



**cooperative governance**

Department:  
Cooperative Governance  
REPUBLIC OF SOUTH AFRICA

# **MUNICIPAL INFRASTRUCTURE GRANT QUARTERLY REPORT**

**3<sup>rd</sup> QUARTER**

**(1 JANUARY 2015 – 31 MARCH 2015)**



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## **1. INTRODUCTION**

The Municipal Infrastructure Grant (MIG) programme is the largest local government infrastructure development funding in South Africa. The programme was introduced as part of major reforms implemented by government to improve service delivery in a coordinated manner (that involves all government spheres). The Department of Cooperative Governance manages the MIG by exercising its mandate to foster cooperative governance and to develop capacity in the local government sphere.

In terms of section 10 (7) (b) of the Division of Revenue Act, (Act No. 2 of 2013), it is the duty of the national transferring officer (the Director-General of the Department of Co-operative Governance) to submit to the National Treasury: *“... (b) a quarterly performance report of all programmes partially or fully funded by a Schedule 5 or 6 allocation within 45 days after the end of each quarter, in accordance with the relevant framework...”*

## **2. METHODOLOGY**

The information presented in this quarterly report is based on per project information received from municipalities via provinces. The financial and non-financial information is cumulative 2014/15 information since the start of the municipal financial year on 1 July 2014 until 31 March 2015. Only table 2 represents information for this quarter.

### 3. EXPENDITURE PERFORMANCE

**Table 1: National Overview of MIG Expenditure as at 31 March 2015**

Province	Allocated (R'000)	Transferred to date	Transfers as % allocation	Expenditure to date	Expenditure as % allocation	Expenditure as % transferred	Balance Unspent
Eastern Cape	3 079 289	3 079 289	100.00%	1 710 507	55.55%	55.55%	1 368 782
Free State	829 794	829 794	100.00%	524 333	63.19%	63.19%	305 461
Gauteng	445 427	445 427	100.00%	295 088	66.25%	66.25%	150 339
KwaZulu Natal	3 270 390	3 270 420	100.00%	2 073 657	63.41%	63.41%	1 196 763
Limpopo	2 748 406	2 748 406	100.00%	1 295 599	47.14%	47.14%	1 452 807
Mpumalanga	1 717 515	1 717 515	100.00%	1 087 256	63.30%	63.30%	630 259
Northern Cape	462 944	462 944	100.00%	315 913	68.24%	68.24%	147 031
North West	1 725 708	1 707 104	98.92%	1 037 833	60.14%	60.79%	669 271
Western Cape	484 576	484 576	100.00%	342 600	70.70%	70.70%	141 976
<b>TOTAL</b>	<b>14 764 049</b>	<b>14 745 475</b>	<b>99.87%</b>	<b>8 682 787</b>	<b>58.81%</b>	<b>58.88%</b>	<b>6 062 688</b>

Source: MIG DoRA – March 2015

Table 1 above indicates the overall expenditure for each province shown as a percent of the allocation received for the 2014/15 financial year. The expenditure figures per province show that the highest level of expenditure is in Western Cape who have reached 70.7 percent expenditure of their allocation of approximately R500 million.

The lowest recorded expenditure was reported in the Limpopo Province (who spent 47 percent of their allocation of approximately R2,7 billion) and Eastern Cape Province which spent 55.55 percent of their allocation of R3 billion.

**Table 2: Expenditure for the Period 1 January 2015 to 31 March 2015**

Province	Allocated (R'000)	Expenditure January 2015	Expenditure February 2015	Expenditure March 2015	Expenditure for the Quarter	Total Expenditure 31 March 2015	% Expenditure for the Quarter
Eastern Cape	3 079 289	107 420	202 447	55 350	365 217	1 710 507	21%
Free State	829 794	46 084	97 589	72 043	215 716	524 333	41%
Gauteng	445 427	35 916	44 843	23 839	104 598	295 088	35%
KwaZulu Natal	3 270 390	232 565	259 149	228 142	719 856	2 073 657	35%
Limpopo	2 748 406	161 336	103 775	227 676	492 787	1 295 599	38%
Mpumalanga	1 717 515	123 359	94 692	120 612	338 663	1 087 256	31%
Northern Cape	462 944	15 412	20 938	26 411	62 761	315 913	20%
North West	1 725 708	106 783	126 844	162 967	396 594	1 037 833	38%
Western Cape	484 576	47 940	28 012	38 074	114 026	342 600	33%
Unallocated	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>14 764 049</b>	<b>876 815</b>	<b>978 289</b>	<b>955 114</b>	<b>2 810 217</b>	<b>8 682 787</b>	<b>32%</b>

Source: MIG DoRA – March 2015

The expenditure figures for the third quarter are reflected in Table 2. Figures indicate that a little more than a third of the MIG allocation was spent in the 3<sup>rd</sup> quarter of the Municipal Financial Year. This shows that there is still a major challenge with municipalities do most of their planning late into the financial year and not before the beginning of their financial year. Although projects go into construction after the second half of the year and most of the actual expenditure is incurred in the last quarter.

**Table 4: Expenditure for the Period 1 October 2014 to 31 December 2014**

Province	Allocated (R'000)	Expenditure October 2014	Expenditure November 2014	Expenditure December 2014	Expenditure for the Quarter	Total Expenditure as at 31 December 2015	% Expenditure for the Quarter
Eastern Cape	3 079 289	243 458	-	617 652	861 110	1 345 290	64%
Free State	829 794	44 992	72 072	44 297	161 361	308 617	52%
Gauteng	445 427	49 588	28 675	32 118	110 381	189 906	58%
KwaZulu Natal	3 270 390	266 699	233 256	238 158	738 113	1 353 801	55%
Limpopo	2 748 406	128 760	168 468	153 222	450 450	777 626	58%
Mpumalanga	1 717 515	98 412	179 786	185 025	463 223	748 593	62%
Northern Cape	462 944	43 915	68 110	19 183	131 208	253 152	52%
North West	1 725 708	79 107	104 695	78 246	262 049	641 243	41%
Western Cape	484 576	43 544	55 136	14 267	112 947	225 523	50%
<b>TOTAL</b>	<b>14 764 049</b>	<b>998 475</b>	<b>910 199</b>	<b>1 382 168</b>	<b>3 290 842</b>	<b>5 843 751</b>	<b>56%</b>

Source: MIG DoRA – December 2014

Table 4 above shows the expenditure of municipalities for the quarter ending 31 December 2014. In comparison with the expenditure of the third quarter as shown in table 3 above, municipalities spent 24 percent more of their transfers than in the second quarter. It must be noted that during this quarter (shown in Table 4.) section 18 of the Division of Revenue Act was implemented where funds were withheld from those municipalities that did not reach 60 percent of their initial transfer in July 2014.

#### 4. EXPENDITURE PER SECTOR

**Table 4: MIG % Expenditure per Sector as at 31 March 2015**

Province	Water	Sanitation	Street/Community Lighting	Roads & Storm water	Solid Waste	Sport & Rec Facilities	Public Facilities	Other	PMU	TOTAL
EC	22%	20%	1%	24%	1%	2%	10%	18%	2%	100%
FS	6%	34%	2%	28%	2%	12%	12%	0%	4%	100%
GT	6%	5%	1%	63%	2%	10%	7%	2%	4%	100%
KZN	42%	17%	1%	27%	0%	5%	8%	0%	1%	100%
LP	38%	13%	0%	36%	0%	5%	4%	2%	3%	100%
MP	40%	15%	1%	36%	0%	0%	6%	0%	1%	100%
NC	24%	30%	0%	40%	0%	0%	4%	0%	2%	100%
NW	26%	17%	2%	41%	1%	4%	9%	0%	0%	100%
WC	28%	31%	1%	28%	3%	6%	2%	0%	2%	100%
<b>TOTAL</b>	<b>32%</b>	<b>19%</b>	<b>1%</b>	<b>33%</b>	<b>1%</b>	<b>4%</b>	<b>7%</b>	<b>2%</b>	<b>2%</b>	<b>100%</b>

Source: MIG Project Lists – March 2015

The expenditure reflected in Table 4 shows the percentage of funds that were spent on a certain project category for the 2014/15 financial year.

Table 4 shows that the largest amount of MIG funds was spent on roads and storm water services water projects especially in Gauteng (63 percent) and North West (41 percent) Provinces. Approximately 32 percent of the total MIG allocation was spent on water and 19 percent was spent on sanitation projects throughout the country.

Taking into account the percentage of funds spent on roads and storm water specifically, Gauteng Province has, in keeping with previous trends, reported almost half their allocation being spent on this sector. Seemingly their roads projects takes highest priority when compared to expenditure in other sectors. This is also true for Northern Cape Province with a total of 40 percent of their spent funds going to the provision of roads and storm water.

The highest expenditure on sanitation as indicated in Table 3 is reported in the Free State and Western Cape Provinces. These provinces have spent 34 percent and 31 percent of their allocations respectively on sanitation. North West Province seems to have a fairly balanced rate of expenditure across the water, sanitation and roads & storm water sectors.

## 5. NUMBER OF MIG PROJECTS WITH ACTUAL EXPENDITURE

Table 4: Total number of MIG projects with actual expenditure per Province

Province	Water	Sanitation	Street/Community Lighting	Roads & Storm water	Solid Waste Facilities	Sport & Rec Facilities	Public Facilities	Total
EC	145	48	5	253	6	48	132	637
FS	50	55	12	70	14	39	37	277
GT	12	13	9	71	8	9	36	158
KZN	147	85	6	396	10	82	240	966
LP	144	12	4	110	2	15	25	312
MP	85	67	41	83	7	4	37	324
NC	51	37	21	63	8	10	21	211
NW	79	33	17	93	14	16	37	289
WC	112	107	34	122	15	75	31	496
<b>TOTAL</b>	<b>825</b>	<b>457</b>	<b>149</b>	<b>1 261</b>	<b>84</b>	<b>298</b>	<b>596</b>	<b>3 670</b>

Source: MIG Project Lists – March 2015

While the expenditure on projects shows that water is the highest priority in most Provinces, Table 3, which indicates the number of projects being implemented per sector, shows that the roads sector have the largest number of projects that are being implemented nationally. During the 2013/14 financial year there were 1 261 roads and storm water projects that were either in registration, design and tender, construction or completion phases whereas the number of water projects in similar phases was only 825. Water projects are usual projects with high budgets running over more than one financial year.

In total 3 670 projects were funded from the MIG during the 2013/14 financial year, being funded out of the MIG allocation. With 60 municipalities receiving MIG funds, the KZN province has 966 projects, the largest number of projects.

In all provinces that reported, apart from Limpopo and Mpumalanga, the number of roads and storm water projects outnumber all of the other project categories which implies that the roads priority should be an issue that needs to receive more attention with regard to backlog information, participation (project registration and monitoring) by the relevant sector department.

## 6. MIG PROJECT STATUS PER SECTOR

Table 5: Project Status for Water and Sanitation

Province	WATER				SANITATION			
	Registered	Design & Tender	Construction	Completed	Registered	Design & Tender	Construction	Completed
EC	9	23	96	17	1	5	35	7
FS	0	7	20	22	0	11	21	13
GT	0	5	5	2	0	3	7	3
KZN	43	11	88	5	39	12	45	1
LP	4	28	105	0	0	1	10	3
MP	1	9	56	7	3	5	55	2
NC	6	1	27	16	1	2	22	12
NW	0	41	33	5	0	6	30	1
WC	21	27	41	23	23	25	20	27
<b>TOTAL</b>	<b>84</b>	<b>152</b>	<b>471</b>	<b>97</b>	<b>67</b>	<b>70</b>	<b>245</b>	<b>69</b>

Source: MIG Project Lists – June 2014

Table 4 above shows that most of the water and sanitation projects for the 2013/14 financial year are still in the construction phase. It also shows that there are a number of water projects still in the design and tender phase with the largest number of these in the North West Province. If projects are ready to move into the construction stage during the 2014/15 financial year, implications are good for overall provincial expenditure.

**Table 6: Project Status for Roads & Storm water**



Province	ROADS AND STORMWATER			
	Registered	Design & Tender	Construction	Completed
EC	1	43	164	46
FS	0	8	25	35
GT	0	10	43	10
KZN	101	61	173	58
LP	6	35	58	11
MP	5	14	54	17
NC	1	1	49	12
NW	2	29	54	9
WC	33	22	29	36
<b>TOTAL</b>	<b>149</b>	<b>223</b>	<b>649</b>	<b>234</b>

Source: MIG Project Lists – June 2014

Table 5 shows that the largest number of projects under construction and funded by the MIG programme are roads and storm water projects adding up to 649 projects in the 9 provinces. The roads and storm water projects are also the largest in number to reach completion in the 2013/14 financial year.

**Table 7: Project Status for Solid Waste Sites and Sport and Recreational Facilities**

Province	SOLID WASTE SITES				SPORT & REC FACILITIES			
	Registered	Design & Tender	Construction	Completed	Registered	Design & Tender	Construction	Completed
EC	1	1	3	1	1	5	28	14
FS	0	9	2	3	0	5	21	13
GT	0	1	1	3	0	3	6	0
KZN	2	3	5	0	21	8	48	5
LP	1	0	1	0	1	4	10	1
MP	0	4	3	0	0	0	4	0
NC	1	3	0	2	1	0	5	4
NW	0	8	4	2	2	5	9	0
WC	2	6	2	2	17	20	19	14
<b>TOTAL</b>	<b>7</b>	<b>35</b>	<b>21</b>	<b>13</b>	<b>43</b>	<b>50</b>	<b>150</b>	<b>51</b>

Source: MIG Project Lists – June 2014

During the 2013/14 financial year there were 35 solid waste projects in design and tender stage. Twenty one were under construction and 13 completed. These figures need to be compared to the backlog figures provided by the census 2011 data to determine if projects are being prioritised in accordance with the needs of the communities.

## 7. PROJECT BENEFICIARIES FOR THE QUARTER ENDING JUNE 2014

**Table 9: Project Household Beneficiaries as at end June 2014**

Province	Water	Sanitation	Street/Community Lighting	Roads & Storm Water	Solid Waste	Sport & Rec Facilities	Public Facilities
EC	60 244	24 045	24 082	265	207 352	315 714	788 066
FS	7 052	10 700	52 929	80	81 015	425 742	355 684
GT	1 424	5 177	10 708	77	467 037	84 612	653 020
KZN	84 812	14 336	21 465	252	390 337	578 156	1 421 107
LP	35 676	33 755	26 698	229	24 366	53 272	155 024
MP	13 378	7 162	41 795	173	31 892	35 147	72 093
NC	4 667	2 811	40 719	60	12 568	15 869	56 400
NW	2 625	392	8 390	133	87 513	13 516	11 601
WC	0	0	15 123	35	27 168	157 203	62 053
<b>TOTAL</b>	<b>209 879</b>	<b>98 376</b>	<b>241 909</b>	<b>1 303</b>	<b>1 329 248</b>	<b>1 679 231</b>	<b>3 575 048</b>

Source: MIG Project Lists – June 2014

The figure for water and sanitation would be much higher. However, the figure reflects the number of households that have received water and sanitation connections and discounted the number for beneficiaries for bulk and connector infrastructure. Note the Western Cape Province has not utilised the MIG funding for the purpose of providing new connections to households but have utilised their funding to upgrade existing bulk and connector water and sanitation infrastructure.

Also note that the figures provided under roads and storm water is in kilometres

## 8. CHALLENGES WITH REGARD TO REPORTING

The projects lists submitted by the provinces contain a vast amount of valuable information that is available since the inception of MIG. However while the template itself attempts to capture all the information that is required to provide a comprehensive report to all stakeholders upon analysis of the consolidated report, various challenges may undermine the quality of the information received.

- Interpretation of the project categories especially with regard to street lights and public facilities – these fields need to be standardised and locked so that a project can only be reported under a specific category

- Reporting on roads and storm water facilities needs to be clarified to data capturers that the fields lack meaning if some are captured in terms of households benefited and others in kilometres of roads provided.
- Some of the templates are changed (additional rows or columns added) which makes it difficult to undertake analysis of the consolidated report with accuracy.

The above will be addressed in in subsequent quarterly reporting cycles.

## **9. CONCLUSION AND WAY FORWARD**

The Department has part of its Annual Performance Plan for 2014/15 included the improvement of reporting and monitoring of the outputs achieved by the MIG programme.

With the functions of the MIG programme been consolidated and with the appointment of additional staff, a process can now be facilitated within each province to enhance reporting and monitoring on the MIG Programme. Sectors will be encouraged to play a larger role in the monitoring of their sector projects as this will improve reporting. It has become critical to address the underutilisation of the MIG-MIS by all stakeholders as a tool to assist with reporting and monitoring.