Municipal Infrastructure Development

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Municipal Infrastructure Support Agent (MISA)
Municipal Infrastructure Development

Presentation Outline

• About MISA
• Infrastructure Development – Key to Economic Development
• Planning System in South Africa
• Roles of 3 Spheres of Government
• Local Government Share of Infrastructure Expenditure
• Infrastructure Development – Municipal Level
• Back to Basics Programme
• Key Levers to Improve Service Delivery
• Role of Business in Municipal Infrastructure Development
About Municipal Infrastructure Support Agent (MISA)

Proclamation Notice published in July 2013, mandates MISA to:

• Support municipalities to conduct **effective infrastructure planning** towards and achievement of sustainable service delivery;

• Support and assist municipalities with the **implementation of infrastructure projects** as determined by the municipal Integrated Development Plans (IDPs);

• Support and assist municipalities with the **operation and maintenance of municipal infrastructure**; and

• **Build the capacity of municipalities** to effectively undertake planning, delivery, operations and management of municipal infrastructure

The overall objective of MISA is to develop the capacity of municipalities to sustainably deliver and manage infrastructure.
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MISA’s Core Programmes

1. **Technical Support** – provides technical expertise to support municipalities to plan, deliver, operate and maintain infrastructure, including land use management related planning. The programme supports infrastructure delivery at municipal level in collaboration with sector departments as well as other key stakeholders.

2. **Technical Skills / Capacity Building** – the main objective of the technical skills programme is to facilitate training of apprentices, learners, graduates and municipal officials in technical areas relating to infrastructure delivery and maintenance.

3. **Municipal Infrastructure Delivery, Procurement and Contract Management Support** – provides direct delivery support and guidance to municipalities in relation to infrastructure planning, financing, procurement and contract management. *This a new programme emanating from the refined focus of MISA.*
Infrastructure Development - Key to Economic Development

- Infrastructure development has the following benefits: increase in land values, small business growth, consumer sales and improvement in the social well being of communities.
- It provides an environment with access to opportunities resulting in a country’s economic development;
- Investment in infrastructure is part of capital accumulation required for economic development and may have a positive effect on socio-economic benefit to civil society (especially the most poor and vulnerable sectors);
- Causality of Infrastructure Development and Economic Development has always been a debate.
  - In developing nations, expansions in electric grids, roadways, railways and water and sanitation services show marked growth in economic development.
  - However, the relationship does not remain in advanced nations who witness more and more lower rates of return on such infrastructure.
Overview of Planning System in RSA

- **Long-term plan**
  - Cuts across all sectors

- **National Development Plan**
  - Overarching objectives
  - High-level trade-offs
  - Critical steps on the path to 2030

- **MTSF**
  - Builds from the NDP
  - Priorities for electoral term
  - Draws together key activities of departments

- **Sectoral & Departmental Plans**
  - Priorities for electoral term
  - Includes priorities in MTSF
  - And additional departmental activities

- **Annual Performance Plans**
  - Actions required to meet sectoral and departmental plans

- **1-year plan (APP)**
  - Focus on department
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Roles of 3 Spheres of Government in RSA

National Government
- development of legislation, policies and regulations;
- macro/sectoral planning
- administrative & technical support

Provincial Government
- development of provincial level laws
- provincial services like health and education etc.
- administrative & technical support
- provincial planning

Local Government
- development of policies, plans and by-laws
- service delivery to citizens and broader civil society
In 2010-2011 Local Governments’ share of infrastructure expenditure was 18%, which is the 3rd highest preceded by provincial departments (22%) and Non-financial Public Enterprises (48%) but much higher than the National Departments (3%).

Understanding Infrastructure Development at Municipal Level – Project Life Cycle (e.g. MIG)
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Challenges

- Delays in committing projects against Grant Funds (especially MIG)
- Lack of or poor level of infrastructure and service delivery as well as low expenditure on Grant Funds in some municipalities.
- Increased dissatisfaction within communities resulting in ‘service delivery’ protests

Causes

- Absence of well developed SDBIP (legislative requirement) as part of IDP process
- Institutional and governance problems (lack of accountability and consequence management).
- Non-establishment of and/or inappropriate PMS (legislative requirement) based on SDBIP
- Absence of qualitative reporting on Infrastructure services delivery affecting compliance with MIG and MFMA reporting requirements and achieving clean audit
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Operations and Maintenance Challenges

- The extent of the maintenance and operations problems, according to the 2014 Green Drop report:
  - Only 60 of the 824 (7.3%) treatment works that were assessed were able to achieve a ‘Green Drop’ Status\(^1\)
  - 215 (26%) plants required urgent attention and a further 259 (31.4%) plants have a high risk of failure
  - 247 (30%) systems received <30% Green Drop Certification (GDC) scores in 2014, defined as ‘systems in crisis’

- Of 1036 water supply systems managed by WSA’s and assessed in terms of the DWS Blue Drop risk rating\(^2\):
  - There is a 55% decrease in the number of Blue Drop certified systems from 98 in 2012 to 44 in 2014
  - 275 (26%) of the systems are in the high and critical risk category
  - Risk levels compromise drinking water provision and quality
  - 33.7% recorded for Water Use & Water Loss Management is of major concern
  - Only 23% of the plants having excellent Process Controller registration and related compliance

- Similarly, the Department of Energy has found that O&M of municipal electricity distribution networks is often neglected and under-funded, and that resulting inefficiencies and losses contribute to reduced revenue/surpluses from distribution activities – the backlog in municipal distribution infrastructure refurbishment is estimated to be R32 billion

\(^1\) DWS, Green Drop Report, 2014
\(^2\) DWS, Blue Drop Report 2014
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Challenges on MIG Expenditure

- Though the Rand value of expenditure exceeds the previous years, the percent (efficiency) of expenditure to allocation reduced from 2010-11 to 2012-13.
- This reflects money pumped into market without taking care of its absorption capacity.

Unstable expenditure pattern causes discontinuity in Infrastructure Development
Posing a Challenge to Service Delivery
Thereby affecting Economic Development

Expenditure of MIG % to Allocation

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure %</th>
</tr>
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<tbody>
<tr>
<td>2010-11</td>
<td>86%</td>
</tr>
<tr>
<td>2011-12</td>
<td>81%</td>
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<tr>
<td>2012-13</td>
<td>79%</td>
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<tr>
<td>2013-14</td>
<td>91%</td>
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<tr>
<td>2014-15</td>
<td>88%</td>
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</tbody>
</table>

Allocation: Mill R  Expenditure: Mill R

- 2010-11: 9,925
- 2011-12: 8,539
- 2012-13: 11,443
- 2013-14: 9,248
- 2014-15: 13,884

- 2010-11: 14,224
- 2011-12: 14,764
- 2012-13: 12,880
- 2013-14: 13,064
- 2014-15: 14,224
FIVE PILLARS OF BACK TO BASICS (B2B): TAKING LOCAL GOVERNMENT FORWARD

1. Put people and their concerns first – listen & communicate
2. Deliver municipal services to the right quality and standard
3. Good governance and sound administration
4. Sound financial management and accounting
5. Building institution and administrative capabilities

2016/09/06
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Strategic Response to Accelerate and Improve Municipal Infrastructure Provision

**CAUSES**
- Governance failures
- Lack of adequate technical capacity
- Insufficient funding
- Ineffective and uncoordinated support initiatives
- Inadequate institutional coordination and alignment

**SYMPTOMS**
- Poor infrastructure planning
- Inappropriate infrastructure procurement
- Poor infrastructure management & maintenance
- Poor Service Delivery Access & backlogs

**STRATEGIC RESPONSES**
1. **GOVERNANCE INTERVENTION**
2. **SECTOR-WIDE CAPACITY DEVELOPMENT**
   - Sector capacity development planning
   - Implementing a sector capacity support intervention
3. **MUNICIPAL INFRASTRUCTURE ASSESSMENT**
   - Municipal assessment & Categorisation
   - Review Plans & Evaluate Performance
4. **MUNICIPAL INFRASTRUCTURE CAPACITY SUPPORT**
   - Municipal diagnostics
   - Municipal capacity planning support
   - Implementation support for the capacity development programme
   - Infrastructure planning strategies for municipalities
   - Direct delivery and service provision support
   - Funding support
5. **SINGLE WINDOW OF COORDINATION**
   - Common approach to dealing with specific categories of municipalities
   - Inter-governmental arrangements relating to infrastructure delivery
   - Coordinate / align current initiatives

CoGTA: Strategy to Address Accelerating and Improving Municipal Infrastructure Provision -
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A Need for Improved Planning

Comprehensive Project Implementation Plan (CPIP): Planning according to project life cycle considering all influencing factors in project implementation.
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Improved Reporting on Infrastructure Delivery

- Communities
- Mayor
- Muni Manager
- Directors
- PMU/ Programme Manager
- Project Managers

Information Volume

- Identified Challenges
- Proposed Measure
- Progress

Feedback
Approval Of Proposed Measures
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Role of Private Sector/Business in Municipal Infrastructure Delivery

• Partnering with municipalities in infrastructure development through public-private partnerships;
• Investing in and financing infrastructure provision (within the ambiets of the law)
• Provision of infrastructure through contracting with municipalities and enhancing municipal capacity through skills transfer
• Joint-funding of strategic infrastructure programmes
• Research and infrastructure designs using local materials and technology, thus reducing O & M costs.
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Conclusion

“The call now is for each of us to ask ourselves: are we doing all we can to help build the country of our dreams?”

Nelson Rolihlahla Mandela

“As long as poverty, injustice & gross inequality persist in our world, none of us can truly rest”

Nelson Rolihlahla Mandela
THANK YOU!