The framework for implementation document provides for the development of:

- Standards to be promulgated under the Water Services Act regarding planning criteria, asset management practises and systems, operation of certain key water infrastructure such as wastewater treatment plants, technical staff responsible for the management and operation of certain main infrastructure, budget allocation regarding capital projects and operation and maintenance functions.

The development of these standards is proposed to ensure adequate and appropriate planning. Also, to ensure that bulk infrastructure is adequately managed and operated.

Table 1: Comprehensive legal, policy and regulatory frameworks

Legislation and regulation	Name	Purpose (summarised)
	Constitution of the Republic of South Africa Act 108 of 1996	The right to have access to sufficient water and basic sanitation is encompassed in Chapter 2 of the constitution.
	Water Services Act 108 of 1997	The Water Services Act provide for the right of access to basic water supply and basic sanitation services and for the setting of national standards for water and sanitation services and the norms and standards for setting tariffs.
	National Water Act 36 of 1998	The National Water Act regulates the protection, use, development, conservation, management, and control of water resources, including the allocation of water to municipalities for the provision of water services. It also provides for the pricing of raw water.
Municipal legislation	Local Government: Municipal Structures Act 117 of 1998	The Municipal Structures Act provides for the establishment of municipalities in accordance with the requirements relating to categories and types of municipality. It establishes the criteria for determining the category of municipality to be established in an area and defines the types of municipality that may be established within each category.
	Local Government: Municipal Systems Act 32 of 2000	The Act provides for the effective and efficient administration of municipalities. It regulates service tariffs and credit control by providing a framework for the provision of services and service delivery agreements. Establishes a framework for support, monitoring and standard setting by other spheres of government.
	Division of Revenue Act (DoRA)	The Division of Revenue Act espouses the mechanisms for managing and implementing the RBIG policy and framework. It also facilitates the flow of funds, their management and sets out the accountability and reporting mechanisms.
Policy and strategies	White Paper on Water Supply and Sanitation (1994)	The White Paper on Water and Sanitation outlines the institutional framework proposed for water supply and sanitation services. It also provides standards and guidelines for basic service delivery and sets out policy for the financing of services.
	White Paper on a National Water Policy for South Africa (1997)	The White Paper on National Water Policy set out new integrated policy positions for protection, use, development, conservation, management and control of South Africa's water resources.
	White Paper on Basic Household Sanitation (2001)	The policy focuses on the provision of a basic level of household sanitation to mainly rural communities and informal settlements. It also deals with the need for an environmentally sound approach to providing sanitation services and addresses the need to protect surface and ground water resources from sanitation pollution through integrated environmental management practices.
	National Sanitation policy (2016)	The National Sanitation Policy 2016 seeks to resolve all the identified existing sanitation challenges, gaps and burning issues in order to achieve universal access by 2030. This reinforces government's commitment to create a conducive policy, legislative and fiscal framework that ensures political will and the introduction of a paradigm-shift that challenges the old way of dealing with sanitation.
	Strategic Framework for Water Services (2003)	The policy outlines the institutional framework for water provision in the country, ranging from small community water supply and sanitation schemes in remote rural areas to large regional schemes supplying water and wastewater services to people and industries in our largest urban areas. The framework provides that the Department of Water and Sanitation will regulate and support water services authorities in their role of providing water services.
	Framework for Implementation: Regional Bulk Water Services Programme (2010)	This document serves as the framework document of the regional bulk water services infrastructure programme and defines the overall principles for the national management of bulk, the principles of funding and support from national government of regional bulk water related initiatives, the overall regulatory framework and the roles and responsibilities of the various key role players.
	Water Resource Strategy 2 (2013)	The purpose of the strategy is to facilitate the proper management of the nation's water resources, as well as provide a framework for the protection, use, development, conservation, management, and control of water resources for South Africa as a whole. The strategy also provides a framework within which water will be managed at regional or catchment level, in defined water management areas, and provides information about all aspects of water resource management. It identifies water-related development opportunities and constraints.
	Medium Term Strategic Framework (MTSF)	Outcome 6: An efficient, competitive and responsive economic infrastructure network Outcome 7: Comprehensive rural development and land reform Outcome 9: Responsive, accountable, effective and efficient developmental local government
	Raw Water Pricing Strategy	The raw water pricing strategy provides the pricing framework for the use of raw (untreated) water from the water resource and from government waterworks and the discharge of water into a water resource or onto land. The strategy aims to address the recovery of costs for water resource management and sustainable infrastructure asset management, the protection of poor against unaffordable tariffs because of infrastructure development and the funding of catalytic water infrastructure to support social or economic development.
	National Water and Sanitation Master Plan (NW&SMP)	The purpose of the National Water and Sanitation Master Plan is to provide an overall perspective of the situation in the water and sanitation sector and a consolidated plan of actions, to improve the current situation to meet the desired future state of the sector, defined by Government's vision, goals and targets until 2030 (National Development Plan and Sustainable Development Goals').
Norms and standards	National Norms and Standards for Domestic Water and Sanitation Services (2017)	The norms and standards for levels of water services draw on the principles of universal access, human dignity, user participation, service standards, redress, and value for money. The norms and standards ensure the principles of sustainability, affordability, effectiveness, efficiency, and appropriateness are kept upmost in supplying water to a community.

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3. Programme Chain of Delivery

3.1 Logframe analysis and process mapping

The delivery of the RBIG is divided into three processes, planning; grant disbursement and implementation; monitoring, operation and maintenance of regional bulk infrastructure. The Logframe is included in an excel file that accompanies this report and the process map can be seen in Appendix 1.

3.1.1 Logframe and process map observations

Maintenance practices are unclear in process mapping. It is essential for maintenance practices to be clear in order to prevent deterioration and damage of bulk infrastructure. The deteriorating bulk water infrastructure coupled with the existing infrastructure exceeding its design capacity presents a problem where increasing demand for water is not met. Therefore, to ensure the sustainability of completed infrastructure operations and maintenance arrangements associated with infrastructure should be developed in the medium-term to long-term.

3.2 Institutions involved in the design and delivery of RBIG

Table 2: Main stakeholders' responsibilities

Stakeholders	Roles and responsibilities
Department of Water and Sanitation	Support the development of Water Services Authorities' (WSAs) water services infrastructure master plans Ensure every municipality benefiting from a specific project or scheme is invited to participate in the feasibility study, IRS and construction Enter into agreements (MoU) with WSAs regarding the construction, ownership, funding arrangements, and operation and maintenance of proposed infrastructure prior to the commencement of construction If required, ensure the necessary authorisations including environmental impact assessment and water use licences are obtained Ensure that the land assessment is done prior to project implementation Provide detailed information on the selection criteria and conditions for the grant (RBIG Programme Implementation Framework) Ensure that suitable agreements in terms of operation and maintenance are in place Issue project funding approval letters to benefiting municipalities Ensure that implementing agents submit monthly financial and quarterly non-financial reports on stipulated dates Make payments of Schedule 6, Part B allocations to DWS's contracted implementing agents based on invoices for work done
Department of Cooperative Governance and Traditional Affairs	Ensure programme alignment with MIG Participate in the programme management Participate in the development and revision of the implementation framework and strategies Facilitate municipal involvement and partnership
National Treasury	Programme funding oversight Facilitate, and review additional funding requests Assist with the development of additional funding options Participate in the programme management Participate in the development and revision of the implementation framework and strategies Ensure alignment with other funding programmes
Water Service Authorities	Develop and regularly update water services infrastructure master plans Submit monthly, quarterly and annual progress reports to DWS Ensure that projects are appropriately linked to the municipality's water services infrastructure master plans, their IDP and WSDP and projects funded through the MIG and WSIG Once a project is completed, ensure adherence to operations and maintenance plans and/or any other requirements agreed to as part of the funding agreement contained in the (MoU), and ensure the sustainability of infrastructure Ensure integration of planning, funding, timing and implementation of bulk and reticulation projects Ensure provision of reticulation services and/or reticulation infrastructure to connect to the bulk infrastructure funded through this grant
Water Service Providers /Local authorities that are not WSA	Ensure adequate planning, and that their regional bulk requirements are identified by the WSA and are adequately motivated. Participate in all implementation and IRS discussions that will be implemented in their municipal areas Assist where possible in the required investigations and in the implementation of projects

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3.2.1 Stakeholder roles and responsibilities observations

3.2.1.1 Overlaps between stakeholder roles and responsibilities

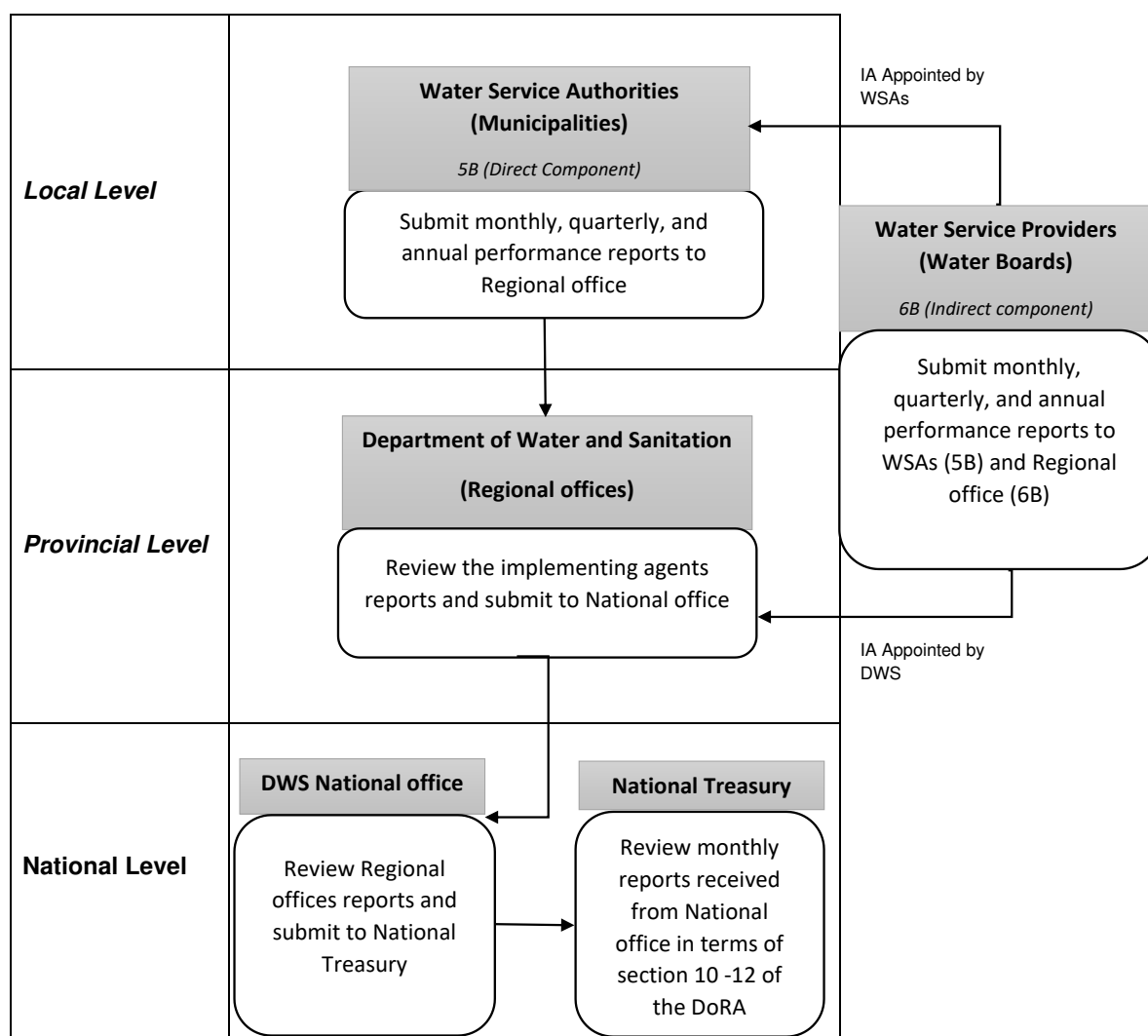
According to the Framework for Implementation: Regional Bulk Water Services Programme (page 10 – 11, 2017) there is a significant overlap between the functions of DCoG in funding water related infrastructure projects through the MIG and the role of DWS in funding projects through the RBIG programme. The overlap is a cause for concern in the effective management of the overall development of regional bulk infrastructure projects and also in the effective management of both grants. Moreover, some of the challenges that have emerged to date according to the Framework for Implementation: Regional Bulk Water Services Programme (page 10 – 11, 2017) are:

- i. There is a lack of clear definition or adherence to the scope of projects funded by both MIG and RBIG. As a result, a number of projects are funded by both programmes which are contrary to the national objectives of the programmes. The co-funding of the same projects from both grants will invariably lead to the delay and lack of funding for other projects. This is using more resources to achieve the same objectives, and by definition amount to inefficiency.
- ii. The minimum requirements before a project will be considered for funding is a lot more stringent for the RBIG programme than for the MIG programme. This can lead to the situation that some regional bulk infrastructure projects funded through MIG may not be financially or technically viable or sustainable.
- iii. The existing monitoring system for project implementation does not enable DWS to identify if there is duplication in the funding between RBIG and MIG for the same portion of work carried out. This may lead to a situation where financial irregularities may not be easily identified.

3.3 Governance and reporting practices between stakeholders

The management of the RBIG is subject to various conditions criteria and rules which are outlined in the RBIG framework for implementation and DoRA frameworks. The reporting practices within and between spheres are as follows:

Figure 1: Reporting practices



3.3.1 Reporting practices observations

Municipalities submit monthly, quarterly and annual performance evaluation reports in line with section 71 of the Municipal finance Management Act (MFMA) and section 10(7)(b) of the DoRA to the DWS Regional Office (RO). The DWS RO reviews the submitted reports and then submit to the DWS National Office (NO) (also referred to as the National Transferring Officer

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(NTO). As per Section 10(6) of the DoRA the NTO reviews the reports and then submit to NT in accordance with the relevant framework.

Based on a detailed analysis conducted on the RBIG reports, it is observed that the current reports are too detailed and largely have non-financial information related to one specific project. This information is useful but one RBIG annual report detailing all the information relating to all RBIG 5B or 6B projects would be useful for analysis and decision making going forward. In addition, this will assist in lessening the current reporting burden.

Furthermore, the department does not have monitoring reporting system i.e. MIS to capture RBIG related information such as regional consolidated project lists. This was discovered upon requesting access from the department to login to the RBIG MIS. It is important for the department to have such a system to ensure systematic collection of relevant non-financial and financial data.

3.4 Flow of funds from different sources and institutions

The transferring of funds is done as outlined in the DoRA; the process is also outlined in the RBIG framework for implementation.

Figure 2: Flow of funds

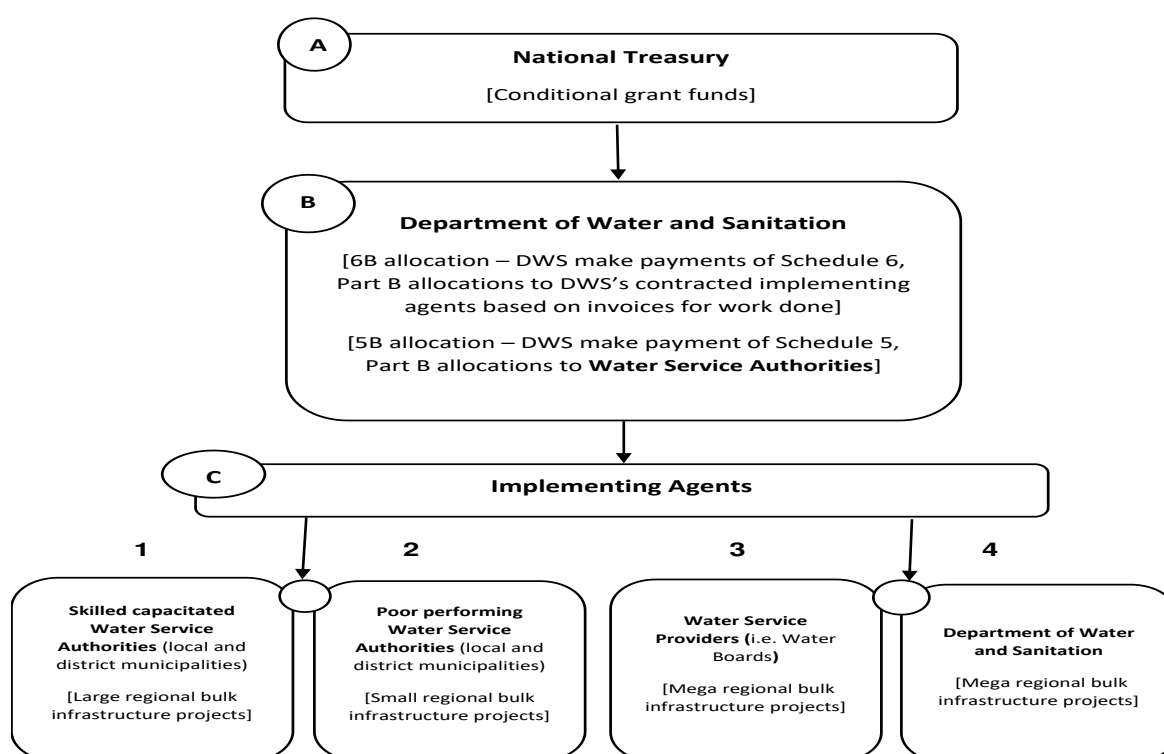
A – the first point of transfer of funds is the NT to DWS. The transfer takes place as per the DoRA and bilateral arrangements.

B – once funds have been transferred to DWS, the department then approves the social component of regional bulk water and sanitation projects to be funded.

All identified projects are referenced and included in the National Infrastructure Master Plan, municipal IDP, WSDP and show linkages to projects under the MIG and/or the Water Services WSIG.

C – DWS make payment to approved project implementation agents. Various options exist to pay funds to project implementation. As illustrated above, these include:

- i. Direct payment to WSAs which have proven project implementation and financial management capacity, considering current commitments and performance.
- ii. Payment to appropriate implementing agents who are appointed to assist weaker municipalities with the implementation management of the regional bulk infrastructure projects.



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- iii. Payment to established WSPs (e.g. water boards) and municipalities to independently implement the project on behalf of DWS and WSAs.
- iv. Payment to DWS (e.g. construction unit) to implement the infrastructure.

3.4.1 Flow of funds observations

The grant is disbursed as per the DoRA and the framework for implementation document. In terms of co-funding, municipalities are expected to fund the commercial component of an RBIG project either through borrowing or through own revenue. However, given that majority of the municipalities do not have revenue generating strategies, they end up applying for the co-funding to be waived, pleading poverty. This results in the RBIG also subsidising commercial aspects in practice despite being designed for funding the social aspects in theory.

4. Performance Analysis

4.1 RBIG performance progress

Since the inception of the Regional Bulk Infrastructure Grant programme in 2007, 3.6 million households have benefitted from water and sanitation project phases implemented country-wide, see table 3 below. The department did not provide the initial planned target. Therefore, it is difficult to determine whether the programme has over or under achieved its beneficiary target since inception.

Table 3: RBIG progress

Number of projects and phases completed	Beneficiaries: Households
3 Projects & phases completed 2007/08	24 250
2 Projects & phases completed 2008/09	2 568
6 Projects & phases completed 2009/10	2 574
9 Projects & phases completed 2010/11	286 228
5 Projects & phases completed 2011/12	263 228
5 Projects & phases completed 2012/13	30 059
9 Projects & phases completed 2013/14	177 098
9 Projects & phases completed 2014/15	448 749

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13 Projects & phases completed 2015/16	563 974
5 Projects & phases Completed 2016/17	12 048
11 Projects & phases Completed 2017/18	326 972
15 Projects & phases completed 2018/19	1 023 773
16 Projects & phases completed 2019/20	502 221
106 Total Projects and phases Completed	3 663 742

Source: Department of Water and sanitation

4.2 RBIG Performance indicator outcomes

The performance indicators for the three years under review were sourced from the department's AR and Annual Performance Plan (APP). These Key Performance Indicators (KPI's) are for the RBIG indirect component. Sourcing KPI's for the direct component is difficult due to limitations in lower level municipal data.

Table 4: Performance indicators

Performance indicator	2017/18		2018/19		2019/20	
	Planned Target	Actual achievement	Planned Target	Actual achievement	Planned Target	Actual achievement
Number of small regional bulk Infrastructure project phases completed	10	6	7	9		
Number of mega regional bulk infrastructure project phases under construction	15	10	10	11	9	9
Number of mega regional bulk infrastructure project phases completed	3	0	2	1	2	3
Number of large regional bulk infrastructure project phases under construction	53	50		46	54	55
Number of large regional bulk infrastructure project phases completed	16	5	5	5	12	6

Over the three years, 7 mega RBIG project phases were planned to be completed but only 4 were completed. Over the same period, 33 large RBIG project phases were planned to be completed, however, only 16 were completed. The reasons for under and over achievement are detailed in Appendix 2. Based on the performance analysis, the common reasons for underachievement (i.e. delays in completing project phases) for the three years under review are:

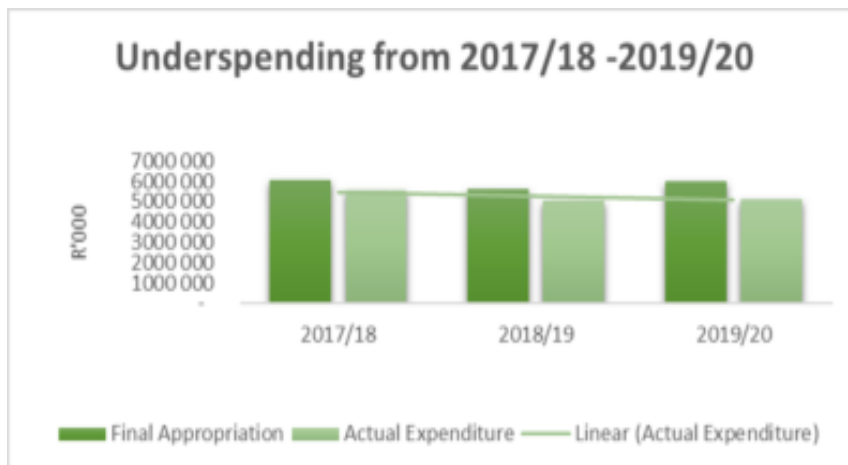
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- Community unrests.
- Contractor under performance.
- Budget shortfalls.
- Delays in appointing mechanical and electrical contractors.

5. Expenditure Observations

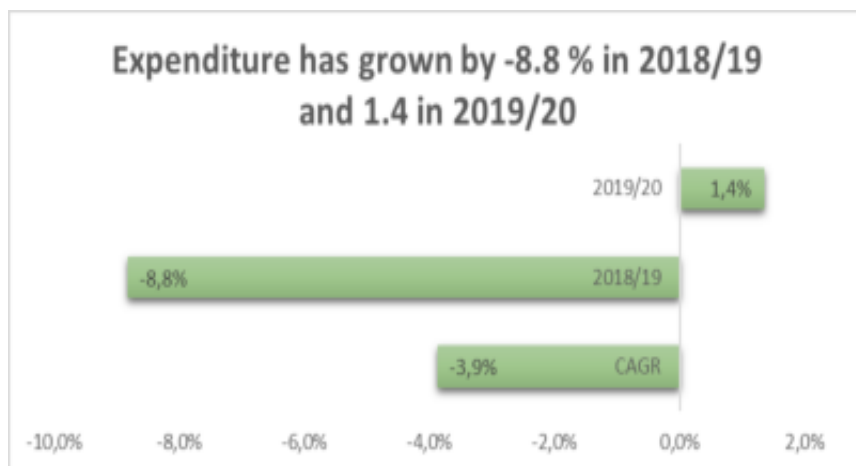
5.1 Expenditure Analysis

As captured on the BAS, a total of R15.8 billion was spent on the RBIG over the three-year review period (direct grant – R5.8 billion, indirect grant – R9.6 billion, compensation of employees – R110.7 million and goods and services – R334.5 million). There has been a persistent underspending on both the direct and indirect component since 2017/18 to 2019/20. The total underspending over the three years amounted to R5.1 billion. The underspending on the indirect component amounted to R1.8 billion, while the underspending on the direct component amounted to R3.3 billion, see Appendix 3 for direct component spending. The direct grant (5B) considerably contributes to the underspending over the three years.

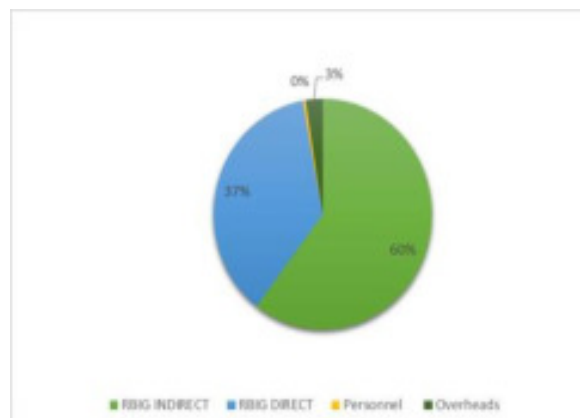
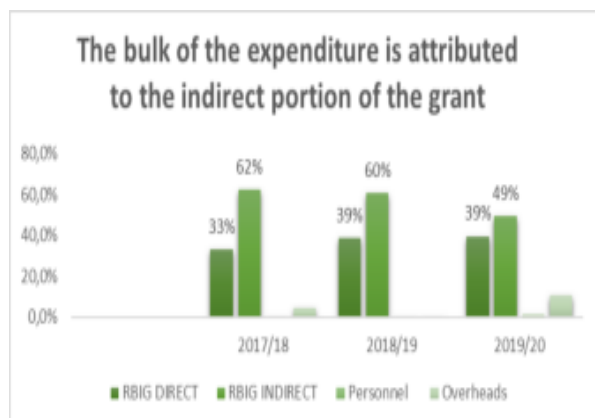


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Between 2017/18 and 2019/20, expenditure reduced at a CAGR rate of -3.9%. Year-on-year, expenditure declined in 2018/19 by -8.8%. This was due to the budget cuts which did not negatively impact performance targets. In 2019/20 expenditure increased by 1.4%.



The bulk of the expenditure is attributed to the indirect component of the grant over the three-year period – R9.6 billion or 60%. This is expected given that 61.2% of the grant is allocated to the indirect component.



The department transferred 98.7% (R5.8 billion) to municipalities over the period under review. The non-transfer of the full direct grant is due to municipalities not complying with the DoRA. Municipalities spent on average 43.6% of the transferred funds, see Appendix 3. Moreover, municipalities do not properly report on the MSCOA, this is shown in Appendix 4. Therefore, collecting data in relation to the lower-level RBIG spending at municipal level is difficult. This

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limits an in-depth analysis of the grant. The persistent underspending by municipalities is attributed to:

- Lack of capacity and required skills (technical, financial, project and programme management) – municipalities do not appoint service providers on time, this causes delays in the implementation of project phases.
- Leadership instability within the municipality resulting in lack of reporting which leads to the misuse of grant for unintended purposes.
- Stoppages of work due to community unrests and shortages of labour as a result delaying project implementation.

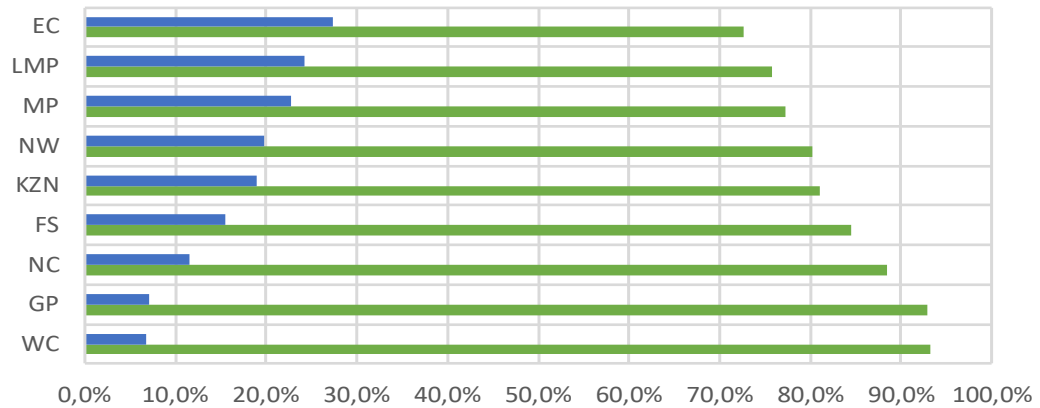
According to the expenditure captured on the BAS, there is variation in the number of projects implemented per province. This is expected given that the grant is prioritised per province in the same ratio of total backlogs. According to the 2016 Community Survey, the highest proportion of households whose main source of water for drinking is piped water inside the dwelling is in the Western Cape with 1.4 million households (76,9%) followed by Gauteng with 3 million households, (60%) respectively. In terms of the households reported to have no access to piped water, the highest are in the Eastern Cape (24,9%) and Limpopo (20.0%).

Table 5: Distribution of households by province and access to piped water: CS 2016

Province	Inside dwelling	Inside yard	Access point outside the yard	No access to piped water	Total
Western Cape	1 487 774	224 317	201 963	19 822	1 933 876
Eastern Cape	592 428	318 877	419 922	442 167	1 773 394
Northern Cape	154 529	118 603	60 276	20 301	353 709
Free State	357 926	499 067	53 589	36 056	946 638
KwaZulu-Natal	1 076 667	828 016	552 667	418 493	2 875 843
North West	300 221	496 725	278 021	173 799	1 248 766
Gauteng	2 972 973	1 472 450	380 771	124 943	4 951 137
Mpumalanga	359 033	550 353	181 507	147 969	1 238 862
Limpopo	210 302	572 846	496 929	321 006	1 601 083
South Africa	7 511 853	5 081 254	2 625 645	1 704 556	16 923 308

This figure shows that the RBIG allocation criteria should be biased towards the Eastern Cape, Limpopo, Mpumalanga, North West and KwaZulu-Natal.

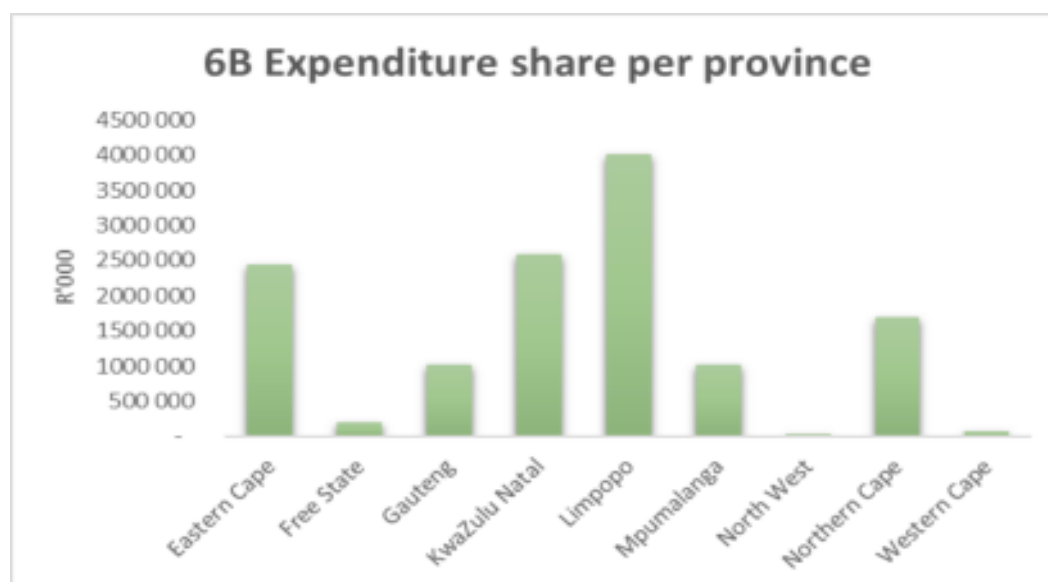
ACCESS TO WATER



	WC	GP	NC	FS	KZN	NW	MP	LMP	EC
■ NO ACCESS	6,8%	7,1%	11,5%	15,5%	19,0%	19,8%	22,7%	24,3%	27,3%
■ WITH ACCESS	93,2%	92,9%	88,5%	84,5%	81,0%	80,2%	77,3%	75,7%	72,7%

■ NO ACCESS ■ WITH ACCESS

As shown in the graph below, Limpopo has the biggest share of expenditure over the three-year period under review (R4 billion or 25.3%). Followed by KwaZulu Natal (R2.6 billion or 16.3%) and Eastern Cape (R2.5 billion or 15.7%). This is attributed to the increase in grant allocations to these provinces in order to address the severe water shortages for numerous years because of the deteriorating condition of both the bulk water supply and reticulation infrastructure. However, the reasons for not prioritising, the North West Province are not provided.



In terms of project phases implemented, the top three RBIG indirect ²(6B) project phases specified below constitute 29% of the indirect grant spending over the three-year review period. These projects, however, are not complete they are still being implemented.

- RM08-GIYANI WATR SERV PHSE 2(EM) – LIMPOPO³
- RM03-VAAL GAMAGARA SCHEME PHAS 1 – NORTHERN CAPE
- RM05-SEBOKENG WST TRE WRKS PH1&2 – GAUTENG

In summary, the BAS expenditure analysis shows that both the direct and indirect grant has been persistently underspending over the three-year review period. Bulk of the expenditure is attributed to the indirect grant (60%) and the department transfers on average (98.7%) of the direct grant to municipalities. However, municipalities are persistently underspending (56.4%); they do not spend all the funds transferred to them. This signals the existence of inefficiencies

² The RBIG indirect (6B) projects as captured on BAS.

³ Brief analysis of the project provided in Appendix 5.

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at municipal level, given the delays in completing project phases resulting in under achievement. Finally, the grant is allocated into the provinces in the same ratio of total backlogs. However, there is need for improved programme and project management to ensure the RBIG properly reduces water supply and sanitation backlogs.

6. Efficiency analysis

The spending review used a non-parametric method known as the Data Envelopment Analysis (DEA) to analyse the technical efficiency of 9 provinces. The DEA is a comparative efficiency benchmarking tool that uses sectoral inputs and outputs (production technology) to form the best efficiency frontier (score of 100%). Inefficient Decision-Making Units (DMUs) mimic the best technology by improving inputs or outputs. This benchmarking tool considers actual data and not estimates, and it adjusts for variances in size in the selected Variable Returns to Scale (VRS) orientation.

The sample of the spending review consists of 9 provinces for the Model. The review measures the technical efficiency of the 9 provinces using the RBIG expenditure and RBIG 6B projects (see Table 6). Data for the Model is based on a three-year average from 2017/18 to 2019/20. There is variation in the provincial RBIG spending data, as result the size of provinces matters in determining technical efficiency rates. Which is why the spending review uses an input-minimisation VRS DEA. That is, the objective is to determine the extent of RBIG expenditure that can be optimised while producing the same number of the RBIG projects.

Table 6: 3-year RBIG Data (Spending is in R'000)

Provinces	Spending	No. of RBIG 6B projects
Eastern Cape	710 110	31
Free State	1 279 651	51
Gauteng	992 899	8
KwaZulu-Natal	191 319	8
Limpopo	2 623 637	49
Mpumalanga	301 029	19
Northern Cape	265 794	10
North West	730 187	29
Western Cape	19 844	4
Total	7 114 470	209
Min	19 844	
Max	2 623 637	
Median	710 110	
Mean	790 497	
Standard Deviation	799 887	
Correlation coefficient	78%	

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6.1 Model results

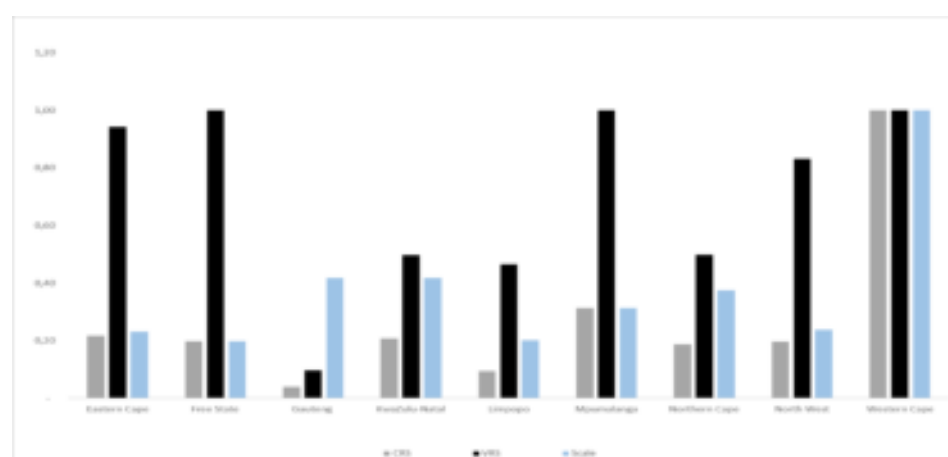
6.1.1 Technical efficiency scores

3 provinces (Free State, Mpumalanga and Western Cape) are technically efficient under the VRS (see table 7). The 3 provinces spent the RBIG 6B efficiently in the 3 years under consideration while the other 6 provinces were inefficient. Overall, the mean technical efficiency score is 70%, implying that the inefficient provinces must improve the RBIG spending efficiency by 30% to reach the optimal production frontier. Only the Western Cape operates at the desired efficient scale. All the other provinces are operating at a Decreasing Returns to Scale⁴ (DRS); thus, they need to scale back their operations.

Table 7: Technical efficiency scores

Provinces	CRS	VRS	Scale	
Eastern Cape	0,22	0,94	0,23	DRS
Free State*	0,20	1,00	0,20	DRS
Gauteng	0,04	0,10	0,42	DRS
KwaZulu-Natal	0,21	0,50	0,42	DRS
Limpopo	0,09	0,46	0,20	DRS
Mpumalanga*	0,31	1,00	0,31	DRS
Northern Cape	0,19	0,50	0,38	DRS
North West	0,20	0,83	0,24	DRS
Western Cape*	1,00	1,00	1,00	-
Mean	0,27	0,70	0,38	

* These provinces are technically efficient under the VRS.



⁴ Decreasing Returns to Scale is a concept similar to the Law of Diminishing Marginal Returns. The provinces on DRS operate at too large RBIG scale than they should.

6.1.2 RBIG inefficiency indicators

Despite the BAS showing expenditure of R9.6 billion for the period under consideration, the provincial RBIG 6B data obtained from the department is R7.1 billion. Hence, there is discrepancy between the BAS expenditure and the spending data obtained from the department. It is recommended that the department aligns its spending data with BAS. Nonetheless, the Eastern Cape, Gauteng, Kwa-Zulu Natal, Limpopo, Northern Cape and North West provinces could still implement the current number of RBIG projects while reducing or improving the efficiency of their current spending collectively by R2.7 billion (see table 8). In other words, the savings of R2.7 billion could be used to implement additional RBIG projects in these provinces or could be reallocated to other provinces or for alternative uses. However, it is important to note that the radials (inefficiency rates) for some provinces could be lower if the same category of projects were compared. In the case of the RBIG, various provinces implement different projects (i.e. mega, large and small), for the purpose of the spending review the total number of projects were compared. Nonetheless, the 3 efficient provinces serve as peers for the 6 inefficient ones. Given these dynamics and the omission of backlogs and other project delivery variables like distance covered, geology in the modelling, the realised efficiencies could be overestimated. Therefore, the overall recommended savings is R1 billion across the inefficient provinces.

Table 8: RBIG expenditure and 6B projects frontier transformation: 2017/18 - 2019/20

Provinces	1. EC	2. FS	3. GP	4. KZN	5. LP	6. MP	7. NC	8. NW	9. WC	Total
Model : VRS										
Input 1: Expenditure (R'000)	710 110	1 279 651	992 899	191 319	2 623 637	301 029	265 794	730 187	19 844	7 114 470
Input radial movement	(42 098)	-	(898 072)	(96 492)	(1 405 150)	-	(133 476)	(123 339)	-	(2 698 627)
Input slack movement	-	-	-	-	-	-	-	-	-	-
Input target	668 012	1 279 651	94 827	94 827	1 218 487	301 029	132 318	606 848	19 844	4 415 843
Output 1: Projects	31	51	8	8	49	19	10	29	4	209
Output radial movement	-	-	-	-	-	-	-	-	-	-
Output slack movement	-	-	-	-	-	-	-	-	-	-
Input target	31	51	8	8	49	19	10	29	4	209
DMU peers	6,2	2	6,9	6,9	6,2	6	6,9	2,6	9	

The inefficiencies signal the need for the DWS to reassess project cost elements and manage the implementation of the RBIG 6B projects more efficiently. Therefore, it is recommended that contract and project management practices for the RBIG 6B should be reviewed. It is proposed that some of the potential savings be allocated for asset management.

Furthermore, a study to review the unit project costs of the RBIG should be conducted in future. The unit project costs computed in the spending review (see table 9 below) show variable average project cost. However, the outliers are due to a number of large and mega projects (see Appendix 6 for the list of mega, large and small projects per province). Given this, the spending review is unable to objectively measure the average project cost efficiency due to lack of different costs per project category. The review proposes that provincial expenditure should be reported against a project or category of projects to enable value for money analysis. The limitation is that provinces like Gauteng with a small number of projects (notwithstanding the Mega Sedibeng Regional Bulk Water Scheme) appear to be inefficient as other provinces have a sizable number of small and large projects. So, it is important for the department to record data as proposed above so that the efficiency results and recommendations are not subject to disclaimers.

Moreover, there are varying provincial dynamics such as vast distance, mountainous and rocky terrain, poor contract and project management, community protests and so forth that have not been included in the modelling (these are detailed in the RBIG annual reports). These factors could also affect project costs and efficiency rates. In terms of these, the spending review proposes for the benchmarking of costs in provinces affected by these factors separate from those not experiencing most of them. Therefore, the department can also develop standardised costing guidelines for a group of provinces.

Table 9: Project average costs

Provinces	Spending	No.Projects	Project Unit costs
Eastern Cape*	710 110	31	22 907
Free State	1 279 651	51	25 091
Gauteng*	992 899	8	124 112
KwaZulu-Natal	191 319	8	23 915
Limpopo*	2 623 637	49	53 544
Mpumalanga	301 029	19	15 844
Northern Cape	265 794	10	26 579
North West	730 187	29	25 179
Western Cape	19 844	4	4 961
Total	7 114 470	209	34 041

* These provinces have high average project costs due to mega and large project costs being implemented

In summary, the spending review analysed the technical efficiency of 9 provinces using the input-oriented DEA methodology. The model recommends that the 6 inefficient provinces should scale back their operations. They could collectively reduce or improve spending

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efficiency by R2.7 billion and still be efficient in implementing current RBIG 6B projects. However, this is moderated to R1 billion owing to the factors outlined above.

7. Options

To ensure improved project implementation in order to eliminate infrastructure backlogs, this review proposes the diversion of some of the grant towards capacity building. The underspending on the direct component is significant when compared to the indirect component. There needs to be greater focus on capacitation at municipal level, to avoid transferring money that gets surrendered.

Moreover, this review proposes better oversight from the national transferring and administering department (i.e. DWS). To ensure optimality in having both the direct and indirect component, the supporting role of DWS to municipalities should be improved. Which is why, reporting and oversight requirements pertaining to implementing agents needs to be improved, including capacity. Also, the development of systems for O&M need to be prioritised and a move towards funding O&M using an incentive-based measure incorporating municipal own revenue should be considered.

8. Recommendations

8.1 Performance reporting

It is difficult to obtain performance data for analysis as there is no detailed monitoring reporting system i.e. RBIG MIS. The department relies on monthly, quarterly and yearly performance reports submitted by municipalities and oversight visits conducted by programme managers. The performance reports are too detailed and largely have non-financial information related to one specific project. Also, the reporting is not consistent for all the provinces on the actual spending of the RBIG. This spending review recommends that the DWS should adopt the same annual project performance reporting format of the MIG. In addition, the DWS should report on the RBIG performance per province in its AR. This will enhance transparency and make value for money or efficiency exercises easier to conduct.

Moreover, given that the department indicated they do not have an RBIG MIS, the department should develop a monitoring reporting system (RBIG MIS) to ensure systematic collection of relevant financial and non-financial data. It is essential that this system is developed, hence the review proposes that the DWS should ask the MIG unit and the MISA to assist. Lastly, support on how to capture financial information correctly on MSCOA should be provided to municipalities, to ensure RBIG municipal expenditure information is easily accessible.

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8.2 DWS monitoring of RBIG

Monitoring of project implementation seems to be poor. The department needs to improve its monitoring mechanisms, it should enhance its oversight visits conducted by programme managers and also involve MISA, DCoG and Treasury.

8.3 Project management capacity at municipal level

Given the under-achievement in implementing planned RBIG projects. The DWS and DCoG should support municipalities in building capacity to ensure delayed projects are implemented without further delays. The departments should utilise project management capacity from the MISA, DWS's construction unit and Water Boards in the short-term and develop a skills transfer and capacity building plan to develop municipal capacity in the medium to long-term. To support this, the spending review proposes a diversion of some of the grant towards capacity building.

8.4 Budget and spending

Given the inefficiencies in spending, the RBIG requires appropriate planning, project and programme management as well as improved financial control. To achieve this, a portion of the grant must be diverted towards capacity building as indicated above.

Secondly, the department should conduct an audit of all RBIG projects to determine the extent of those in feasibility, under construction, misaligned with raw and bulk and those needing urgent interventions for completion. Rather than having multiple projects across the board, the DWS should prioritise a few to fast track completion.

Thirdly, the department must improve collaboration during planning process with stakeholders and ensure consequence management is implemented to ensure municipalities and implementing agents are held accountable if they misuse the grant for unintended purposes.

Lastly, the development of standards to be promulgated under the Water Services Act regarding planning criteria, asset management practises and systems, operation of certain key water infrastructure such as wastewater treatment plants, technical staff responsible for the management and operation of certain main infrastructure, budget allocation regarding capital projects and operation and maintenance functions should be fast tracked.

8.5 Operations and maintenance

The RBIG does not have an O&M component, as a result there are emerging asset management problems. The spending review proposes that the RBIG steadily builds in a window for asset management. Also, the department should develop O&M systems and there should also be a move towards funding O&M using an incentive-based measure incorporating municipal own revenue.

8.6 RBIG allocation formula

RBIG allocation criteria should be biased towards provinces with a high number of households reported to have no access to piped water. The spending review recommends that the DWS develops an RBIG allocation formula with transparent allocation weights for the allocated objectives like for instance the MIG formula.

9. Actions

The findings and recommendations in section 8, provide the specific factors that cause underspending and hinder progress in reducing regional bulk infrastructure backlogs. NT will initiate actions with DWS to the ultimate benefit of the beneficiaries of the RBIG. This spending review will ensure that RBIG spending is done efficiently, performance reporting is systematically and accurate. Also, that the municipal RBIG expenditure is reliable and updated on MSCOA. Lastly, stakeholder involvement is enhanced. To achieve this, the following actions will be initiated:

- NT will engage with DWS to adopt the same reporting format of the MIG annual reports and also report on RBIG performance per province in its AR. NT will also initiate the discussion of the development of monitoring reporting system (RBIG MIS) and how to effectively use this system to capture useful performance and expenditure information.
- A regular MSCOA capturing workshop will be established to ensure RBIG receiving municipalities report correctly and use the MSCOA chart as they should.
- NT will request DWS to strengthen its role in supporting municipalities to build capacity, this will ensure current project phases are completed without further delays resulting in underspending. NT will also engage DWS on the diversion of some of the grant for capacity building.
- NT will engage with DWS to necessitate the urgent development of O&M systems to address the emerging asset management issues.

- Also, NT will further engage DWS on the development of standards with regards to planning criteria, asset management practises and systems, operation of certain key water infrastructure such as wastewater treatment plants, technical staff responsible for the management and operation of certain main infrastructure, budget allocation regarding capital projects and operation and maintenance functions.
- To this end, there is merit to do a further review on the unit project costs of the RBIG and review RBIG 6B project and contract management practices with a view to derive further efficiencies.

Appendices

Appendix 1: Process mapping

Appendix 2: Performance indicators – reasons for under and over achievement

Appendix 3: Municipal underspending (5B) 2017/18 – 2019/20

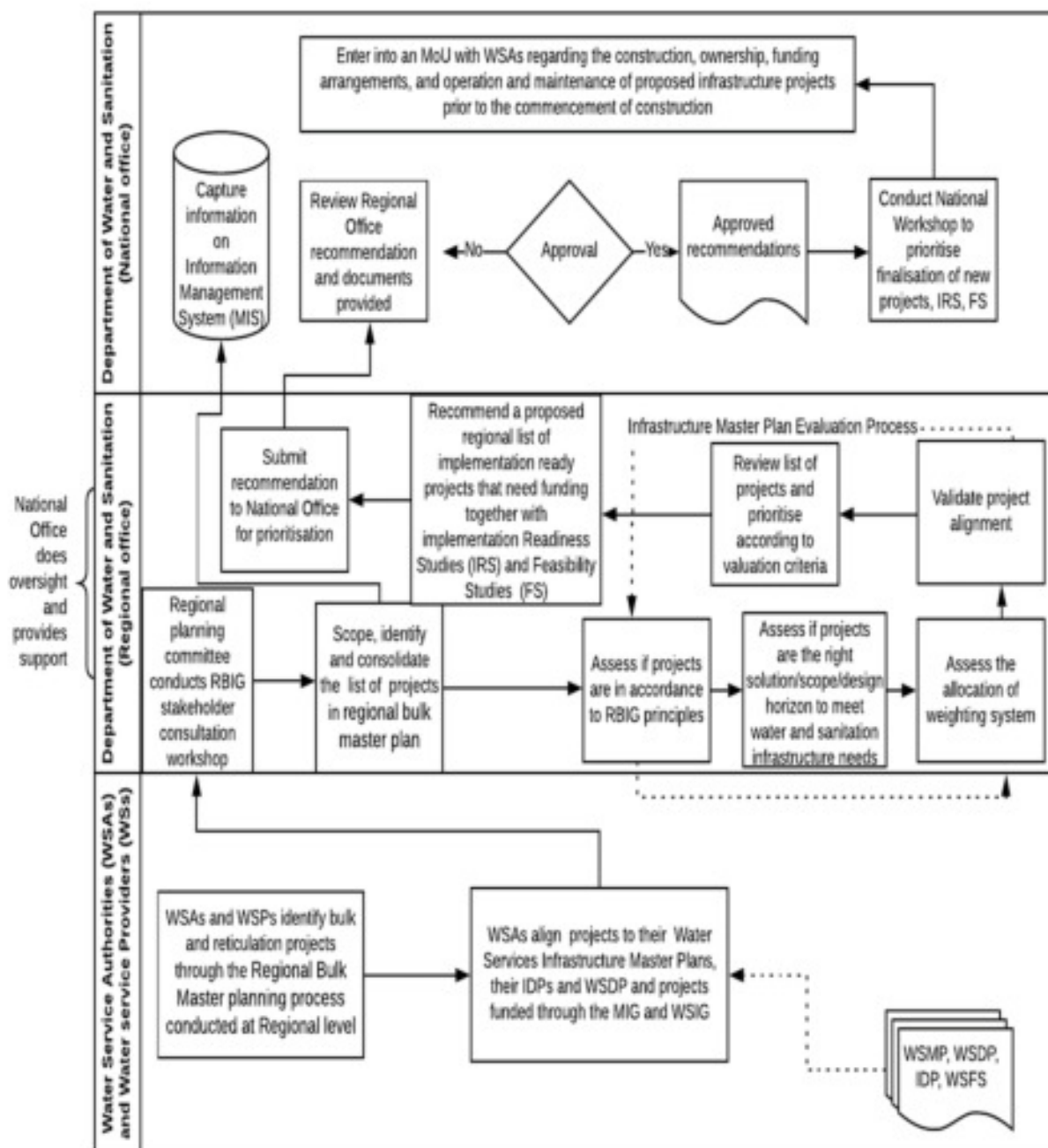
Appendix 4: Example of RBIG MSCOA financial data 2018/19 – 2019/20

Appendix 5: Brief analysis of the GIYANI WATER PROJECT

Appendix 6: List of mega, large and small projects per province

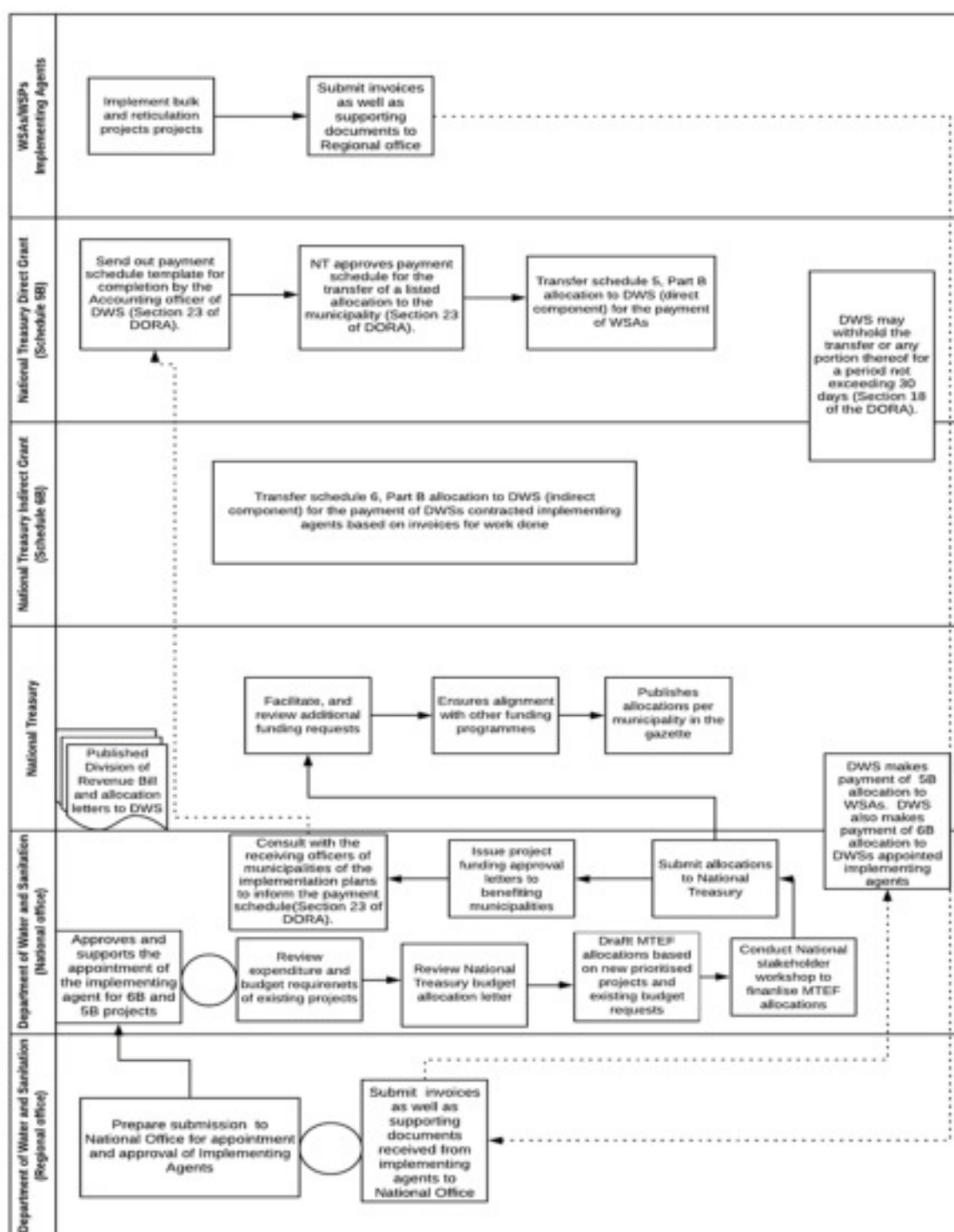
Appendix 1: Process mapping

- Regional Bulk infrastructure planning process



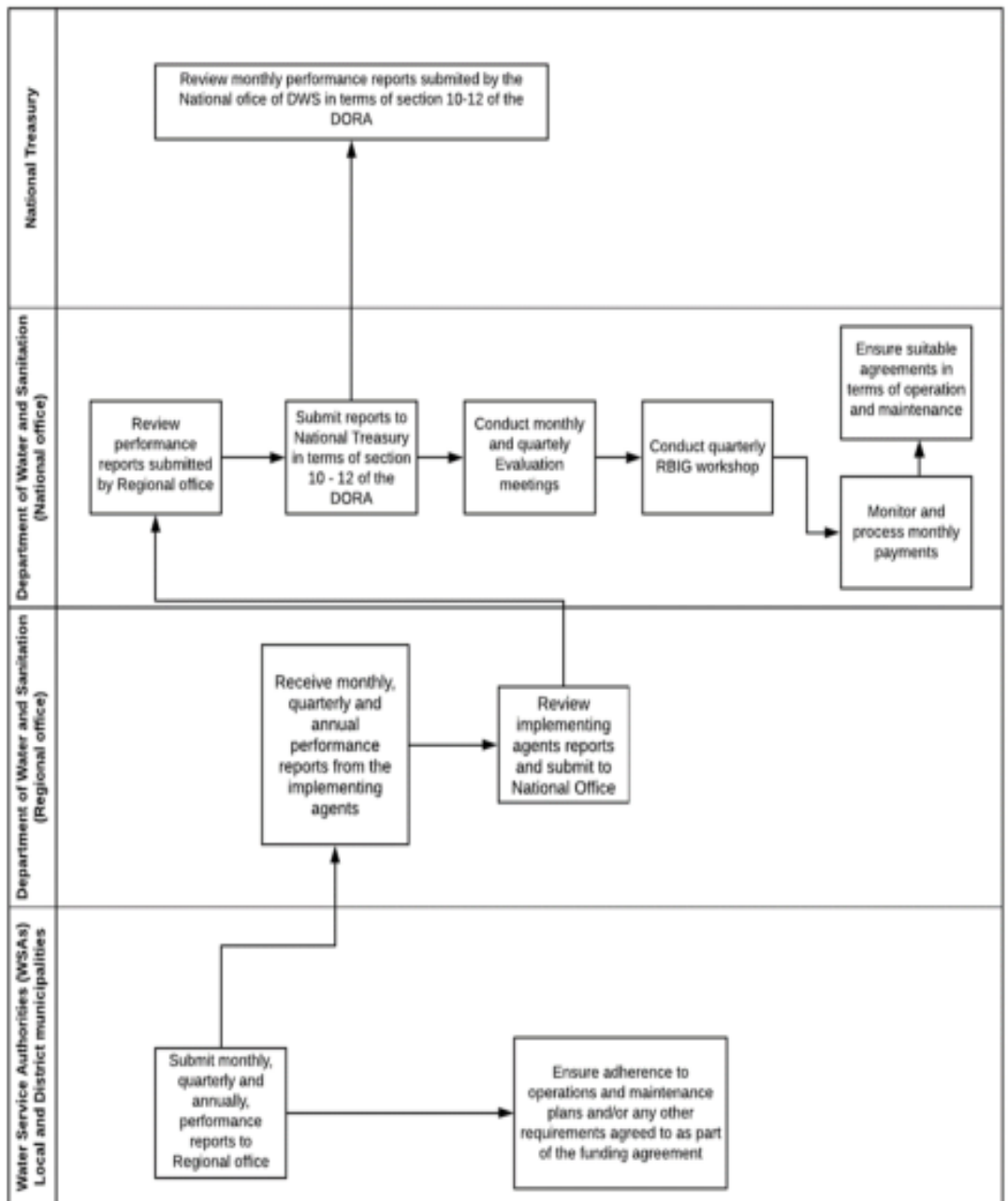
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- Grant disbursement and regional bulk infrastructure implementation process



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- Monitoring, operation and maintenance of regional bulk infrastructure process



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Appendix 2: Performance indicators – reasons for under and over achievement

Performance indicator	2017/18		2018/19		2019/20	
	Planned Target	Actual achievement	Planned Target	Actual achievement	Planned Target	Actual achievement
Number of small regional bulk Infrastructure project phases completed	10	6 ¹	7 ⁶	9		
Number of mega regional bulk infrastructure project phases under construction	15	10 ²	10	11 ⁷	9	9
Number of mega regional bulk infrastructure project phases completed	3	0 ³	2	1 ⁸	2	3 ⁹
Number of large regional bulk infrastructure project phases under construction	53	50 ⁴		46	54	55 ¹⁰
Number of large regional bulk infrastructure project phases completed	16	11 ⁵	5	5	12	6 ¹¹

2017/18 performance outcome observations

- The target is under by 4. The under achievement is due to the following:
 - Eastern Cape: Matatiele BWS** – Matatiele was affected by contractor under performance.
 - Free State: Mafube Bulk Sewer Phase 1 of 2** – additional scope resulted in delays in completing the project.
 - North West: Wolmaransstad WWTW**
 - Mpumalanga: Amsterdam WWTW Phase 1 of 2** – physical progress completed, only testing was outstanding.
- The target is under by 5 project phases. The under achievement is due to the following:
 - Gauteng: Sebokeng WWTW phase 2** – the construction of the phase did not commence due to delays in finalising phase 1 as a result of community unrests.
 - Sedibeng WWTW (Rietspruit & Leeuwkuil WWTW)** – advanced technology was introduced in the middle of the implementation which required further investigations.

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Westonaria WWTW phase 2 (Zuurbekom) – the project was on hold due to further investigations/studies to link the project with Sterkfontein:

- **Kwazulu-Natal: Jozini (Pongolapoort) BWS pipeline** – delays in appointment of the mechanical and electrical contractors.
3. The target was removed from the 2017/18 APP. The second phase of the **OR Tambo King Sabata Dalindyebo water supply scheme** experienced delays due to insufficient budget allocations per financial year. Although the civil works were on track for completion in the **Jozini (Pongolapoort) bulk water scheme (BWS)**, the 2016/17 budget cuts warranted delays in the installation of mechanical and electrical equipment. Hence, the revised project completion date was moved to the 2018/19 financial year. The completion of phase 1 of the **Sebokeng wastewater treatment works (WWTW)** also experienced delays owing to community unrests on labour related matters. To mitigate this, stakeholder forums are established, and the matter escalated at a political level.
4. The target is under by 3 project phases. The under achievement is due to the following:
- **Free State: Masilonyana B WS Phase 2 of 2** - delays in finalisation of designs by the municipality. Ngwathe Bulk Sewer Phase 2 of 2 (Parys) - detailed designs took longer than anticipated.
 - **Kwazulu- Natal: Greytown B WS Phase 2** – project was largely affected by community unrest.
 - **Mandlakazi BWS Phase 5** – finalisation of designs took longer than anticipated.
 - **Mpumalanga: Emalahleni BWS Phase 3 of 4** – feasibility study took longer than anticipated. **Musikaligwa/ Driekoppies BWS: Phase 1 of 3** – there were delays in signing of agreements by stakeholders which impacted on the project plan and advertisement of tender.
5. The target is under by 5 project phases. The under achievement is due to the following:
- **Eastern Cape: Xonxa** – delays by the contractor to finalise pump station. Sekhukhune **BWS Phases 7 to 15 (i.e. 9 Phases)** – budget shortfall resulted in non-completion. **Moutse B WS Phase 1 and 5 (i.e. 2 Phases)** – DWS construction was busy with pressure testing on phases 7 to 9 and will complete projects 1, 7 to 9, 14 and 15 in 2018/19.

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- **Mpumalanga: Emalahleni B WS Phase 3 of 4** – feasibility study took longer than anticipated. **Musikaligwa/ Driekoppies BWS Phase 1 of 3** – there were delays in signing of agreements by stakeholders which impacted on the project plan and advertisement of tender.
- **North West: Mafikeng South BWS Phase 2 (upgrade WTW)** – budget shortfall.

2018/19 performance outcome observations

6. In the adjusted 2018/19 APP, the number was erroneously indicated as 9 whereas the correct target is 7. The indicated target of nine 9 includes 2 overachieved small RBIG infrastructure project phases. As Gert Sibande municipality received additional funding during the budget adjustment period, the contractor of the **Lushuswane Phases 2 and 3** was able to fast track the works on site.
7. **Target exceeded by 1 (i.e. Mogalakwena phase 2)** – the savings that were realised from Mogalakwena phase 1 were utilised to fast track the implementation of phase 2.
8. The target is under by 1 project phase. The **Jozini / (Pongolapoort) BWS (Pipeline)** – items identified in the snag list are being rectified and the project was scheduled to be completed in April 2019.

2019/20 performance outcome observations

9. Target exceeded by 1. This is a recovery for the 2018/19 under achievement.
10. Target exceeded by 1. The project was implemented ahead of planned schedule.
11. The target is under by 6. The under achievement is due to the following
 - **Greytown BWS** – project was stopped by local community who made various demands.
 - **Greater Mpofana BWS Phase 1** – project delayed as the main contractor went under business rescue.
 - **Greater Mamusa BWS Phase 3 (Bloemhof WTW)** – delayed due to community unrest and SMMEs demands for 30% of the project cost.

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- **Taung /Naledi BWS Phase 2** – delay due to community unrest and SMMEs demands for 30% of the project cost.

2017/18

NAME OF MUNICIPALITY	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of amount spent by municipality
R'000							
Chris Hari Municipalities	208 500	-	-	208 500	85 854	122 646	41,2%
Joe Gqabi Municipalities	6 000	-	-	6 000	2 204	3 796	36,7%
O.R Tambo Municipalities	327 500	-	-	327 500	109 378	218 122	33,4%
Ceberberg	-	4 613	-	-	-	-	0,0%
Witzenberg	-	13 372	-	-	-	-	0,0%
Stellenbosch	-	-	-	-	-	-	0,0%
UGU Municipality	-	-	-	-	-	-	0,0%
Uthukela Municipalities	75 052	-	-	75 052	11 336	63 716	15,1%
Umkhanyakazi Municipalities	80 920	18 013	-	80 920	75 118	5 802	92,8%
Zululand Municipalities	130 000	-	-	130 000	67 932	62 068	52,3%
Uthungulu Municipalities	66 410	-	-	66 410	36 803	29 607	55,4%
Harry Gwala District Municipalities	90 000	-	-	90 000	40 172	49 828	44,6%
Gert Sibande Dist Municipalities	119 518	-	-	119 518	33 109	86 409	27,7%
Bushbuckridge	3 000	-	-	3 000	-	3 000	0,0%
Dr Segomotsi Mopoti Dist mun	182 000	-	-	182 000	32 370	149 630	17,8%
Setsotho	15 000	-	-	15 000	40 212	(25 212)	268,1%
Hantam	65 426	-	-	65 426	90 103	(24 677)	137,7%
Kareeberg	15 000	-	-	15 000	-	15 000	0,0%
Dikgatlong	-	-	-	-	-	-	0,0%
Magareng	-	-	-	-	-	-	0,0%
Polokwane	209 676	-	-	209 676	163 403	46 273	77,9%
Heimbe Municipalities	145 000	-	-	145 000	74 295	70 705	51,2%
Mohokare	29 000	-	-	29 000	6 554	22 446	22,6%
Masilonyana	11 000	-	-	11 000	-	11 000	0,0%
Mantsoa	15 000	-	-	15 000	648	14 352	4,3%
Ngwathe	15 000	-	-	15 000	7 097	7 903	47,3%
Sol Plaatje	20 000	-	-	20 000	3 391	16 609	17,0%
TOTAL RBIG DIRECT	1 829 002	35 998	-	1 829 002	879 979	949 023	48,1%

Source: 2017/18 Audited Financial Statements

- **Mafikeng BWS upgrade of WTW phase 2 (Mmabatho)** – there were constant stoppages due to community and labour unrests.
- **Ratlou BWS Phase 1 (Setlagole)** – there were constant stoppages due to community and labour unrests.

Appendix 3: Municipal underspending (5B) 2017/18 – 2019/20

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2018/19

NAME OF MUNICIPALITY	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of amount spent by municipality
R'000							
EASTERN CAPE REGION	477 707	-	-	477 707	254 993	222 714	53,4%
EC105 NDLAMBE	6 000	-	-	6 000		6 000	-
DC13 CHRIS HANI DIST MUNICIPALITY	162 000			162 000	85 566	76 434	52,8%
DC14 JOE GQABI DISTR MUNICIPALTY	-	-	-	-		-	-
DC15 OR TAMBO DIST MUNICIPALITY	309 707	-	-	309 707	169 427	140 280	54,7%
FREE STATE REGION	108 500	-	-	108 500	34 436	74 064	31,7%
FS163 MOHOKARE	33 000	-	-	33 000	11 406	21 594	34,6%
FS181 MASILONYANA	-	-	-	-		-	-
FS191 SETSOTO	25 000	-	-	25 000		25 000	-
FS196 MANTSOPA	17 500	-	-	17 500	17 500	-	100,0%
FS203 NGWATHE	33 000	-	-	33 000	5 530	27 470	16,8%
KWAZULU NATAL REGION	481 944	-	-	481 944	214 050	267 894	44,4%
DC23 UTHUKELA DIST MUNICIPALITY	45 000	-	-	45 000	10 462	34 538	23,2%
DC24 UMZINYATHI DIST MUNICIPAL	40 000	-	-	40 000	21 811	18 189	54,5%
DC26 ZULULAND DIST MUNICIPALITY	131 498	-	-	131 498	72 276	59 222	55,0%
DC28 UTHUNGULU DIST MUNICIPAL	120 000	-	-	120 000	12 093	107 907	10,1%
DC29 ILEMBE DISTRICT MUNICIPAL	75 446	-	-	75 446	60 784	14 662	80,6%
DC43 HARRY GWALA DISTRICT MUN	70 000	-	-	70 000	36 624	33 376	52,3%
LIMPOPO REGION	370 505	-	-	370 505	262 956	107 549	71,0%
LIM354 POLOKWANE	370 505	-	-	370 505	262 956	107 549	71,0%
MPUMALANGA: NELSPRUIT	213 440	-	-	213 440	100 475	112 965	47,1%
DC30 GERT SIBANDE DIST MUNICIPAL	200 440			200 440	100 475	99 965	50,1%
MP325 BUSHBUCKRIDGE	13 000			13 000	-	13 000	0,0%
NORTHERN CAPE REGION	137 477	-	-	137 477	10 375	127 102	7,5%
NC453 GAMAGARA	-	-	-	-	-	-	-
NC065 HANTAM	49 247	-	-	49 247	-	49 247	-
NC066 KAROO HOOGLAND	27 000	-	-	27 000	-	27 000	-
NC073 EMTHANJENI	26 689	-	-	26 689	-	26 689	-
NC074 KAREEBERG	14 047	-	-	14 047	10 375	3 672	73,9%
NC091 SOL PLAATJIE	20 494	-	-	20 494	-	20 494	-
NORTH WEST REGION	163 927	-	-	163 927	59 591	104 336	36,4%
DC39 DR RUTH SEGOMTSI MOMPTI MUN	163 927	-	-	163 927	59 591	104 336	36,4%
WESTERN CAPE REGION	9 500	-	-	9 500	-	9 500	-
WC012 CEDERBERG	-	-	-	-		-	-
WC022 WITZENBERG	9 500	-	-	9 500		9 500	-
TOTAL RBIG DIRECT	1 963 000	-	-	1 963 000	936 876	1 026 124	47,7%

Source: 2018/19 Audited Financial Statements

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2019/20

NAME OF MUNICIPALITY	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of amount spent by municipality
R'000							
Eastern Cape Province	315 027	- -	36 700	315 027	170 958	144 069	54,3%
EC105 Ndlambe Local Municipality	-	-	-	-	-	-	-
DC13 Chris Hani District Municipality	105 329	-	-	105 329	58 859	46 470	55,9%
DC15 O.R Tambo District Municipality	209 698	- -	36 700	209 698	112 099	97 599	53,5%
Free State Province	160 621	-	17 500	160 621	64 960	95 661	40,4%
FS163 Mohokare Local Municipality	30 000	-	-	30 000	17 843	12 157	59,5%
FS191 Setsoto Local Municipality	87 621	-	17 500	87 621	36 622	50 999	41,8%
FS196 Mantsopa Local Municipality	5 000	-	-	5 000	798	4 202	16,0%
FS203 Ngwathe Local Municipality	38 000	-	-	38 000	9 697	28 303	25,5%
Kwa-Zulu Natal Province	340 293	-	-	340 293	171 284	169 009	50,3%
DC23 uThukela District Municipality	10 000	-	-	10 000	4 694	5 306	46,9%
DC24 uMzinyathi District Municipality	20 000	-	-	20 000	9 972	10 028	49,9%
DC26 Zululand District Municipality	163 774	-	-	163 774	91 643	72 131	56,0%
DC28 uThungulu District Municipality	91 519	-	-	91 519	23 589	67 930	25,8%
DC29 ILembe District Municipality	35 000	-	-	35 000	21 394	13 606	61,1%
DC43 Harry Gwala District Municipality	20 000	-	-	20 000	19 992	8	100,0%
Limpopo Province	630 998	-	-	630 998	176 439	454 559	28,0%
LIM354 Polokwane Local Municipality	630 998	-	-	630 998	176 439	454 559	28,0%
Mpumalanga Province	361 300	- -	8 700	361 300	98 852	262 448	27,4%
MP301 Chief Albert Luthuli Local Municipality	130 000	- -	57 000	130 000	35 056	94 944	27,0%
MP302 Msukaligwa Local Municipality	11 300	- -	8 700	11 300	-	11 300	-
MP306 Dipaleseng Local Municipality	180 000	-	57 000	180 000	53 796	126 204	29,9%
MP325 Bushbuckridge Local Municipality	40 000	-	-	40 000	10 000	30 000	25,0%
DC30 Gert Sibande District Municipality	-	-	-	-	-	-	-
Northern Cape Province	79 113	37 844	27 900	79 113	21 503	57 610	27,2%
NC453 Gamagara Local Municipality	-	23 200 -	7 800	-	-	-	-
NC065 Hantam Local Municipality	57 503	-	36 000	57 503	21 503	36 000	37,4%
NC066 Karoo Hoogland Local Municipality	-	2 000 -	18 000	-	-	-	-
NC073 Emthanjeni Local Municipality	21 610	-	17 700	21 610	-	21 610	-
NC074 Kareeberg Local Municipality	-	12 644 -	12 644	-	-	-	-
NC091 Sol Plaatjie Local Municipality	-	-	12 644	-	-	-	-
North West Region	121 693	-	-	121 693	-	121 693	-
DC39 Dr Ruth Segomotsi Mompati District Municipality	121 693	-	-	121 693	-	121 693	-
Western Cape Province	19 471	-	-	19 471	4 144	15 327	21,3%
WC022 Witzenberg Local Municipality	19 471	-	-	19 471	4 144	15 327	21,3%
TOTAL RBIG DIRECT	2 028 516	37 844	-	2 028 516	708 140	1 320 376	34,9%

Source: 2019/20 Audited Financial Statements

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mSCOA Financial Detail Data in Rand						2019				
						ORGB	ACJB	M01	M02	M03
Demonstration Description	Demonstration Code	CAP	Fund Level Description	Item Main Level Description	Item Level Description					
Province : EASTERN CAPE (EC)										
Anaethole	DC12	H	Regional Bulk Infrastructure Grant	Contracted Services	Hygiene Services	8 436				
Anaethole	DC12	H	Regional Bulk Infrastructure Grant	Contracted Services	Security Services	596 968				
Anaethole	DC12	H	Regional Bulk Infrastructure Grant	Employee Related Cost	Essential User	426 252				
Anaethole	DC12	H	Regional Bulk Infrastructure Grant	Operating Leases	Other Assets	1 254 588				
Anaethole	DC12	H	Regional Bulk Infrastructure Grant	Operational Cost	Motor Vehicle Licence and Registrations	3 324				
Anaethole	DC12	H	Regional Bulk Infrastructure Grant	Operational Cost	Premiums	1 194				
Anaethole	DC12	H	Regional Bulk Infrastructure Grant	Operational Cost	Telephone, Fax, Telegraph and Telex	58 794				
Anaethole	DC12	H	Regional Bulk Infrastructure Grant	Operational Cost	Uniform and Protective Clothing	999 996				
Anaethole	DC12	H	Regional Bulk Infrastructure Grant	Operational Cost	Vehicle Tracking	79 580			1 185	
Anaethole	DC12	H	Regional Bulk Infrastructure Grant	Operational Cost	Wet Fuel	49 536				
Anaethole	DC12	H	Regional Bulk Infrastructure Grant	Transfers and Subsidies	Northern Cape Economic Development Agency	5 091 912				
Chris Hani	DC13	M	Regional Bulk Infrastructure Grant	Contracted Services	Civil		50 000			
Di Beyers Naude	EC101	L	Regional Bulk Infrastructure Grant	Contracted Services	Structural	1 106 000	3 023 600	529 905	297 836	37
Province : FREE STATE (FS)										
Mohokare	FS103	L	Regional Bulk Infrastructure Grant	Contracted Services	Maintenance of Equipment			26 804	29 290	
Mohokare	FS103	L	Regional Bulk Infrastructure Grant	Contracted Services	Maintenance of Unspecified Assets				14 778	
Mohokare	FS103	L	Regional Bulk Infrastructure Grant	Inventory Consumed	Materials and Supplies					
Province : MPUMALANGA (MP)										
Get Sibande	DC20	M	Regional Bulk Infrastructure Grant	Contracted Services	Civil	134 440 000	185 922 045		6 623 900	14 425

Appendix 4: Example of RBIG MSCOA financial data 2018/19 – 2019/20

mSCOA Financial Detail Data in Rand						2020					
						ORGB	ACJB	M01	M07	M08	M10
Demonstration Description	Demonstration Code	CAP	Fund Level Description	Item Main Level Description	Item Level Description						
Province : FREE STATE (FS)											
Mohokare	FS103	L	Regional Bulk Infrastructure Grant	Contracted Services	Maintenance of Equipment	3 678 180	3 678 180	3 419		34 734	3 411
Mohokare	FS103	L	Regional Bulk Infrastructure Grant	Contracted Services	Maintenance of Unspecified Assets	1 126 260	1 126 260		4 890	65 917	70 365
Mohokare	FS103	L	Regional Bulk Infrastructure Grant	Inventory Consumed	Materials and Supplies	318 000	318 000	11 410	198 338	186 510	157 288

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Appendix 5: Brief analysis of the GIYANI WATER PROJECT

Background

The Greater Giyani Local Municipality (GGLM) area has been experiencing severe water shortages for numerous years due to the deteriorating condition of both the bulk water supply and reticulation infrastructure. This is accompanied by the increasing demand for water and the existing infrastructure exceeding its design capacity. The project has two phases, with the objective to provide water reticulation to the 55 villages through the 325 km bulk pipelines. When completed, a total population of 185 390 of all the villages will benefit from the Giyani Water Supply Scheme. It will also cater for an increased in the population growth of 193 066 by 2040.

The project phases

- **Phase 1** – is for the implementation of the immediate emergency critical interventions. This is comprised boreholes, repairs and maintenance of the Greater Giyani Water Treatment Works and construction of new ones and storage reservoirs.
- **Phase 2** – is to supplement and augment Phase 1 infrastructure to enable the delivery of a reliable supply of water to the respective 55 villages. It consists of Giyani 14ML BNR Sewage Treatment Plant, 35 ML Nandoni –Nsami Giyani Reservoirs, 60 ML Nandoni Water Treatment Works to supply water to Giyani and 13 ML Namakgale Wastewater Treatment Works and lift pump stations, 65 ML Malamulele Reservoirs and pipe replacement projects across the project area.
- The Lepelle Northern Water Board was appointed to supervise the implementation of the project. The Water board further appointed LTE Consulting to provide new pipework and storage to replace the old pipelines and village reticulation supplies. The project is on behalf of the Mopani District Municipality.

Progress

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- **Phase 1** – the refurbishment of existing water and sanitation infrastructure involved repairs to pump stations, leaking pipes and reservoirs, revitalisation and development of ground water sources for immediate supply to social facilities at Nkhensani Hospital. This work is completed.
- The 1.5Ml/day Giyani Wastewater Treatment Works (WWTW) to augment abandoned WWTW has been completed and was handed to the Mopani District Municipality for operation and maintenance. Ground water development comprises the revitalisation of 154 boreholes in 55 villages around Giyani. This is 72 per cent complete. Of concern is that 63 boreholes have major defects, 42 boreholes have minor defects, only 6 are functional and 43 borehole systems are not completed by the contractor. Lepelle Northern Water (LNW) commissioned technical assessment of all boreholes to determine level of defects and developed scoping reports.
- **Phase 2** – the overall replacement of approximately 9 bulk pipelines to 55 villages is 21 per cent complete. The construction of dual pipeline to Malamulele and Giyani is underway; both the 49 km pipeline from Nandoni to Nsami (Giyani) and the 26,5Km pipeline from Nandoni to Malamulele are 55 per cent complete, with progress limited to pipe-laying.

Financial Implications

- At inception, the overall funding requirement for the project was R6 billion, it appears to have been revised to R4.5 billion. Thus far, expenditure on Phase 1 from inception to date is R3.3 billion. Phase 2: expenditure is R458 million for the Nandoni to Nsami pipeline. Therefore, R792 million is still required to finish the project. The project is funded within the existing baselines of the regional bulk infrastructure grant and the water services infrastructure grant.

Rand thousand	2019/20				2020/21 (as at 17 August 2020)				Total spending 2014/15 - 2020/21
	Original budget	Fund shift	Spending	Spending as % of	Original budget	Fund shift	Spending	Spending as % of	
GIYANI BWS RELIEF P2(NANDN NSAMI)	114 234	(30 286)	83 948	73%	114 234	(35 000)	-	0%	458 112
GIYANI WATER SERV PHASE 1(EMER)	114 028	(11 893)	102 134	90%	219 508	99 344	83 576	38%	3 298 732
Giyani Water Project Total	228 262	(42 179)	186 082	82%	333 742	64 344	83 576	25%	3 756 844

Project governance

- As at 31 March 2019, the irregular expenditure incurred by department increased to R9.3 billion. Of this amount, R1.8 billion was incurred in 2018/19. Irregular expenditure on this project increased by R214 million in 2018/19, from R3 billion in 2017/18.

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- The Isiphethu Engineering was recently appointed by LNW in replacement for the terminated turnkey contractor (LTE consulting). Isiphethu engineers are still assessing the work done and remaining scope to ratify the cost and date of completion. Of concern are the standing costs and escalation, with undesirable delays that are exposing the completed infrastructure to vandalism. Moreover, it appears that the LTE consulting did substandard work as reflected by the extent of dysfunctional infrastructure, however, there is no report on consequence management in this regard.

Appendix 6: List of mega, large and small projects per province

2017/18 ANNUAL PERFORMANCE INFORMATION REPORT

PPI No	Performance Indicators	Target for 2019/20 as per Annual Performance Plan (APP)	Annual achievement
Reginal Bulk Infrastructure Grant (Schedule 6B)			
2.3.4	Number of mega regional bulk infrastructure project phases under construction	11	7
	EC	1	1
		OR Tambo King Sabata Dalindyebo (KSD) Water Supply Phase 2 of 2	OR Tambo King Sabata Dalindyebo (KSD) Water Supply Phase 2 of 2
	GP	4	1
		Sebokeng WWTW phase 1 of 2	Sebokeng WWTW phase 1 of 2
		Sebokeng Wastewater Treatment Works Phase 2 of 2	
		Sedibeng Wastewater Treatment works – Rietspruit and Leeuwkuil WWTW	
		Westonaria WWTW Phase 2 (Zuurbekom)	
	KZN	1	
		Jozini (Pongolapoort) BWS (pipeline)	
	LP	4	4
		Mogalakwena BWS phase 2	Mogalakwena BWS phase 2
		Giyani Water Supply phase 2 of 2 (Emergency)	Giyani Water Supply phase 2 of 2 (Emergency)

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	NC	Polokwane BWS Phase 1	Polokwane BWS Phase 1
		Polokwane WWTW Phase 1	Polokwane WWTW Phase 1
		1	1
		Vaal Gamagara BWS phase 1 of 2	Vaal Gamagara BWS phase 1 of 2
2.3.5	Number of mega regional bulk infrastructure project phases completed	0	0
2.3.6	Number of large regional bulk infrastructure project phases under construction	53	48
	EC	7	8
		Ndlambe BWS Phase 1	Ndlambe BWS Phase 1
		Xhorha BWS	Xhorha BWS
		Cluster 4 Chris Hani DM phase 2 of 2	Cluster 4 Chris Hani DM phase 2 of 3
		Cluster 6 Chris Hani DM	Cluster 6 Chris Hani DM
		Cluster 9 Chris Hani DM	Cluster 9 Chris Hani DM
		Xonxa BWS	Xonxa BWS
		Refurbishment of 6 existing plants and downstream infrastructure (Binfield water treatment works (WTW), Masincedane WTW, Debe WTW, and Sandile WTW)	Refurbishment of 6 existing plants and downstream infrastructure (Binfield water treatment works (WTW), Masincedane WTW, Debe WTW, and Sandile WTW)
			Nooitgedacht / Coega Low level supply scheme phase 3
	FS	6	5
		Tokologo BWS Phase 2 of 3	Tokologo BWS Phase 2 of 3

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		Nketoana BWS Phase 1 of 2	Nketoana BWS Phase 1 of 2
		Masilonyana BWS Phase 2 of 2	
		Ngwathe Bulk Water Supply Phase 3 of 3	Ngwathe Bulk Water Supply Phase 3 of 3
		Ngwathe Bulk Sewer Phase 2 of 2 (Parys)	Ngwathe Bulk Sewer Phase 2 of 2 (Parys)
		Welbedacht pipeline (Mangaung)	Welbedacht pipeline (Mangaung)
	GP	1	1
		Meyerton WWTW Phase 2 of 3	Meyerton WWTW Phase 2 of 3
	KZN	6	5
		Driefontein Indaka BWS	Driefontein Indaka BWS
		Greytown BWS Phase 2	Greytown BWS Phase 2
		Nongoma BWS	Nongoma BWS
		Middledrift BWS	Middledrift BWS
		Mandlakazi BWS Phase 5	Mandlakazi BWS Phase 5
		Maphumulo BWS Phase 3	-
	LP	15	16
		Sekhukhune BWS Phases 7 to 15 (i.e. 9 Phases)	Sekhukhune BWS Phases 7 to 15 (i.e. 9 Phases)
		Moutse BWS Phase 1 and 5 (i.e. 2 Phases)	Moutse BWS Phase 1 and 5 (i.e. 2 Phases)
		Giyani BWS - Drought Relief	Giyani BWS - Drought Relief
		Mametja Sekororo BWS Phase 1 of 2	Mametja Sekororo BWS Phase 1 of 2
		Sinthumule Kutama BWS Augmentation Phase 3 of 3	Sinthumule Kutama BWS Augmentation Phase 3 of 3
		Nebo BWS	Nebo BWS
			Mooihoek / Tubatse BWS

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	MP	4	2
		Northern Nsikazi BWS Phase 1 of 2	Northern Nsikazi BWS Phase 1 of 2
		Emalahleni BWS Phase 3 of 4	
		Musikalgwa / Driekoppies BWS Phase 1 of 3	
		Balfour/ Siyathemba BWS Phase 1 of 4	Balfour/ Siyathemba BWS Phase 1 of 4
	NC	1	1
		Namakwa BWS Phase 2	Namakwa BWS Phase 2
	NW	11	8
		Madibeng BWS Phase 2	Madibeng BWS Phase 2
		Pilanesberg BWS Phase 2 and Phase 3 (i.e. 2 phases)	Pilanesberg BWS Phase 2
		Ratlou BWS Phase 1 (Setlagole) and Phase 2 (Madibogo) (i.e. 2 phases)	Ratlou BWS Phase 1 (Setlagole) and Phase 2 (Madibogo) (i.e. 2 phases)
		Mafikeng South BWS Phase 2 (upgrade WTW)	Mafikeng South BWS Phase 2 (upgrade WTW)
		Greater Mamusa BWS Phase 2 (Abstraction Bloemhof) and Phase 3 (Upgrade of WTW) (i.e. 2 phases)	Greater Mamusa BWS Phase 2 (Abstraction Bloemhof) and Phase 3 (Upgrade of WTW) (i.e. 2 phases)
		Taung Naledi BWS Phase 2D	Taung Naledi BWS Phase 2D
		Moretele South BWS Phase 1 (Klipdrift) and Phase 2 (Babelegi) (i.e. 2 phases)	
	WC	2	2
		Stellenbosch WWTW Phase 2 of 2	Stellenbosch WWTW Phase 2 of 2

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		Paarl Bulk Sewer Phase 3 of 3	Paarl Bulk Sewer Phase 3 of 3
2.3.7	Number of large regional bulk infrastructure project phases completed	16	5
	EC	1	0
		Xonxa BWS	
	FS	0	0
	GP	0	0
	KZN	0	0
	LP	9	1
		Sekhukhune BWS Phases 7 to 12 & 15 (i.e. 7 Phases)	
		Moutse BWS Phase 1 and 5 (i.e. 2 Phases)	
			Mooihoek / Tubatse BWS
	MP	2	2
		Northern Nsikazi BWS Phase 1 of 2	Northern Nsikazi BWS Phase 1 of 2
		Balfour/ Siyathemba BWS Phase 1 of 4	Balfour/ Siyathemba BWS Phase 1 of 4
	NC	0	0
	NW	3	1
		Ratlou BWS Phase 1 (Setlagole)	
		Mafikeng BWS upgrade of WTW phase 2 (Mmabatho)	
		Moretele South BWS Phase 1 (Klipdrift)	Moretele South BWS Phase 1 (Klipdrift)
	WC	1	1
		Paarl Bulk Sewer Phase 3 of 3	Paarl Bulk Sewer Phase 3 of 3

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2.3.8	Number of small regional bulk infrastructure project phases under construction	41	31
	EC	8	7
		Matatiele BWS	Matatiele BWS
		Middleburg Ground Water Supply	Middleburg Ground Water Supply
		Graaff Reinet GWS	Graaff Reinet GWS
		James Kleynhans BWS	James Kleynhans BWS
		Makana Bulk Sewer	-
		Mayfield WWTW	-
		Mount Ayliff Peri-urban water supply	Mount Ayliff Peri-urban water supply
		Sundays River BWS	Sundays River BWS
		Hofmeyer GWS	Hofmeyer GWS
	FS	11	12
		Tswelopele BWS	Tswelopele BWS
		Mantsopa BWS Phase 1 of 2	Mantsopa BWS Phase 1 of 2
		Phumelela BWS Phase 2 of 2	Phumelela BWS Phase 2 of 2
		Setsoto BWS Phase 2 of 4	Setsoto BWS Phase 2 of 4
		Rouxville/ Smithfield/ Zastron BWS (Mohokare BWS)	Rouxville/ Smithfield/ Zastron BWS (Mohokare BWS)
		Maluti-a-Phofung BWS Phase 2 of 4	Maluti-a-Phofung BWS Phase 2 of 4
		Maluti-a-Phofung BWS Phase 3 of 4	Maluti-a-Phofung BWS Phase 3 of 4
		Metsimaholo Bulk Sewer	Metsimaholo Bulk Sewer
		Mafube Bulk Sewer Phase 1 of 2	Mafube Bulk Sewer Phase 1 of 2

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		Mafube Bulk Sewer Phase 2 of 2	
		Moqhaka Bulk Water Supply (Steynrus) Phase 1 of 2	Moqhaka Bulk Water Supply (Steynrus) Phase 1 of 2
			Jagersfontein/ Fauresmith BWS phase 2 (Kopanong BWS)
			Dihlabeng BWS phase 2
	GP	0	0
		-	-
	KZN	0	0
		-	-
	LP	0	0
		-	
	MP	7	3
		Hoxani WTW	
		Sibange BWS Phase 1 of 2	
		Lushushwane BWS Phase 2	Lushushwane BWS Phase 2
		Upgrading of Balfour WWTW phase 2 of 2	
		Upgrading of Delmas WWTW Phase 2 of 2	
		Amsterdam WWTW Phase 1 of 2	Amsterdam WWTW Phase 1 of 2
		Bushbuckridge Water Services (Cunningmore)	
			Lushushwane BWS Phase 3
	NC	11	6

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		Loeriesfontein BWS Phase 1 (pipeline) and Phase 2 (reservoir) (i.e. 2 phases)	Loeriesfontein BWS Phase 1 (pipeline) and Phase 2 (reservoir) (i.e. 2 phases)
		Van Wyksvlei Groundwater Phase 1 (pipeline upgrade) and Phase 2 (boreholes) (i.e. 2 phases)	
		Windsorton to Holpan BWS Phase 1 (pipeline) and Phase 2 (reservoir) (i.e. 2 phases)	Windsorton to Holpan BWS Phase 1 (pipeline) and Phase 2 (reservoir) (i.e. 2 phases)
		Rietchie Phase 1 (pipeline) and Phase 2 (reservoir) (i.e. 2 phases)	Rietchie Phase 2 (reservoir) (i.e. 2 phases)
		Kameelmond/ Upington WWTW Phase 1 (ponds)	
		Warrenton WTW Phase 1 (ponds)	Warrenton WTW Phase 1 (ponds)
		De Aar Boreholes Phase 1	
	NW	3	2
		Wolmaransstad WWTW	
		Koster WWTW	Koster WWTW
		Tlokwe WTW Phase 1 (Potchefstroom)	Tlokwe WTW Phase 1 (Potchefstroom)
	WC	1	1
		Citrusdal WWTW Phase 2 of 2	Citrusdal WWTW Phase 2 of 2
2.3.9	Number of small regional bulk infrastructure project phases completed	11	6
	EC	1	0
		Matatiele BWS	
	FS	4	1

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		Mafube Bulk Sewer Phase 1 of 2	-
		Moqhaka Bulk Water Supply (Steynrus) Phase 1 of 2	Moqhaka Bulk Water Supply (Steynrus) Phase 1 of 2
		Maluti-a-Phofung BWS Phase 2 of 4	-
	GP	0	0
	KZN	0	0
	LP	0	0
	MP	4	3
		Hoxani WTW	Hoxani WTW
		Lushushwane BWS Phase 1 of 2	Lushushwane BWS Phase 1 of 2
		Amsterdam WWTW Phase 1 of 2	
		Bushbuckridge Water Services (Cunningmore)	Bushbuckridge Water Services (Cunningmore)
	NC	0	1
			Rietchie Phase 1 (pipeline)
	NW	2	1
		Wolmaransstad WWTW	
		Tlokwe WTW Phase 1 (Potchefstroom)	Tlokwe WTW Phase 1 (Potchefstroom)
	WC	0	

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2018/19 ANNUAL PERFORMANCE INFORMATION REPORT

PPI No	Performance Indicators	Target for 2019/20 as per Annual Performance Plan (APP)	Annual achievement
Reginal Bulk Infrastructure Grant (Schedule 6B)			
2.3.4	Number of mega regional bulk infrastructure project phases under construction	4	5
	GP	1	1
	Sebokeng WWTW phase 1 of 2		Sebokeng WWTW phase 1 of 2
	KZN	1	1
	Jozini (Pongolapoort) BWS (Pipeline)		Jozini (Pongolapoort) BWS (Pipeline)
	LP	2	3
	Mogalakwena BWS phase 1		Mogalakwena BWS phase 1
	0		Mogalakwena BWS phase 2
	Giyani Water Services		Giyani Water Services
2.3.5	Number of mega regional bulk infrastructure project phases completed	2	2
	KZN	1	0
	Jozini (Pongolapoort) BWS (Pipeline)		0
	LP	1	1
	Mogalakwena BWS phase 1		Mogalakwena BWS phase 1
2.3.6	Number of large regional bulk infrastructure project phases under construction	25	29
	EC	4	4

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		Ndlambe BWS Phase 1 of 1	Ndlambe BWS Phase 1 of 1
		Xhorha BWS	Xhorha BWS
		Nooitgedacht Coega Low Level Scheme	Nooitgedacht Coega Low Level Scheme
		Butterworth Water transfer Scheme	Butterworth Water transfer Scheme
	FS	3	8
		Tokologo BWS Phase 2 of 3	Tokologo BWS Phase 2 of 3
		Nketoana BWS Phase 1 of 2	Nketoana BWS Phase 1 of 2
		Maluti-a-Phofung BWS Phase 3 of 4	Maluti-a-Phofung BWS Phase 3 of 4
		0	Welbedacht pipeline (Mangaung)
		0	Setsoto BWS phase 2 of 4
		0	Dihlabeng BWS phase 2
		0	Ngwathe Bulk Sewer phase 2 of 2 (Parys)
		0	Masilonyana BWS phase 2 of 2
	GP	1	1
		Meyerton WWTW	Meyerton WWTW
	KZN	0	0
		-	-
	LP	10	10
		Giyani BWS- Drought Relief (Nandoni Nsami)	Giyani BWS- Drought Relief (Nandoni Nsami)
		Mametja Sekororo BWS phase 1	Mametja Sekororo BWS phase 1
		Nebo BWS	Nebo BWS
		Mooihoek / Tubatse BWS	Mooihoek / Tubatse BWS

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		Moutse Phase 5	Moutse Phase 5
		Moutse Phase 10	Moutse Phase 10
		Moutse Phase 11	Moutse Phase 11
		Moutse Phase 12	Moutse Phase 12
		Moutse Phase 14	Moutse Phase 14
		Sinthumule Kutama BWS phase 3 of 3 including Luvuvhu	Sinthumule Kutama BWS phase 3 of 3 including Luvuvhu
	MP	1	1
		Driekoppies BWS upgrade Phase 1 of 4	Driekoppies BWS upgrade Phase 1 of 4
	NC	0	0
		-	-
	NW	6	5
		Ratlou BWS Phase 1 of 3 (Setlagole)	Ratlou BWS Phase 1 of 3 (Setlagole)
		Ratlou BWS Phase 2 of 3 (Madibogo)	
		Mafikeng BWS Upgrade of WTW phase 2 of 3 (Mmabatho)	Mafikeng BWS Upgrade of WTW phase 2 of 3 (Mmabatho)
		Madibeng BWS upgrade of WTW Phase 2 of 3	Madibeng BWS upgrade of WTW Phase 2 of 8
		Moretele South BWS phase 2 of 4 (pipeline)	Moretele South BWS phase 2 of 4 (pipeline)
		Tlokwe WTW Phase 2 of 4 pipeline and pump station (Potchefstroom)	Tlokwe WTW Phase 2 of 4 pipeline and pump station (Potchefstroom)
	WC	0	0
2.3.7	Number of large regional bulk infrastructure project phases completed	3	3

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	EC	0	0
	FS	1	3
		Maluti-a-Phofung BWS Phase 3 of 4	Maluti-a-Phofung BWS Phase 3 of 4
		-	Setsoto BWS phase 2 of 4
		-	Ngwathe BWS phase 2 of 3
	GP	1	0
		Meyerton WWTW	
	KZN	0	0
	LP	0	0
	MP	0	0
	NC	0	0
	NW	1	0
		Ratlou BWS Phase 1 (Setlagole)	
		-	-
	WC	0	
2.3.8	Number of small regional bulk infrastructure project phases under construction	17	18
	EC	5	5
		Matatiele BWS	Matatiele BWS
		Graaff Reinnet GWS	Graaff Reinnet GWS
		James Kleynhans BWS	James Kleynhans BWS
		Mount Ayliff Peri-urban Water Supply	Mount Ayliff Peri-urban Water Supply
		Sundays River BWS	Sundays River BWS

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	FS	5	8
		Metsimaholo Bulk Sewer (Upgrading of Deneysville wastewater treatment works) Phase 1 of 1	Metsimaholo Bulk Sewer (Upgrading of Deneysville wastewater treatment works) Phase 1 of 2
		Maluti-A-Phofung BWS Phase 4 of 4	Maluti-A-Phofung BWS Phase 4 of 4
		Phumelela BWS phase 2 of 2	Phumelela BWS phase 2 of 3
		Moqhaka BWS (Steynrus) phase 2 of 4	Moqhaka BWS (Steynrus) phase 2 of 5
		Tswelopele BWS	Tswelopele BWS
		0	Jagersfontein/ Fauresmith BWS phase 2 (Kopanong BWS)
		0	Mafube Bulk Sewer Phase 1 of 2
		0	Mafube Bulk Sewer Phase 2 of 2
	GP	1	1
		Rothdene pumpstation	Rothdene pumpstation
	KZN	0	0
		-	-
	LP	1	0
		Greater Letaba Water Augmentation Project distribution: Mopani Works (Babanana pipeline)	-
	MP	1	2
		Sibange BWS phase 1 of 2	Sibange BWS phase 1 of 2
		-	Sibange BWS phase 2 of 2
	NC	2	0

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		Winsorton to Holpan BWS Phase 2 of 2	-
		Kameelmond / Upington WWTW Phase 1	-
	NW	1	2
		Koster WWTW Phase 1 of 1	Koster WWTW Phase 1 of 1
		-	Wolmaranstad
	WC	1	0
		Clanwilliam/ Lambertsbaai Regional Water Supply Desalination Plant Phase 4 of 4	-
2.3.9	Number of small regional bulk infrastructure project phases completed	6	4
	EC	0	0
		-	
	FS	3	3
		Phumelela BWS phase 2 of 2	Phumelela BWS phase 2 of 2
		Mafube Bulk Sewer Phase 1 of 2	-
			Moqhaka BWS (Steynrus) phase 2 of 4
		Tswelopele BWS Phase 1 of 2	Tswelopele BWS Phase 1 of 2
	GP	1	1
		Rothdene pumpstation	Rothdene pumpstation
	KZN	0	0
	LP	0	0
	MP	0	0
	NC	1	0

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		Winsorton to Holpan BWS Phase 2 of 2	
	NW	1	0
		Koster WWTW Phase 1 of 1	
	WC	0	0

2019/20 ANNUAL PERFORMANCE INFORMATION REPORT

PPI No	Performance Indicators	Target for 2019/20 as per Annual Performance Plan (APP)	Annual achievement
Reginal Bulk Infrastructure Grant (Schedule 6B)			
2.3.4	Number of mega regional bulk infrastructure project phases under construction	3	3
	GP	1	1
		Sebokeng WWTW phase 1 of 2	Sebokeng WWTW phase 1 of 2
	LP	2	2
		Mogalakwena BWS phase 2	Mogalakwena BWS phase 2
		Giyani Water Services	Giyani Water Services
2.3.5	Number of mega regional bulk infrastructure project phases completed	2	2
	GP	1	0
		Sebokeng WWTW Phase 1 of 2	0

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2.3.6	KZN	1	2
		Umshwathi BWS Phase 3	Umshwathi BWS Phase 3
			Jozini Bulk Water Supply
	Number of large regional bulk infrastructure project phases under construction	29	30
	EC	3	3
	1	Ndlambe BWS Phase 1 of 1	Ndlambe BWS Phase 1 OF 1
		Xhorha BWS Phase 3 of 6	Xhora BWS Phase 3 of 6
		Mt Ayliff BWS Phase 2 of 2	Mt Ayliff BWS Phase 2 of 2
	FS	5	6
	3	Tokologo BWS Phase 2 of 3	Tokologo BWS Phase 2 of 3
		Nketoana BWS Phase 1 of 2	Nketoana BWS Phase 1 of 2
		Masilonyana BWS Phase 2 of 2	Masilonyana BWS Phase 2 of 2
		Maluti-a-Phofung BWS Phase 4 of 4	Maluti-a-Phofung BWS Phase 4 of 4
		Welbedacht pipeline (Mangaung)	Welbedacht pipeline (Mangaung)
			Maluti-a-Phofung BWS Phase 3 of 4
	GP	1	1
		Meyerton WWTW Phase 2 of 3	Meyerton WWTW
	KZN	0	0

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		-	-
	LP	11	11
		Giyani BWS- Drought Relief (Nandoni Nsami)	Giyani BWS- Drought Relief (Nandoni Nsami)
		Mametja Sekororo BWS phase 2	Mametja Sekororo BWS phase 2
		Nebo BWS	Nebo BWS
		Mooihoek Phase 4	Mooihoek Phase 4
		Moutse BWS phase 1	Moutse BWS phase 1
		Moutse Phase 5	Moutse Phase 5
		Moutse Phase 7 – 12	Moutse Phase 7 – 12
		Moutse Phase 13	Moutse Phase 13
		Moutse Phase 14	Moutse Phase 14
		Moutse Phase 15	Moutse Phase 15
		Sinthumule Kutama BWS phase 3 of 3 including Luvuvhu	Sinthumule Kutama BWS phase 3 of 3 including Luvuvhu
	MP	1	1
		Driekoppies BWS upgrade Phase 1 of 4	Driekoppies BWS upgrade Phase 1 of 4
	NC	0	0
		-	-
	NW	8	8
		Ratlou BWS Phase 1 of 3 (Setlagole)	Ratlou BWS Phase 1 of 3 (Setlagole)

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		Mafikeng BWS Upgrade of WTW phase 2 of 3 (Mmabatho)	Mafikeng BWS Upgrade of WTW phase 2 of 3 (Mmabatho)
		Mafikeng BWS phase 3 of 3 reservoir and pipeline (Mmabatho)	
		Madibeng BWS upgrade of WTW Phase 2 of 3	Madibeng BWS upgrade of WTW Phase 2 of 3
		Madibeng BWS abstraction Phase 3	Madibeng BWS abstraction Phase 3
		Moretele South BWS phase 2 of 4 (pipeline)	Moretele South BWS phase 2 of 4 (pipeline)
		Tlokwe WTW Phase 2 of 4 pipeline and pump station (Potchefstroom)	Tlokwe WTW Phase 2 of 4 pipeline and pump station (Potchefstroom)
		Tlokwe upgrade of WTW Phase 3 (Potchefstroom)	Tlokwe upgrade of WTW Phase 3 (Potchefstroom)
	WC	0	0
2.3.7	Number of large regional bulk infrastructure project phases completed	3	1
	EC	0	0
	FS	0	0
	GP	0	0
	KZN	0	0
	LP	0	0
	MP	0	0
	NC	0	0
	NW	3	1

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		Ratlou BWS Phase 1 (Setlagole)	-
		Mafikeng BWS upgrade of WTW phase 2 (Mmabatho)	-
		Tlokwe WTW Phase 2 pipeline and pump station (Potchefstroom)	Tlokwe WTW Phase 2 pipeline and pump station (Potchefstroom)
	WC	0	
2.3.8	Number of small regional bulk infrastructure project phases under construction	21	15
	EC	7	3
		Matatiele BWS	-
		Graaff Reinet GWS	Graaff Reinet GWS
		James Kleynhans BWS	James Kleynhans BWS
		Makana Bulk Sewer	-
		Mayfield WWTW	-
		Sundays River BWS	Sundays River BWS
	FS	6	4
		Metsimaholo Bulk Sewer (Upgrading of Deneysville wastewater treatment works) Phase 1 of 1	Metsimaholo Bulk Sewer (Upgrading of Deneysville wastewater treatment works) Phase 1 of 1
		Mafube Bulk Sewer Phase 1 of 2	Mafube Bulk Sewer Phase 1 of 2
		Mafube Bulk Sewer Phase 2 of 2	-

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		Jagersfontein/Fauresmith BWS phase 2	Jagersfontein/Fauresmith BWS phase 2
		Tswelopele BWS Phase 1 of 2	Tswelopele BWS Phase 1 of 2
		Tswelopele BWS Phase 2 of 2	-
	GP	0	0
		-	-
	KZN	0	0
		-	-
	LP	1	1
		Greater Letaba Water Augmentation Project distribution: Mopani Works (Babanana pipeline)	Greater Letaba Water Augmentation Project distribution: Mopani Works (Babanana pipeline)
	MP	2	5
		Sibange BWS Phase 1 of 2	Sibange BWS Phase 1 of 2
		Sibange BWS Phase 2 of 2	Sibange BWS Phase 2 of 2
			Sibange BWS Phase 3 of 5
			Sibange BWS Phase 4 of 5
			Sibange BWS Phase 5 of 5
	NC	3	1
		Winsorton to Holpan BWS Phase 2 of 2	-
		Warrenton WTW	-
		Kameelmond / Upington WWTW Phase 1	-

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			Marydale GWS
	NW	1	1
		Koster WWTW Phase 1 of 1	Koster WWTW Phase 1 of 1
	WC	1	0
		Clanwilliam/ Lambertsbaai Regional Water Supply Desalination Plant Phase 4 of 4	-
2.3.9	Number of small regional bulk infrastructure project phases completed	5	2
	EC	-	
		-	
	FS	4	1
		Metsimaholo BulkSewer (Upgrading of Deneyville wastewater treatment works) Phase 1 of 1	-
		Mafube Bulk Sewer Phase 1 of 2	-
		Jagersfontein/ Fauresmith BWS phase 2	-
		Tswelopele BWS Phase 1 of 2	Tswelopele BWS Phase 1 of 2
	GP	-	
	KZN	-	
	LP	-	
	MP	-	
	NC	-	1
			Marydale GWS
	NW	1	

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		Koster WWTW Phase 1 of 1	
	WC	-	