
	WATER AND ENVIRONMENT	
	PROVINCIAL AND LOCAL GOVERNMENT	
INTEGRATED WATER RESOURCES MANAGEMENT II OLIFANTS-DOORN IWRM COORDINATION		

2nd Financial Meeting “Rough” Notes

DWAF Sedibeng Building, Pretoria

07 August 2009, 10h00 to 14h00

Present:

Tshiamo Matabane (TM) DWA Head Office Programme Manager MatabaneT@dwaf.gov.za
 Jay Reddy (JR) DWA KZN Regional Office ReddyJ@dwaf.gov.za
 Ella Bisset (EB) DWA Western Cape Regional Office BissetN@dwaf.gov.za
 Roger Short (RS) Chief Technical Advisor roger.short@tiscali.it
 Sunet Jordaan (SJ) DANIDA sunior@um.dk
 Siza Netshilaphala (SN) Venzulu Procurement Agent siza@vendzulu.co.za
 Bryanie Boyd-Monk (BBM) Venzulu Procurement Agent bryanie@vendzulu.co.za
 Cynthia Chishimba (CC) Sangoco North West cynthia@sangoconorthwest.org.za
 Charles Molutsi (CM) Sangoco North West charles@sangoconorthwest.org.za
 Gisela Wullschleger (GW) Informage IWRM Western Cape Coordination gisela@informage.co.za
 Nik Wullschleger (NW) Informage IWRM Western Cape Coordination nik@informage.co.za

Apologies:

Enver Buckas (Ethikwini Metro), Michael Singh (Ethikwini Metro),
 Melissa Lintnaar-Strauss (DWAF Western Cape Regional Office),
 Rens Botha (DWAF North West Regional Office)

1. Background (TM DWAF)

TM welcomes all to the meetings.

2. Current Status (TM DWAF & BBM Venzulu)

TM provides overview to the meeting and that it was necessary to have a financial meeting following the round of PMG meetings held in June 2009. The regions were all asked to realign their budgets at these PMGs.

The current exchange rate levels are also a cause of concern, as well as the exchange rates when the various draw downs from DANIDA took place.

SJ mentions that this does not only affect IWRM but many other DANIDA funded projects. And that any money that is made with the positive exchange rate, the benefits would have come back to DANIDA,

SN – further to this the agreement made no mention of the Rand amount only the DKK

RS – we were conservative in our estimates

TM – As a result of this IWRM has over allocated by DKK5 million equivalent to +-R6.9 million, this puts DWA into a very awkward corner, currently all the money is allocated, but there is only DKK1.4 million left at DANIDA to be drawn down (*NW - later mention is made of an additional R 5 million still at Treasury*).

SJ – recommends to look at savings at individual contracts, follow-up on current and existing contracts,

TM – will have to look at the projects to see if they have attained their IWRM objectives, no new contracts to be signed,

JR – need to be careful of projects that we want to stall or cancel, expectations are raised, need to look at other types of contracts first, consultants etc, rather than cancelling the community projects

RS – need to look at some of the project or contracts which DWAF should be doing, or budgeting for themselves, eg Sandveld originally DWA region was meant to budget for this,

TM – In terms of payment, the issues around delays in payments (March – June 2009) have been resolved, the DWAF CFO was not happy that we are crippling the project because of the slowness of payments. There is still have about R5 million with treasury to be used for IWRM, DKK 1.4 million still to be drawn (end of October 2009 last drawdown planned).

SN – is DWA aware of the problems that the delays have caused?

RS – DWAF did not put in its 50% contribution as per the agreement, this should be followed up, if DWA has surplus towards the end of the year, need to work on the assumption no money coming from elsewhere

JR – critical issue if DWA has a responsibility, where is the contract, requests a copy be sent to the regional offices

RS – reiterates that the contributions from DWA are written into the project documentation

SN – not suggesting that we should go back to DANIDA, but there are lessons to be learnt, and clear in the way we take this forward

TM – if things had happened quicker, due to senior management, most of these issues could have been avoided

SJ – should DWA not keep to the letter of the agreement DANIDA is in the position to request that all funding be repaid,

RS – something that the PSC should take forward, makes sense to have MP Connie September on the PSC that can take this issue up with higher authorities

SJ – need to fix the dates, 5 weeks in advance then will be able to get DANIDA's Carsten Laugesen to attend the PSC meeting

EB – please explain the 50% contribution from DWA

TM – DANIDA funding was to be used for budget support, DWA's contribution could have been staff, monetary, could be office use, etc

RS – not of the total but went against budget lines, the nature of the contribution is described in the project doc agreement, when we had service providers eg CMA advisors, 50% should have been covered by DWA,

NW – the WC RO currently have issues supporting IWRM from DWA budget, the directors have problems signing off catering, conference, accommodation etc related to IWRM workshops and meetings.

RS – will provide a copy of the contracts to WC RO, though might be too large to email

JR – suggests that communities (Strand 3 projects) write letters to Minister DWEA to voice their concerns over funding if cannot be sourced

TM - Spent to date DKK 22 million *(NW - June budget from Vendzulu states that a total of DKK 30 198 939.68 is available, the balance is thus +- DKK 8 million ie between R12 million (at 1.55) and R10 million (at 1.28) should thus be still available).*

BBM – figures not absolutely up to date as it excludes the recent figures from Ethikwini, and Chief Technical Advisor (RS) amount are in DKK and are not up to date / included

RS – planning to be 17 or 18th Aug 2009, meet with Ethikwini, SJ & JR welcome to attend,

JR & SJ - 18th most suitable date

BBM – with reference to the IWRM Budget spreadsheet prepared by Vendzulu

- 1.1 million overspent, currently quite high,
- HO - No more call-down in head office
- OD – R65K request have recently gone through the system

SJ – asks, with reference to the high numbers of negative balances on the allocated budget column, how will the overspending be dealt with? Need to be much firmer, as we are very close to the end of the project

TM – due to the exchange rate, now at 1.28 (instead of 1.55 – when the budget allocations were made there were no “over allocations”)

SN – are we talking about over expenditure, or under budgeting? We do not have any over expenditure at the moment, only due to exchange rates, we have over committed, then look at contracts where we have not spent much to see where they are going and can they be stopped

EB – refers to an email sent by TM which mentions a “draw-down facility” explain the difference between call down and the draw down?

BBM – draw down money refers to request to DANIDA for funding, while call down – short term expert support and inputs, contractors ...

BBM – continues referring to the budget spreadsheet,

- still have a little bit of call down on OD, CrocWest and KZN
- WUA – training happened and spent
- Stakeholder participation ... large conference, DWA could buy in and cover this cost, +- R500K

RS – refers to the previous Programme Director S Mbedzi who indicated that DWA could buy-in to the IWRM Close-out conference, Tuesday meeting supported this, also Ethikwini Metros Derek Naaido also indicated they could put something, else get corporate sponsors?

- Contracts where funds are committed, ITC and SPP, money

SJ – was there any contingency allocated in the budget?

RS - Yes, about 4%

NW – the OD Strand 3 projects allocated about 10% for contingency

JR – asks about any interest earned from the money?

SJ - Interest gained on the funds would not be for the benefit of the IWRM project – but would go back to Copenhagen Treasury,

NW – asks what of the 14% paid for VAT?

TM – answers that from this financial year, all the VAT will be paid back, to donor funding ...

JR - pity that this VAT cannot be given to the projects, previously the DWA regional office had to pay the VAT component,

TM – would be applicable from this financial year forward, not necessarily previously, HO will cover this,

RS – could use this as an argument around VAT, which should have never been charged on DANIDA funds,

TM – Eustathia Bofilatos was contacted y'day, the DWAE Minister wants to know how IWRM has helped to alleviate poverty, this is good for the programmes profile

RS – was asked to provide a budget for National Upscaling for IWRM, in the context that this is not donor funded

BBM – continues aith the spreadsheet

- DWEA training RS taken costs upon himself
- Dissemination, National compendium ... R236K could be moved
- Media – R136K,

SJ – notes with concern that there is a consistent overspending, Budget vs Contract Value !

BBM – this is solely due to the re-assessment of exchange rate, a month ago, all values contracted were less than the amount budgeted

JR – where is the money coming from?

BDM – continues

- compendium, SPP, conference, current project already closed, already journaled back, pilot projects now commissioned (Croc West, KZN etc),

SN – gender ITC?

BBM – exchange rate has affected ITC badly

3. KZN Report back (JR DWA)

JR – projects are on track, spending accordingly, initial problems with projects have been resolved, initial 3 projects will be completed on time and within budget, will not have savings, each project budget was small, under R200K, KZN DWA have been working without a R Coordinator, need to set certain criteria in place, not from the project itself, refers to recent very nasty situation in KZN, by which the DWA RO under took a process of upscaling, to seek new projects, expectations were raised, Masimbambane funding never materialized, communities were upset and went to Minister, RO and HO had to write numerous responses, DWAF is not a donor body, need to make sure these projects are sustainable in itself, KZN cut projects from 6 to 4 to make sure they were sustainable, even if they were outside the pilot area, stressed the community should be driving the process, with the other projects, 2 in Tugela, 2 in (in President's area), problem wrt to timeframes to ensure they stick to timeframes,

JR - CHC's taking up a lot of money, very expensive, deep down is good and comprehensive, KZN as a pilot, 500 people will be graduating soon (Weds 16 Sept), Africa Head will only sponsor a trophy, as it is outside their contract period, second phase of CHC is now related to nutrition, will not be funded through IWRM, why Africa Ahead continue developing their tools when their appointments have not been finalized? DWA and Municipality will be approached to fund graduation, if the Minister is coming then the budget must be looked at

TM – re CHC nutritional materials, recommended to Ethikwini if they do not want to use the material, the CHC work should stop immediately

RS – make it clear that whatever is developed is in the public domain,

JR – we do not have a proper evaluation process regarding the CHC's, need to look at saving on CHC's where possible,

BBM – Africa Ahead invoice just arrived, contract expires only end of this month,

SN – can't wait until the end of CHC contract, need to look at the work completed to date, recommends to use the change in exchange rate to halt the project,

JR – re upscaling, the consultant did not provide any report back or feedback to DWAF, can't address the communities expectations as do not know who or what to address

JR – gender training, need to finalise this with ITC - RS?

RS – re upscaling, asked to prepare a budget, could just have a figure from KZN,

JR – needed to go back after the list of projects, need more info to check the viability of the projects,

JR – look at some of the OD projects in WCape, look at IA budget re support to KZN to visit and some of the docs and administrative processes

BBM – terminated a contract, R10 K left over can it be taken back,

JR – keep it there for now, refers to Pravida note ... please do not take it back,

CHC – saving of about R10K left from AW contract, will be journalled back

RS – need to remind CHC that this is not a bottomless pit

BBM – reminded them in June, that budgets were possibly being cut

4. Report Back North West (CC Sangoco North West)

CC - Projects are progressing very well, percentages of expenditure have changed, have about 3 projects that will not be able to be sustained to the end, propose to give up R150 K, followed all the proceedings, written to the Chief, discussed this with the community, etc will put this I writing

SJ – if contract is cancelled, are there any costs involved? Service providers must sign a letter of acknowledgement that they agree to the closure and will not sue for any earnings lost.

TM – this would be ok to cancel, there will be no repercussions,

CC – two other projects, have put water resources there, need have a look at how much is left, expenditure is very low, need to review the amounts available in their budgets

CC – another challenge relates to the support from IZWA, not sure if they are still with and supporting the projects

RS – did IZWA contact you?

CC – spoke to Muna Lakhani, was in Cape Town, hands are full, have not heard from Thomas,

CC - CHC issue has been resolved, developing workshop materials to train the trainer on IWRM

TM - journaling back R8k, R150K how much is needed for materials?

CC – 1 day site visits rather than a 2 day provincial government summit, met with SABC will visit some of the projects

SJ – DANIDA logo must please be included in any media exposure

CC - rainwater harvesting tanks to be built at schools, learners can paint the tanks showing IWRM, legacy left by using signage to show what was achieved,

BBM – in summary the North-West is prepared to give up 1 project, reduce 2, can cover their negative, Ceenex is going well and spending, cut their budget already, IZWA contract has already terminated in June 2009, have not spent R156K, need to assess this amount, R135K for rainwater harvesting slight saving (Operation Hunger), CHC monies to be used for IWRM Water Champions training R8 K journalled, R150 K to be used for water champions workshop run by SANGOCO

SN – clarify IZWA, is there some that they should still be doing? Is a time extension required?

5. Report Back Western Cape (GW & NW – Informage)

GW – refers to PMG discussions and decisions, 24 Strand 3 projects close at the end of June, remaining 16 projects still open to be closed end August, September or November.

Various scenarios are discussed, each increasing the amounts of money that could be freed if activities are cut back.

Refer to Olifants-Doorn spreadsheet - attached.

TM – from PMG budget exercise, reshuffling of budget resulted in R700K available for other third phase projects, or the “global IWRM” fund to be used for the installation of fog harvesting, biodigester, NVC training support and radio documentaries etc

BBM – R750K was closed *(NW - Contradicts TM ?)*

SN – trying to wrap mind around the exercise, are we adjusting from all the things that were planned, or looking at the money that was available to OD?

TM – asks how will the iwrn website be funded after iwrn, what is to happen to the website?

NW – iwrn can be mirrored and hosted at dwaf.gov.za, this would be the final and full website including closeout docs, reports etc, the iwrn.co.za can then be either left in this state (and continued to be hosted by DWA or a corporate sponsor), or delisted. NW and RS in earlier discussions proposed a redesign of the website to make it more project / community focused (less “government”)

JR – recommended iwrn.co.za should be owned by DWAF, take to PSC for a decision

RS – things that DWA should be doing, DANIDA should not fund, eg Sandveld Management should be funded by DWA

BBM – Sandveld Management plan contracts was sent to be signed, not sure if GEOSS has signed it yet

JR – should first cut the consultants budgets, especially if research focused since they do not affecting communities / stakeholders, use the decline in the exchange rate as reasons to justify

TM – will this project be beneficial for the area?

JR – DWA busy with CMS Plans, this will be important, and DWA should be paying for them

SN – at this stage total savings around +-R1.5 million, need to save up to R6.5 million

JR – what is the simple picture, what is available, what is allocated, so that we can we cut R6.9 million,

BBM – all the things including those waiting clarity, in process etc ... current contracted +- R35 million and spent R24 million *(NW – DKK 30 million at 1.28 exchange rate = R38.4 million, at 1.55 rate = R46.4 million. IWRM has spent R24 million and there is R5 million remaining in Treasury and DKK 1.4 million in draw down, this totals R29 million plus between R1.8 million to R2.2 million ie a total of R30.7 million to R31.2million. At the lower exchange rate there still should be a surplus of about +- R7 million)*

RS – need to put options to PSC, one is that DWA will have to pay up, in the agreement, no cost extension, wait until DWA puts money in from new budget

SN – if you motivate now to Treasury they are busy with their Adjustment Estimates, relook at budgets, moving from lines that are not working well, and DWA could apply to treasury to adjust their spending and create budget for IWRM, deadline by the end of August 2009

SN – what does Ethikwini’s budget look like (was received earlier via fax)?

RS – talk to the PSC, re GBS contract, extra contracts to satisfy the communities, put this argument forward

TM – need to understand that as much as PMG’s make a decisions, understands the frustration in the regions , need to be understanding that situations change

EB – perhaps also save the money from the WEP, reduced from 80 to 50 people, transport money etc

BBM - send the transport docs to VZ to double check the transport budget, R125 K for transport allocated

BBM – the R25K monies advanced to the project are only for the projects claims, not for the service providers

SRF – Procurement

Pending depending on the outcomes

6. Input from DANIDA (SJ DANIDA)

Essentially only two issues - probably more for the PSC meeting

- SPP Review – satisfied with the explanation as to the budget for the SPP review and where it is coming from.
- Exit strategy , a report needed, if contracts end the final report need to be in place before final payments take place.

SN – very important to understand the exit strategy, previously had to work for free, after the project was ended, in order to stagger the exit strategy properly.

RS - may consider an extension, completion dates should not be changed, DWA is getting interested in the close out conference / event, probably take place during Water Week next year, possibly minister may be there,

RS - publications reports etc sent out end of the week, need to have these completed by November 2009 in order to meet publication deadlines etc

RS – SPP review, IWRM has been asked to draft a 5 page policy statement before the end of August, SPP and RS will be drafting and circulate for comment to the regions and DWA

7. Way Forward (TM DWA HO)

TM – draft request to Acting Chief Director see how DWA should contribute their 50% of the funding.

SN – rather to make up the shortfall, of R6.9 million, need to set deadlines for feedback from Regional IWRM projects

JR – proposed DWA needs to sit down to develop a proposal and pass out to the rest, DWA needs to propose the cut and then feedback and motivate to the regions, suggest the regional offices send reps and HO w VZ should meet and cut, proposes meeting Friday next week (14th August).

Need to get finalized scenarios and give the figures as to what can be given back

GW – support JR proposal, IWRM should call a “Black Friday”, essential no money left, all work except the write-ups should immediately cease, this “shock” would mean that DWA and other funders could sit up and take notice of the crisis. Close-out as soon as possible - a letter should be drafted, circulated for comment and sent out to all projects including consultants.

RS - agrees, that this is something that DWAF has to sort out internally

TM – better exercise to come back with a written submission by next Friday, of what and how much they are willing to cut, DWA will then sit down and decide.

TM – Ethikwini Metro needs to honour their commitment and deliver, can not only talk to the report but they are not present to answer questions regarding their budgets

NW – proposes to postpone Olifants Doorn PMG of the 11th until the QPMG on the 11 September 2009. EB agrees

SJ – request to email DANIDA reminders and invites to the PMG’s

SN – groundwater contract of R500 K, we need to be very clear what IWR intends doing about this

TM – is the W Cape willing to withdraw the contract?

EB – Yes, if we have reasons

TM – no money is the reason

SN – to know if we should ask the service provider to halt the signing of the contractor

TM - proposes, RS seconds, VZ should issue the request immediately

TM – DWA meeting to review submissions, set of criteria if projects need to be cut, date to be decided and circulated.

TM – thanks all and the meeting adjourns at 14h00

Notes: Nik WUllschleger
Infomage Project Management
IWRM Olifants-Doorn Coordination