



Presentation outline and focus

The presentation is focusing on 2 Areas:

- *MIG financial performance on sports and recreation facilities by municipalities in the 2015-16 financial year*
- *Collaboration plans with SRSA for the utilisation of the ring-fenced R300m for sports infrastructure, systems and processes in place*

Presentation outline and focus

The above focus areas are outlined under the following topics:

- MIG Background
- MIG Vision and Objectives
- Sector participation within MIG Programme
- Expenditure performance since inception of MIG: 2004/05
- MIG investments in sports & recreation facilities by 30 June 2016
- Collaboration between DCoG & DSRSA Stakeholders
- Challenges and Mitigations on systems and processes
- Way Forward

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Background

- MIG programme is the largest LG 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 involving all government spheres.
- MIG was started in 2004/05, through the merger of:
 - ✓ *Consolidated Municipal Infrastructure Programme (CMIP),*
 - ✓ *Local Economic Development Fund (LEDf),*
 - ✓ *Water Service Capital Grant (WSCG),*
 - ✓ *Community Based Public Works Programme (CBPWP),*
 - ✓ *Building for Sports & Recreation Programme (BSRP) and*
 - ✓ *Urban Transport Grant (UTG).*

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Vision of the MIG

- To provide all South Africans with sustainable access to a basic level of service through the provision of grant finance targeted primarily at covering the capital cost of providing new basic infrastructure for the poor and renewing of that infrastructure.
 - ✓ *'Sustainable access to services' implies that the infrastructure must be properly planned; delivered effectively and efficiently; and operated and maintained in such a way that it remain functional over its useful life span.*
- To provide of economic infrastructure where other capital finance sources are not available, in order to unlock economic growth in municipalities.
- To alleviate poverty and support economic growth in the country
 - ✓ *therefore, infrastructure is to be provided in such a way that employment is maximised and opportunities are created for enterprises to flourish.*

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Objectives of the MIG

- Balancing social and economic goals
 - ✓ *The MIG programme is targeted primarily at providing infrastructure for the poor, but may also be used for infrastructure that unlocks economic growth or catalyses revenue generation.*
- Decentralisation of spending authority within National Standards
 - ✓ *Decisions relating to the prioritisation of municipal infrastructure spending, such as the identification, selection and approval of projects, are best undertaken at municipal level.*
- Focus on infrastructure required for a basic level of service
 - ✓ *The MIG is aimed at providing only a basic level of service.*
 - ✓ *It is the responsibility of the relevant sector department to specify which levels of service are considered 'basic'.*
- Ensuring sustainability of infrastructure
 - ✓ *Infrastructure grants should only be applied in situations where the necessary O&M arrangements associated with infrastructure are in place or can reasonably be put in place within the medium term.*

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Objectives of the MIG

- Reinforcing local, provincial and national dev. objectives
 - ✓ *The funding mechanism must be consistent with the planning processes of local, provincial and national government.*
- Equity in the allocation and use of funds
 - ✓ *The mechanism for distributing funds must provide for equitable access to such funds by the poor in order to make uniform progress in closing the infrastructure gap.*
- Efficient use of funds
 - ✓ *Funding must be used to provide the greatest possible improvement in access to basic services at the lowest possible cost*
- Predictability and transparency
 - ✓ *Funds should be provided to individual municipalities on a 3 year basis, consistent with medium term budgeting practice, with minimal in-year changes and with year to year changes based only on clearly defined conditions.*

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MIG Allocation Formula

- **B** is an amount allocated for basic residential infrastructure, and comprises **75%** of the total MIG allocation.
 - ✓ *This component is further divided into water and sanitation (72%),*
 - ✓ *Roads and storm water (23%), and*
 - ✓ *“Other”, viz. refuse removal and street lighting (5%).*
- **P** is an amount allocated for public municipal facilities, and comprises **15%** of the total MIG allocation.
 - ✓ *Public municipal facilities include community facilities (such as community centres and sports facilities),*
 - ✓ *Social services (such as childcare),*
 - ✓ *Emergency services,*
 - ✓ *Parks and open spaces, and*
 - ✓ *Public transport.*
 - ✓ *Sport and recreation (5% of MIG)*

B (75%) Component in a Formula	
Water & Sanitation	= 72%
Roads & S/Water	= 23%
“Other”	= 5%
Total	= 100%

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MIG Allocation Formula

- **E** is an amount allocated for other Institutions and Micro-Enterprises, and comprises **5%** of the total MIG allocation.
- **N** is an amount allocated for 27 Priority District Municipalities and comprises **5%** of the total MIG allocation.
- **M** is an allocation to allow for performance related adjustments to the total MIG allocation, but has not been used to date (adjustments to allocations are made in the context of stopping and reallocation provisions of the DoRA)

*N.B. This is a national division of funding.
The % applied do not prescribe to municipalities how to allocate funds in their budgets in an individual year.
This is done according to municipal priorities, as outlined in the IDP.*

MIG Allocation Formula		
B	=	75%
P	=	15%
E	=	5%
N	=	5%
M	=	0%
Total	=	100%

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Sector participation within the MIG Programme

- It has become evident that the support from sectors and provinces are asymmetrical
 - This could be attributed towards:
 - ✓ *The unwillingness to support the MIG Programme ...
... which has historically been decentralized within Sector Depts. ...
... centralised in **2004/05** to forge integrated planning at municipal space ...
... some Sector Depts. want to reverse this by "Ring-Fencing" their funding*
 - ✓ *inability to fully support the MIG programme due to resource constraints
... often this lead to selective support and participation in the Programme*
- e.g. Developing Norms & Standards but NOT monitoring outputs thereof!
Or only focussing on Technical Reports Appraisal and nothing beyond!*
- ... Is it the Budgeting following the functions vs Cost Containment??*
- ✓ *Is this also due to lack of support by relevant Sector Ministers and MECs??*

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10

Improving responsibilities of Stakeholders within the MIG Programme

- The following are key milestones in confirming the commitment by stakeholders to support MIG Programme:
 - ✓ *Written response from stakeholders providing their comments and commitment to support the MIG Programme by 11 Nov 2016;*
 - ✓ *Various bilateral engagements with Cogta provinces and sectors in the next two months;*
 - ✓ *Sector participation in current planning sessions & project interface as a building block to IDP Process;*
 - ✓ *Confirming the commitments at the next Inter-Ministerial Task Team for Service Delivery and Local Government MinMEC.*
 - ✓ *Designated session at the MIG Quarterly Review Workshop to discuss and agree on the 2017/18 MIG Framework with sector and provincial stakeholders (24-25 Oct 2016 @ East London focussed on Sports);*
 - ✓ *Next MIG Quarterly Workshop to be held in **NW** focussing on Roads*



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Responsibilities of Department of SRSA (as per the MIG Framework)

- Setting norms and standards applicable to sports and sector
- Support municipalities on municipal sports and recreation:-
 - ✓ *planning and implementation of facilities; and*
 - ✓ *monitor municipalities' performance and compliance with conditions applicable to this sector*
- Ensuring that municipalities register their sports and recreation facilities projects including:-
 - ✓ *Monitoring compliance to norms and standards applicable to sports and recreation sector throughout the project value chain*
 - ✓ *This should include operation and maintenance of the facilities once construction is completed*

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Exp. performance since inception of MIG: 2004/05

Financial Year	Transferred	Expenditure	% spent	Unspent funds
2004/05	4,439,942	4,368,489	98%	71,453
2005/06	5,436,161	5,251,226	97%	184,935
2006/07	5,761,834	5,753,988	97%	7,846
2007/08	8,261,788	7,639,330	95%	622,458
2008/09	8,884,714	8,036,899	97%	847,815
2009/10	8,735,186	7,471,799	89%	1,263,387
2010/11	9,924,806	8,539,296	86%	1,385,510
2011/12	11,443,490	9,248,418	81%	2,195,072
2012/13	13,884,178	10,969,888	79%	2,914,290
2013/14	14,224,447	12,880,499	91%	1,343,948
2014/15	14,745,475	13,067,319	89%	1,678,156
2015/16	14,887,917	13,744,274	92%	1,143,643
Total	120,629,938	106,971,425	89%	13,658,513

3% Increase from 2014/15

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13

Actual MIG investments in sports & recreation facilities as at 30 June 2016

PROVINCE	Provincial MIG allocation for 2015/16 (R'000)	15% P-Component	MIG contribution in 2015/16 to projects	No. of Projects Benefitting from MIG Funds	Status			
					Registered	Design & Tender	Construction	Completed
EC	2 986 102	447 915	32 892	39	3	13	18	5
FS	717 200	107 580	101 930	53	2	7	25	19
GT	454 270	68 141	25 907	21	0	8	9	4
KZN	3 388 816	508 322	168 459	301	70	15	63	153
LP	3 072 340	460 851	162 581	33	0	7	24	2
MP	1 755 385	263 308	16 927	0	0	0	0	0
NC	450 570	67 586	7 992	5	1	0	4	0
NW	1 556 296	233 444	11 167	8	0	4	2	2
WC	506 938	76 041	37 060	114	41	19	28	26
Total	14 887 917	2 233 188	564 915	574	117	73	173	211

This includes all the infrastructure with sports and recreational descriptions. Excludes multi-purpose centres as sporting and recreational activities could not be confirmed

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Type of MIG investments in sports & recreation facilities as at 30 June 2016

PROVINCE	Provincial MIG allocation for 2015/16 (R'000)	15% P-Component	MIG contribution in 2015/16 to projects	No. of Projects Benefiting from MIG Funds	Type of Work		
					New	Upgrading	Rehabilitation
EC	2 986 102	447 915	32 892	39	23	1	15
FS	717 200	107 580	101 930	53	26	24	3
GT	454 270	68 141	25 907	21	10	0	11
KZN	3 388 816	508 322	168 459	301	220	50	31
LP	3 072 340	460 851	162 581	33	28	0	5
MP	1 755 385	263 308	16 927	0	0	0	0
NC	450 570	67 586	7 992	5	3	0	2
NW	1 556 296	233 444	11 167	8	7	0	1
WC	506 938	76 041	37 060	114	59	0	55
Total	14 887 917	2 233 188	564 915	574	376	75	123

This includes all the infrastructure with sports and recreational descriptions. Excludes multi-purpose centres as sporting and recreational activities could not be confirmed

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Factors for low spending on sports & recreation

- Sports infrastructure is not a priority within most Municipalities given competing demands for water and sanitation in relation to the limited resources
- This grant has been performing poorly on sports due to weak links of sports in municipal planning
 - ✓ *Non-participation of the sports sector in the IDP process*
- Limited/no support by the sports sector to support planning and implementation at municipal level
 - i.e. no master plans, technical support, etc.*
- Most municipalities do not have sufficient capacity and funding to properly operate and maintain facilities
- Poor co-ordination between spheres of Government

Challenges & mitigations are further discussed the subsequent slides!!

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Collaboration between DCoG & DSRSA Stakeholders

- DCoG and DSRSA are meeting regularly for the implementation of the initiative
 - ✓ *MIG Quarter Review Workshop with DCoG provincial counterparts and sectors on 16 - 17 Mar 2016, 13 - 14 Jul 2016 and 24 - 25 Oct 2016*
 - ✓ *SRSA workshop with municipalities on 25 Apr 2016*
 - ✓ *MIG Quarter Workshop on 24 - 25 Oct 2016 was focussing on sports*
- Resolutions emanating from the workshop of 24 - 25 Oct 2016:
 - ✓ *Issues raised by the DG-DSRSA and the Provincial CoGTAs to be discussed at the provincial sessions to be arranged by DSRSA and the provincial SRSAs*
 - ✓ *DSRSA to resend Norms & Standards and Classification list to provinces for comments*
 - ✓ *DSRSA to send out the revised project list to DCoG for distribution.*
 - ✓ *DSRSA to share the 2017/18 FY project list with all the stakeholders to facilitate the registration of the projects*
- Existing collaboration between DCoG and SRSA at provincial level need to improve in certain provinces

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Challenges identified during engagements

- Poor understanding of the conditional Grant Framework amongst stakeholders
- Slow pace of execution of projects
 - ✓ *Resistance to compliance with the Conditional Grant Framework by municipalities; and*
 - ✓ *Resistance to working with the DSRSA Project Management Unit (PMU)*
- DSRSA not regularly communicating progress with MIG Provincial Programme Managers within CoGTAs
- No clarity on roles of DSRSA (national) and provincial sports departments – *this must be addressed!!*
 - *Who is making a final approval/recommendation for sports projects?*
- Poor consultation between DSRSA, provinces and municipalities regarding special sports projects - *to be improved!!*
- No clear standards, esp. basic level of sports facilities for the poor
 - ✓ *Hence inconsistency in application from province to province*
 - ✓ *Municipalities to prescribe content of projects assisted by provincial sports departments, particularly on standards, etc.*

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Other challenges identified during engagements

- Mixed signals from DSRSA to be addressed
 - *e.g. Own consultants or not?*
- No multi year planning by DSRSA
- Lack of unit costs for sport facilities
 - ✓ *result in many budget maintenance applications; and*
 - ✓ *increase in project costs*
- Limited access by the poor to most of recommended sports facilities
 - *These facilities are contracted to sports clubs, and*
 - *This is in contradiction of the MIG conditions*
- Transversal contracts to be implemented in municipalities could lead to protest as local contractors are excluded
- Prescription of Transversal Contracts delayed appointments of service providers and implementation of projects

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Improving on low spending on sports & recreation

- **Sector guidance on priorities**
 - ✓ *DSRSA should provide leadership in the development of national targets in addressing a need for the sports and recreation facilities.*
 - ✓ *This would serve as a guide to municipalities to take into account national targets when implementing infrastructure projects.*
- **Identification of backlogs**
 - ✓ *DSRSA to develop master plans and establish sports infrastructure backlogs*
 - ✓ *Share these info with Municipalities to enable them to adequately assign funding resources to sports facilities.*
- **Strengthening their participation**
 - ✓ *DSRSA must be able to monitor projects – should address its capacity needs!*
 - ✓ *DSRSA and its provincial counterparts should participate in MIG planning sessions and appraisal of sports facilities projects in municipalities*
 - ✓ *Improve the sector quality control on site*
- **Improve coordination and integration**
 - ✓ *Strengthening IGR and inter-departmental coordination*
 - ✓ *Role definition, particularly between National and Provincial Depts.*
 - ✓ *Review the concurrent functions of sector departments – Long Term Solution!*

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Way forward

- DSRSA to arrange provincial engagements
 - ✓ with Cogtas and provincial sports depts. and municipalities
 - ✓ to deal with specific provincial/municipal issues as mentioned before
- DSRSA participation during planning processes:
 - ✓ Confirmation of sports norms & standards in municipal budget processes.
 - ✓ Identification of sports and recreation projects during project inception
 - ✓ This will require sports sector to engage with individual municipalities
 - To guide and empower them on norms and standards as well as targets
 - to optimise sports and recreation projects
- Improve/ strengthen roles of SRSA and its provincial counterparts in the project value chain
 - ✓ and not only when projects are appraised.
 - ✓ Monitoring the output as set out during planning and/ or appraisal
- SRSA and provincial counterparts should enhance their capacity
 - ✓ Capacity constraints of SRSA and provincial counterparts is acknowledged to have effect on its support to municipalities, but needs to be addressed!!

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22