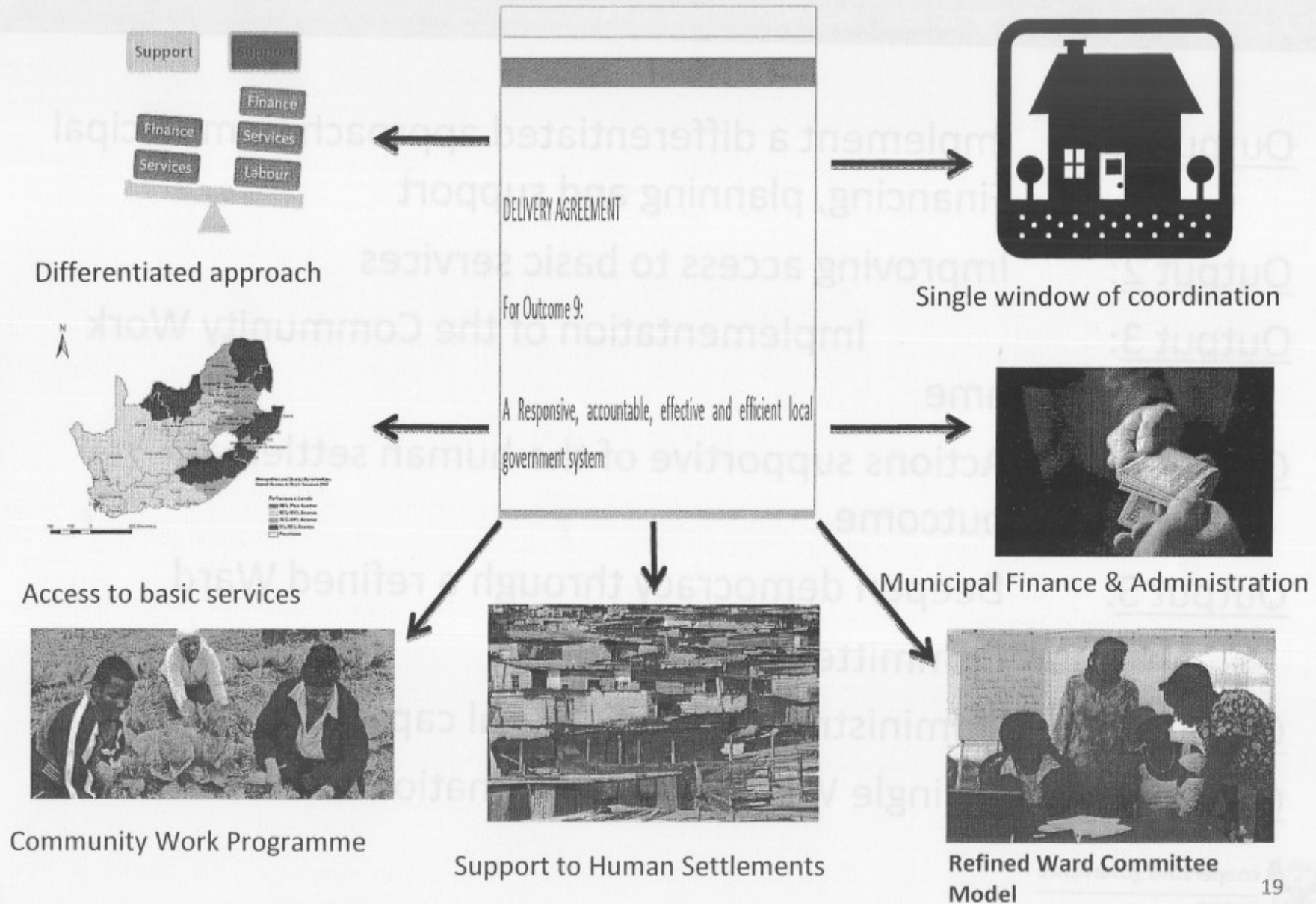


# Defining the Need for Targeted Approach

Municipal Characteristics	Municipal Categories		
	Low Capacity Municipalities	Medium Capacity Municipalities	High Capacity Municipalities
<b>Population</b>	Accounts for 27% of the population	Accounts for 26% of the population	Accounts for 47% of the population
<b>Municipal split LMs – 237</b> <b>Districts – 46</b>	<b>Total: 91 local municipalities</b> •B4 municipalities - 25% (28) •B3 municipalities - 90% (63) <b>Total: 16 district municipalities</b> •C1 districts - 20% (5) •C2 districts - 50% (11)	<b>Total: 120 local municipalities</b> •B4 municipalities - 38% (8) •B3 municipalities - 86% (25) •B2 municipalities - 72% (80) •B1 municipalities - 10% (7) <b>Total: 16 district municipalities</b> •C1 districts - 32% (8) •C2 districts - 36% (8)	<b>Total: 6 metros and 20 local municipalities</b> •A metros - 100% (6) •B1 municipalities - 62% (13) •B2 municipalities - 14% (4) •B3 municipalities - 3% (3) <b>Total: 15 district municipalities</b> •C1 districts - 48% (12) •C2 districts - 14% (3)
<b>Backlog (Local Municipalities)</b>	<b>% of Households without Basic:</b> Water: 22% Sanitation: 57% Electricity: 33% Refuse removal: 77%	<b>% of Households without Basic:</b> Water: 5% Sanitation: 27% Electricity: 17% Refuse removal: 31%	<b>% of Households without Basic:</b> Water: 1% Sanitation: 14% Electricity: 13% Refuse removal: 19%
<b>Economic base</b>	Weak economies and limited revenue base, and thus almost total reliance on grant funding and no ability to borrow to raise capital. However, they can raise some funds from developer charges (not really exploited)	Moderate economies and highly variable revenues base, and thus a fair amount of grant dependency and some ability to borrow to raise capital	Strong economies and a substantial revenue base, and thus a low grant dependency and the ability to borrow to raise capital
<b>Staffing</b>	Insufficient staff	Some staff vacancies	Some staff vacancies
<b>Technical capacity</b>	Inadequate technical capacity to plan and manage infrastructure delivery and operation Number of engineering professionals: 0.62 per 100,000 population	Limited technical capacity to plan and manage infrastructure delivery and operation Number of engineering professionals: 1.32 per 100,000 population	Technical capacity to plan and manage infrastructure delivery and operation Number of engineering professionals: 4.01 per 100,000 population
<b>Systems</b>	Poor systems for financial and operational management	Systems for financial and operational management exist, but often not operating optimally	Firm systems for financial and operational management

# WHAT MUST BE DONE TO ADDRESS THE KEY SERVICE DELIVERY CHALLENGES?

## OUTCOME 9: LOCAL GOVERNMENT





## 7 OUTPUTS

- Output 1: Implement a differentiated approach to municipal Financing, planning and support
- Output 2: Improving access to basic services
- Output 3: Implementation of the Community Work Programme
- Output 4: Actions supportive of the human settlement outcome
- Output 5: Deepen democracy through a refined Ward Committee Model
- Output 6: Administrative and financial capability
- Output 7: A Single Window of Coordination



## INITIATE INNOVATIVE APPROACHES TO IMPROVE SERVICE DELIVERY

### Focus Areas:

- ✓ **Special Purpose Vehicle:** assist poor municipalities with infrastructure planning & project management; mobilise private sector funding
- ✓ **Bulk Infrastructure Fund:** ring-fence dedicated funding; aimed at addressing backlogs of bulk infrastructure that negatively affects reticulation
- ✓ **Grant Coordination Framework** for Local Government: minimize duplication and ensure synergy of grants to support integrated human settlements
- ✓ **Review current municipal infrastructure support programmes** supporting accelerated service delivery, e.g. Siyenza Manje

*EXTRA-ORDINARY INITIATIVES ARE REQUIRED TO SPEED UP THE PACE AND QUALITY OF MUNICIPAL SERVICE DELIVERY*

## ***SUMMARY: OUTPUT 2 – IMPROVED ACCESS TO SERVICES***

<b>Output</b>	<b>Sub-output</b>	<b>Target</b>	<b>Indicator</b>	<b>Baseline</b>
Increased access to basic services	2.1 Mechanism established to improve reticulation of services, fund bulk infrastructure and support procurement of land	2012 (BIF established)	Established Bulk Infrastructure Fund (BIF)	CIP MIG PIG Conditional grants
	2.2 Instrument established to mobilise private sector funding for municipalities	2011/12 (SPV operational)	Established Special Purpose Vehicle	n/a
	2.3 Increased household access to basic water	100% by 2014	Stats SA survey	Data on 92% of households



## SUMMARY: OUTPUT 2

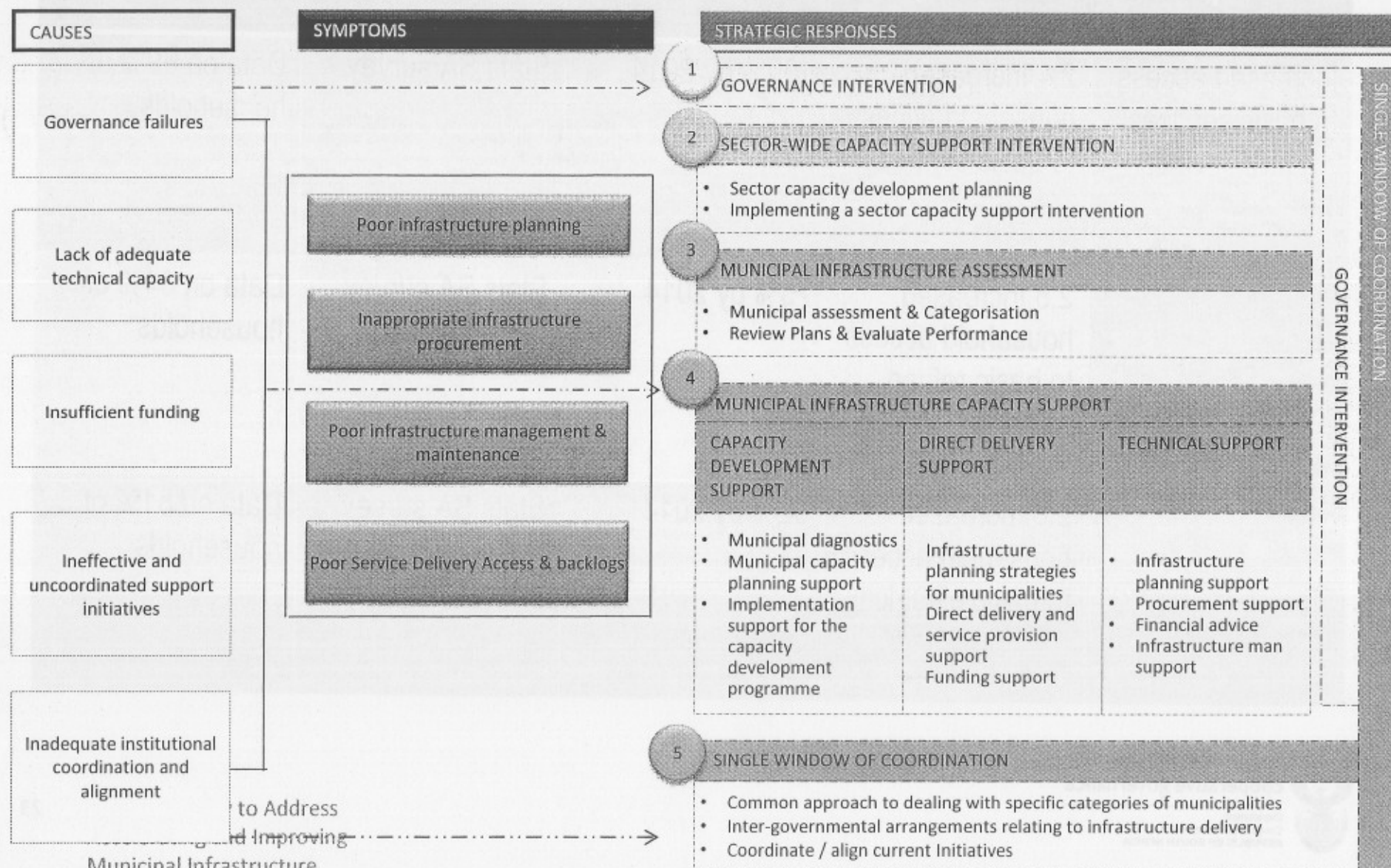
Output	Sub-output	Target	Indicator	Baseline
Increased access to basic services	2.4 Increased household access to basic sanitation	100% by 2014	Stats SA survey	Data on 69% of households
	2.5 Increased household access to basic refuse removal	75% by 2014	Stats SA survey	Data on 64% of households
	2.6 Increased household access to basic electricity	92% by 2014	Stats SA survey	Data on 81% of households



cooperative governance

Department:  
Cooperative Governance  
REPUBLIC OF SOUTH AFRICA

# Strategic Response to Accelerate and Improve Municipal Infrastructure Provision: *Key SPV Roles -*





# Low Capacity Municipalities Delivery Support

## What is needed to turn things around? 'Direct Delivery Support' and 'Capacity Development'

- For infrastructure provision to be effective in low capacity municipalities, there will **be direct support** in:
  - Delivery of new infrastructure to eradicate backlogs (expand service coverage)
  - Rehabilitation of existing infrastructure so that the poor receive improved (basic) services
  - Effective operation and maintenance of infrastructure
  - Aligning and structuring capital funding and financing; as well as supporting new operational funding to strengthen operational capacity and municipal services provision
- Developing and implementing an appropriate capacity development plan and programme

- This is the proposed role of the vehicle – to support infrastructure delivery, maintenance and operations in low capacity municipalities who are unable to undertake these functions.
- To facilitate this, what is required?
  - Appropriate trigger in law for the assistance to kick in, i.e. categorisation
  - Detailed diagnostic of the specific issues faced by the municipality
  - Agreement with municipality for support intervention
  - Access to transfers that will finance the appropriate needs and fund operations
  - Adequate accountability and reporting to the National, Provincial Spheres and the affected Municipalities

# Possible Roles and Functions of the SPV

## SPV Support Approach: Low Capacity Municipalities

*What will SPV do?*

*'Infrastructure Delivery Support' and 'Capacity Development'*

- **Planning and coordination support:** Comprehensive infrastructure planning; Coordinate with relevant national sector departments, provinces and existing SPs in terms of the approved infrastructure plan, its delivery modalities and funding streams
- **Procure relevant service providers** through transversal contract for infrastructure delivery
- **Support Delivery:** Ensure municipality is able to build, operate, repair and maintain. Will ensure service providers deliver infrastructure as contracted
- **Promote efficient and effective use of funding**
- **Operating support:** Municipality uses SPV to support operational management and put in place adequate maintenance programme
- **Develop municipal capacity** (technical and insitutional): determine capacity needs; develop capacity development plan; implement capacity development programme with partners

*Important to note ...*

- Capacity development is envisaged as medium to long-term
- Short term support is focused on delivery and ongoing operations management
- Intention is to develop innovation and economies of scale
- Reporting to National & Provincial administrations and to the affected Municipalities essential

# Medium Capacity Municipalities Technical Support

*What is needed to turn things around? Tailored technical support designed in cooperation with the municipality.*

*Technical Support, is where the SPV would coordinate the technical capacity required to support infrastructure delivery and management*

- Integrated and **coordinate current capacity development** partners to organise initiatives or direct their support and funding in line with the agreed plan & municipal needs to meet MIG conditions. Support to be directed towards:
  - Planning, delivery, operations & maintenance
  - Access to capital finance and improvement of revenue systems
  - (Re) structuring of capital funding in line with plans & objectives
  - Developing and implementing an appropriate capacity development plan and programme
- **SPV to monitor effectiveness/ impact of support**

- This is the proposed role of the Vehicle – to provide technical capacity just in the areas required to support infrastructure delivery and management.
- To facilitate this, what is required?
  - Detailed diagnostic of the specific issues faced by the municipality
  - Planning support areas to be agreed with municipality
  - Adequate accountability and reporting to the National, Provincial Spheres and the affected Municipalities



# Conclusion

## Moving to 2014 and beyond we need to achieve:

- Ensure better **coordination and integration** of efforts from all stakeholders involved in delivery of municipal infrastructure and services;
- Fast-track **delivery of services** particularly in low capacity (mainly rural) municipalities towards **eradicating backlogs** whilst **building their capacity** to deliver services over time;
- **Better efficiencies** in the delivery of municipal infrastructure and provision of services;
- Ensure that municipalities properly **operate and maintain** their infrastructure;
- Ensure more **effective planning** as well as **monitoring** in municipal infrastructure delivery;
- Mobilizing **additional resources** from stakeholders including other departments, private sector, SOEs, donors and non-governmental organizations towards supporting infrastructure delivery;

## Why the SPV?

- **Dedicated programme management capacity** to be able to fast-track delivery of services;
- **Structure that will facilitate more effective inter-governmental accountability** in the delivery of municipal infrastructure and services;
- **Ability to procure and retain critical technical personnel;**
- **Ability to rapidly procure and deploy resources** (requires a high degree of autonomy in respect of decision making and financial accountability) & **leverage private sector funding**
- **SPV needs to have the authority and ability to deal with the complex inter-governmental issues** that will need to be negotiated in order to expedite infrastructure delivery and improved management

THANK YOU