



**cooperative governance**

Department:  
Cooperative Governance  
**REPUBLIC OF SOUTH AFRICA**

# Strategy for Accelerating and Improving Municipal Infrastructure Provision

**PRESENTATION TO THE STANDING COMMITTEE ON APPROPRIATIONS**

**Director-General: Elroy Africa**

**3 November 2010**

# INTRODUCTION

1. Presentation provides the broad rationale for an extra-ordinary intervention to speed up the delivery of basic services
2. Noted that a more detailed Business Case and proposal is currently being finalised by the Department & the Ministry. Intention to present this to Cabinet very soon.
3. President JG Zuma and the Minister for Cooperative Governance and Traditional Affairs have concluded a Performance Agreement (April 2010), whereby the establishment of a Special Purpose Vehicle for municipal infrastructure is key deliverable.

# Rationale

## Policy Framework & Mandate

### **Note Important Processes Affecting Local Government:**

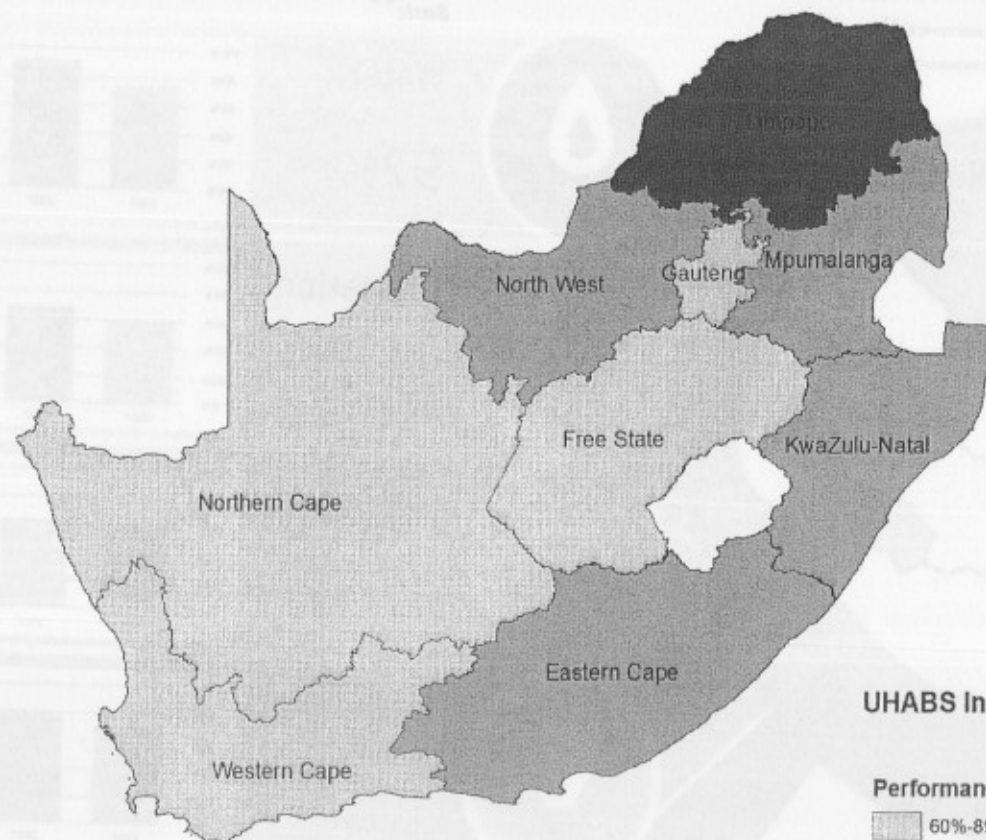
- State of Local Government Report - Assessment and consultation process;
- Local Government Turn-around Strategy (LGTAS)
- Outcome 9, “A Responsive, accountable, effective and efficient local government system” & Delivery Agreement (30 September 2010)
  - Output 1: Implement a differentiated approach to municipal financing, planning and support
  - Output 2: Improve access to basic services
    - The establishment of a Bulk Infrastructure Fund
    - Establish a special purpose vehicle for municipal infrastructure
  - Output 7: Single window of coordination

# WHAT ARE THE KEY SERVICE DELIVERY CHALLENGES AFFECTING MUNICIPALITIES ?



# Universal Household Access To Basic Services

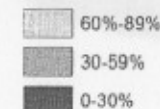
South Africa at a Glance – Overall Access to Basic Services:  
Provinces 2007



350 175 0 350 Kilometers

UHABS Index 2007

Performance Levels



cooperative governance  
& traditional affairs  
Department of  
Cooperative Governance and Traditional Affairs  
REPUBLIC OF SOUTH AFRICA

# Universal Household Access To Basic Services

Total No. of Households: 12,500,6124

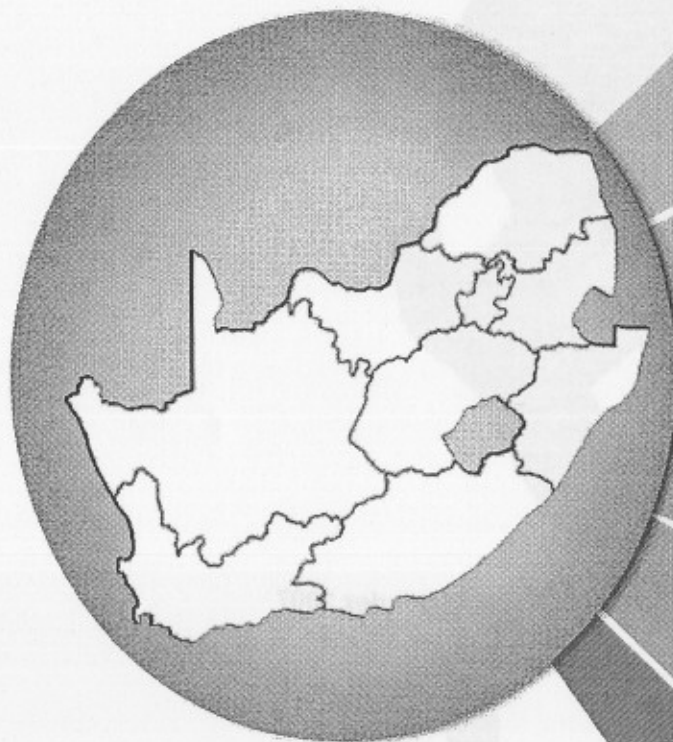
Total Population: 48,502,066

Household Density (HH/km<sup>2</sup>): 1,219,090 km<sup>2</sup>

% Households Below Poverty Line\*: 40%

## Data Sources

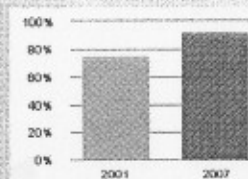
1. Service access data: StatsSA: Census 1996 and 2001; Community Survey 2007
2. Municipal information: Demarcation Board 2009
3. Poverty Line data: Economics of Social Policy Programme at Stellenbosch University



## Basic \*\*

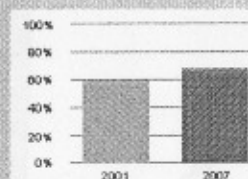
### Water

92%



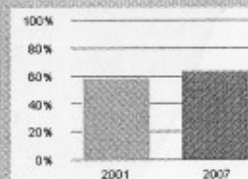
### Sanitation

69%



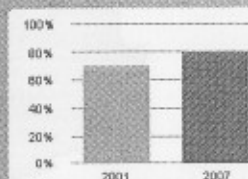
### Refuse Collection

64%



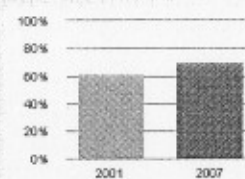
### Electricity

81%

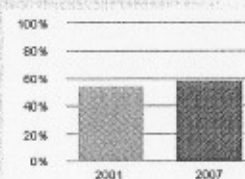


## Higher \*\*\*

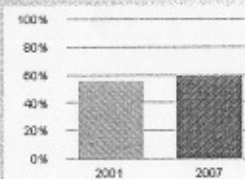
69%



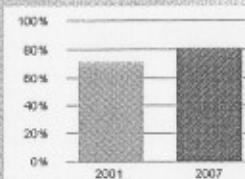
58%



60%

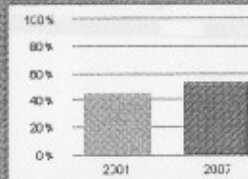


81%

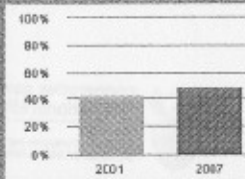


## Universal Access

54%



49%



## Definitions

\* Poverty line: R 5,350 per capita per annum as at February 2007 (R 3,864 in 2000 prices).

\*\* Basic service level: Water supply - piped water inside yard / piped water within 200m; Sanitation supply - flush toilet with septic tank / PIT latrine with ventilation; Refuse removal - communal skip; Electricity supply - connection to the grid.

\*\*\* Higher service level: Water supply - piped water inside dwelling; Sanitation supply - flush toilet connected to sewerage system; Refuse removal - removal by local authorities / private company at least once a week; Electricity supply - connection to the grid.



cooperative governance  
& traditional affairs  
Department  
Cooperative Governance and Traditional Affairs  
REPUBLIC OF SOUTH AFRICA

# BREAKDOWN ON BACKLOGS

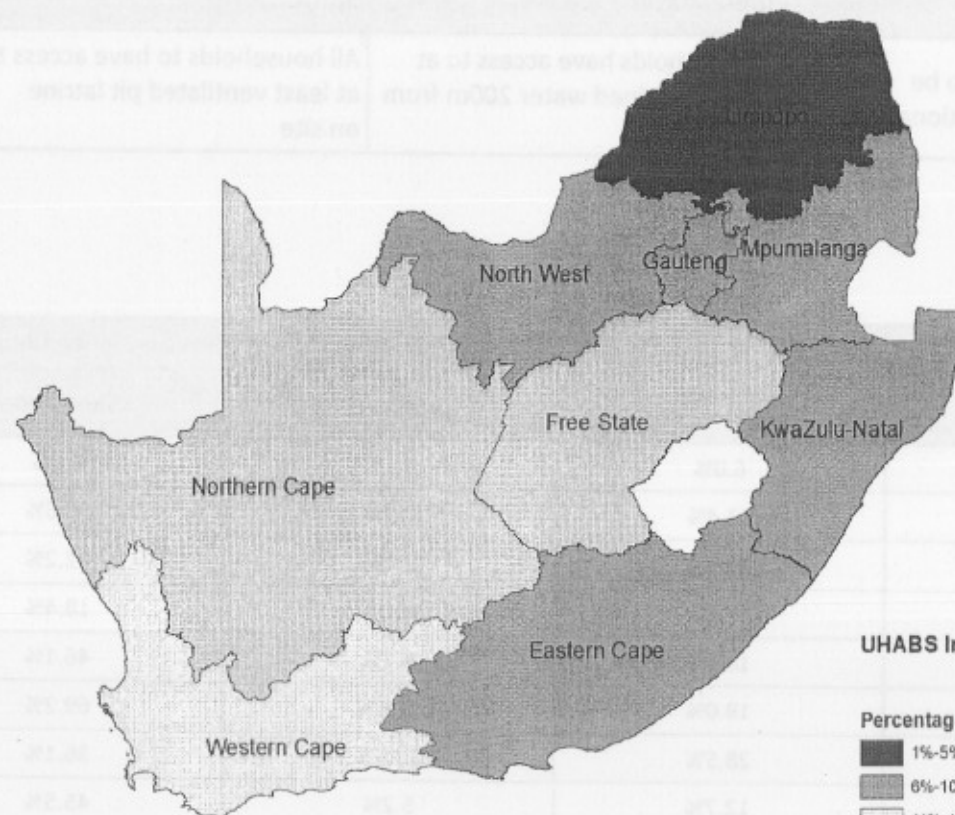
	2014 Basic Service Targets			
	Electricity	Piped Water	Sanitation	Refuse Removal
South Africa	All households to be connected to national grid	All households have access to at least clean piped water 200m from household	All households to have access to at least ventilated pit latrine on site	All households to have access to at least once-a-week refuse removal services

Province	Service Backlog (% with service below adequate)			
	Electricity	Piped Water	Sanitation	Refuse Removal
Western Cape	6.0%	1.1%	6.6%	8.9%
Free State	13.4%	2.5%	30.6%	23.9%
Gauteng	16.5%	2.1%	12.2%	13.8%
North West	17.7%	10.1%	18.4%	45.2%
Mpumalanga	18.3%	8.7%	46.1%	58.5%
Limpopo	19.0%	16.4%	69.2%	81.3%
KZN	28.5%	20.6%	36.1%	48.1%
Northern Cape	12.7%	5.2%	45.5%	27.9%
Eastern Cape	34.5%	29.6%	51.1%	60.0%
South Africa	20%	11.4%	32.4%	38.4%



# Universal Household Access To Basic Services

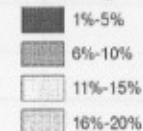
South Africa at a Glance – Percentage Change in Overall Access to Basic Services: Provinces 2001 - 2007



350 175 0 350 Kilometers

UHABS Index 2007

Percentage Change 2001-2007



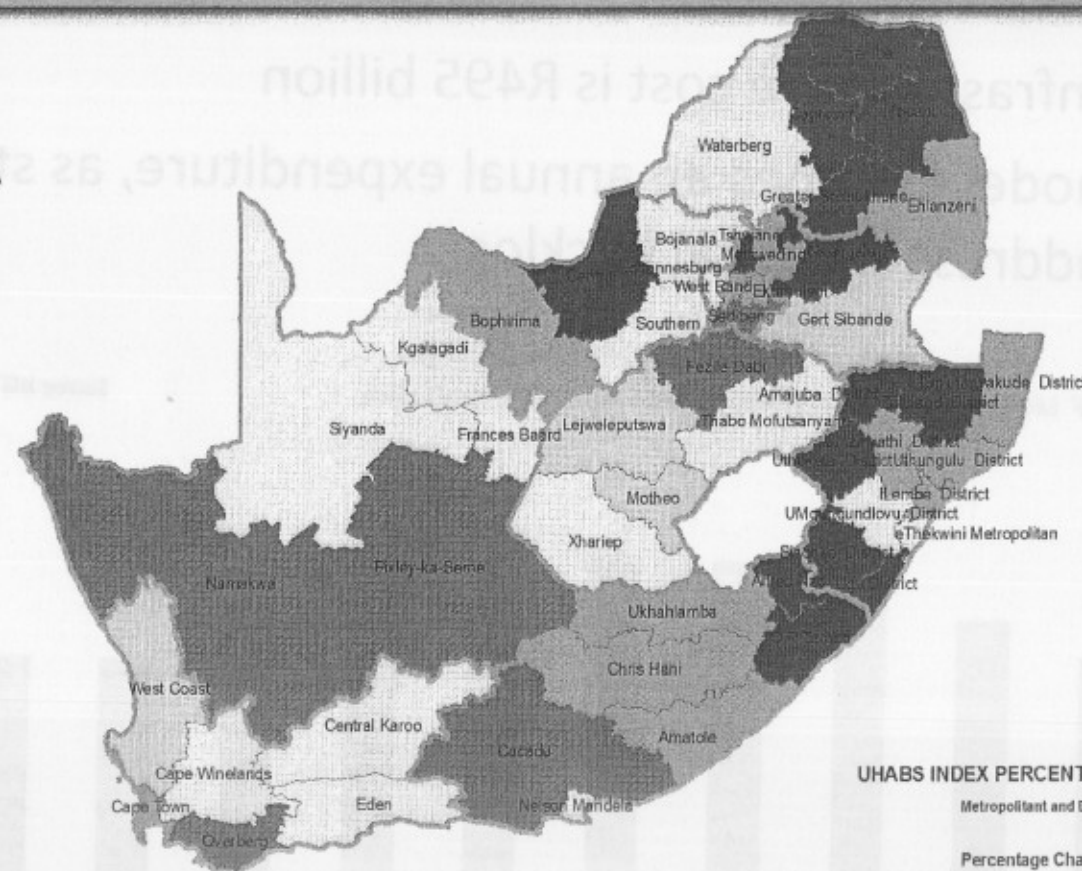
cooperative governance  
& traditional affairs

Department:  
Cooperative Governance and Traditional Affairs  
REPUBLIC OF SOUTH AFRICA



# Universal Household Access To Basic Services

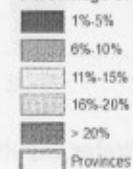
South Africa at a Glance – Overall Change 2001 - 2007:  
District & Metropolitan Municipalities



UHABS INDEX PERCENTAGE CHANGE (2001-2007)

Metropolitan and District Municipalities

Percentage Change (2001-2007)



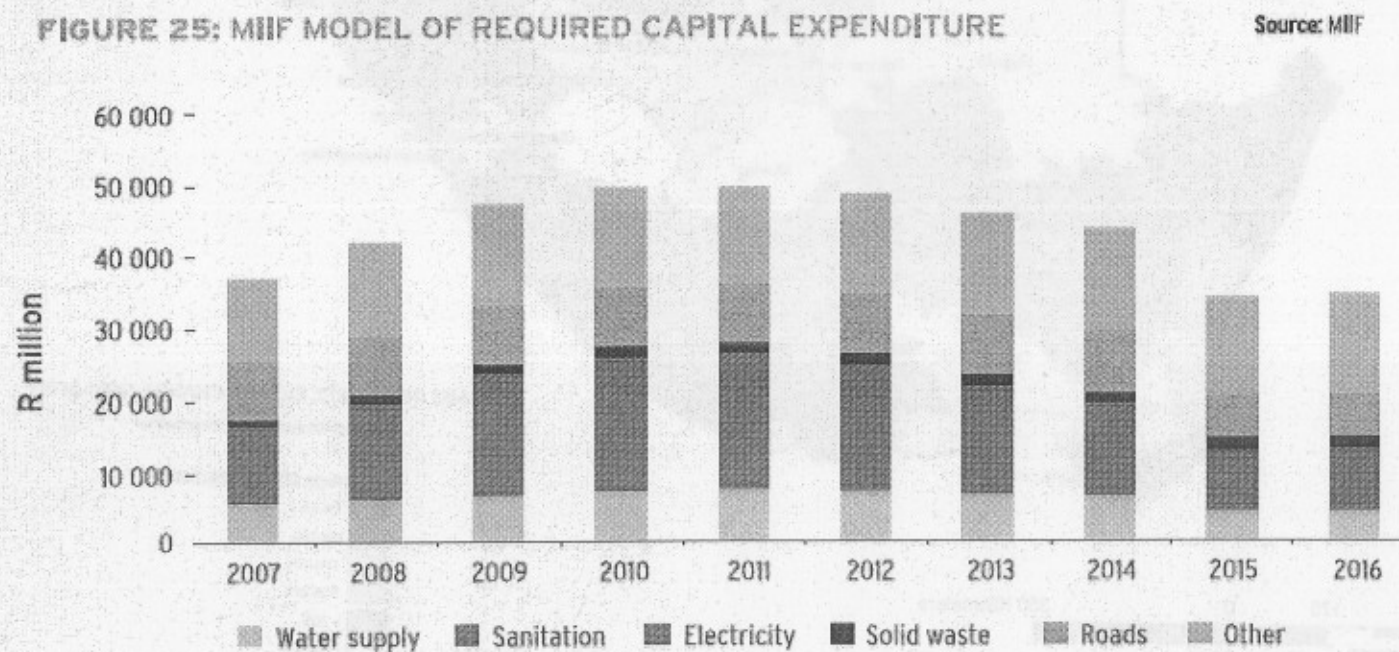
350 175 0 350 Kilometers

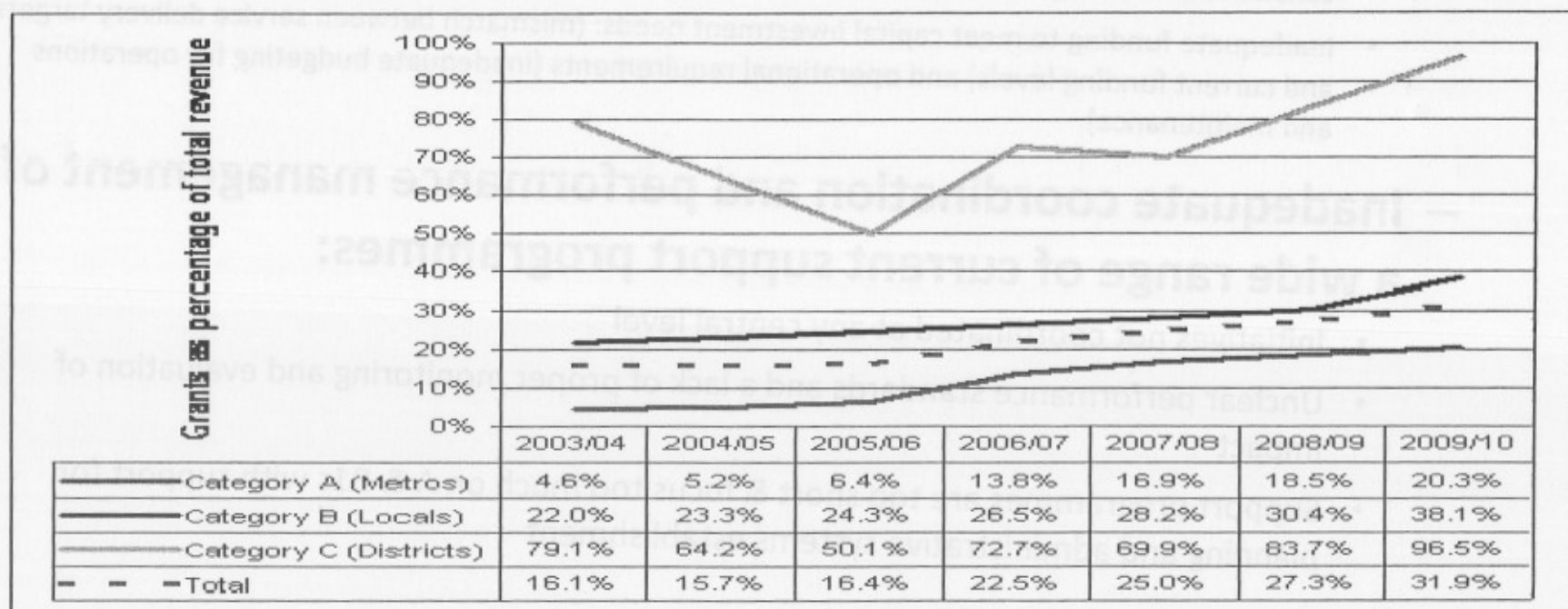
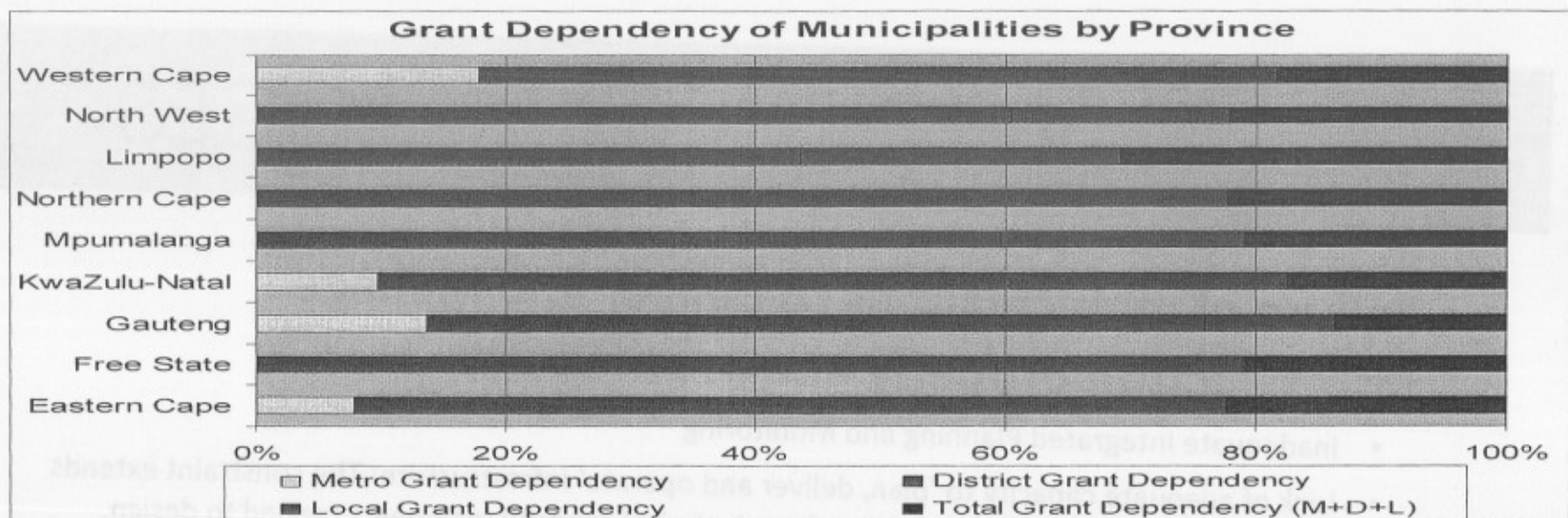


cooperative governance  
& traditional affairs  
Department  
Cooperative Governance and Traditional Affairs  
REPUBLIC OF SOUTH AFRICA

## Projected investment per type of infrastructure

- Projected infrastructure cost is R495 billion
- The MIIF model assumes an annual expenditure, as stated below, to address the total backlog







# ADDITIONAL KEY CHALLENGES

## – Failure of municipalities to deliver and manage infrastructure properly and in particular:

- Inadequate Integrated Planning and Monitoring
- Lack of adequate capacity to 'plan, deliver and operate' infrastructure: The constraint extends right across the required capabilities, from technical capacity (engineers trained to design, construct and manage infrastructure); to proper systems to manage operations .
- Inadequate funding to meet capital investment needs: (mismatch between service delivery targets and current funding levels) and operational requirements (inadequate budgeting for operations and maintenance)

## – Inadequate coordination and performance management of a wide range of current support programmes:

- Initiatives not coordinated at any central level
- Unclear performance standards and a lack of proper monitoring and evaluation of impact
- Support programmes are too short & focus too much on A & B1s with support for planning and administrative systems establishment



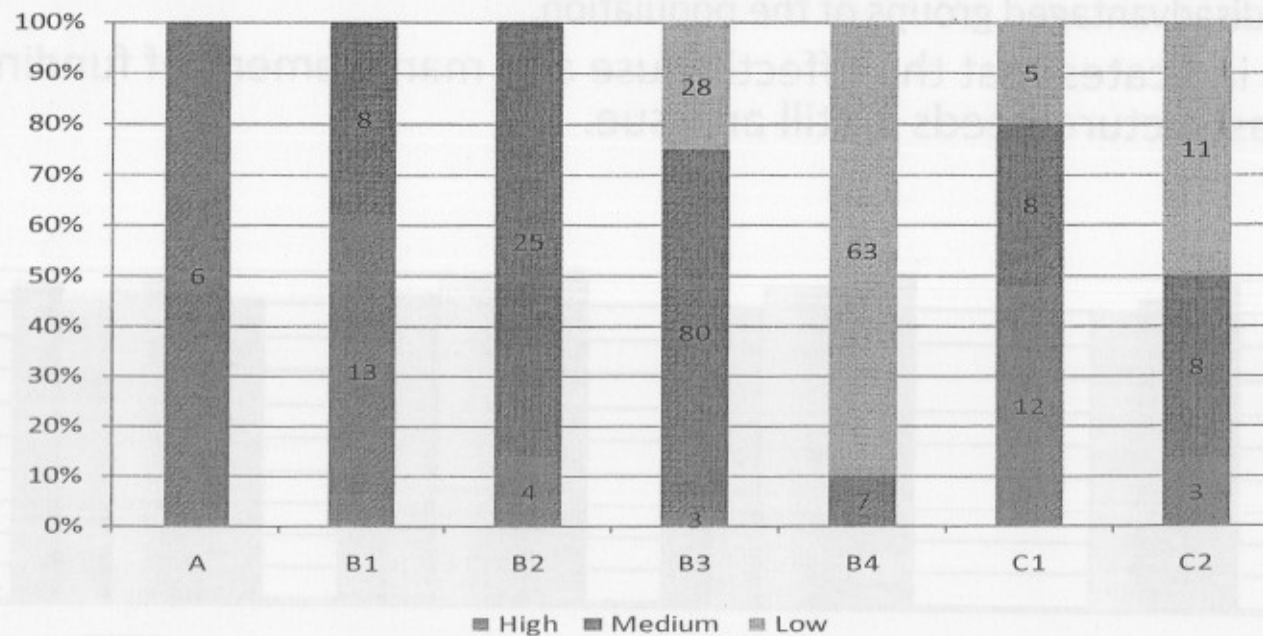
# DIFFERENTIATED PICTURE OF MUNICIPAL CAPACITY

- Of the 237 local munics & metros:

- 26 (11%) can be classified as high capacity municipalities
- 120 (51%) can be classified as medium capacity municipalities
- 91 (38%) can be classified as low capacity municipalities

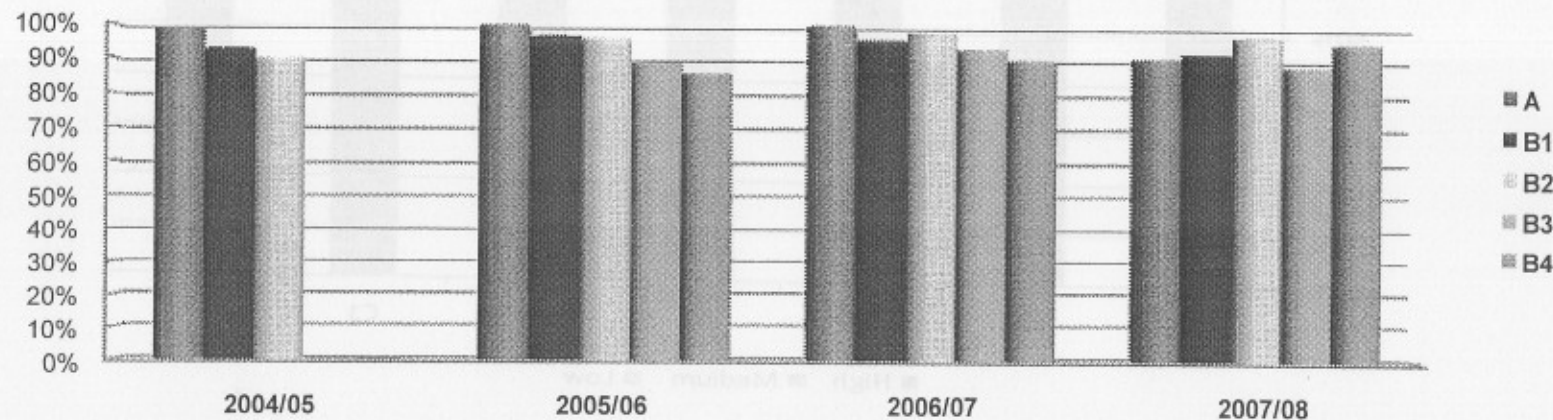
- Of the 46 district municipalities:

- 14 (32%) can be classified as high capacity municipalities
- 16 (34%) can be classified as medium capacity municipalities
- 16 (34%) can be classified as low capacity municipalities



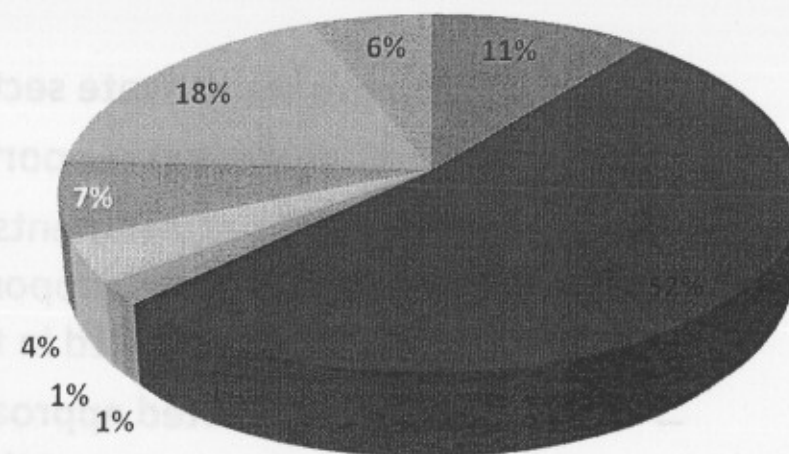
# Strategic Analysis: MIG Expenditure

- MIG transfers - R5.938 bn (2006/07) to R12.529 bn (2010/11), will be R18.322 bn by 2012/13
- Observations: While spending and the magnitude of fiscal transfers has been consistently improving,
  - There still remains considerable service backlogs, particularly in rural areas
  - Recent studies of infrastructure projects just completed still indicate issues in terms of the quality of construction; and
  - The condition of existing infrastructure is still not being maintained at the level required to provide a consistent, adequate level of basic services to the more disadvantaged groups of the population.
- This indicates that the effective use and management of funding towards infrastructure needs is still an issue.



## Delivery Performance of MIG funded Infrastructure

- Recent studies have shown that the **quality of infrastructure being delivered is not all up to standard**; and maintenance of existing infrastructure to continue with adequate service levels is poor.
- A recent survey evaluated construction performance of MIG funded projects; the findings showed that **48% of MIG projects experienced problems ...**
- These findings support the recent findings of the 'Blue Drop' and 'Green Drop' Reports of Water affairs on the state of infrastructure.



- Design was inadequate and had to be re-done
- Completed satisfactorily with minor niggles
- Halted for other reasons
- Contractor abandoned project as municipality did not pay timeously
- Contractor abandoned project as he could not cope
- Contractor quality was so poor; remedial work required
- Poor quality contracting
- Design (or lack thereof) caused failure of final product



# Lessons from the World Cup

- The need for **greater private sector involvement** in infrastructure delivery
- A focused and **dedicated support interventions** to meet deliverables
- **Clear institutional arrangements with strong central coordination** pulling together key delivery and support partners to achieve agreed goals – this followed the LoC model used in the 2010 project
- Need for a **differentiated approach**: Any support intervention of a technical nature must take into account the context, viability and general management capacities of the municipality and the support intervention must be viable in that context.
- That government would benefit from a **specialised technical and financial support mechanism to assist municipalities**. However, any such a structure:
  - Must be mandated, recognised by and promoted by government
  - Will benefit from (structured) partnerships with key stakeholders
  - Must have good systems and reliable service data
  - Must have appropriate skills (including technical operational skills) mobilised
- It is crucial that the **skills within municipalities be upgraded** and/or in-sourced