

Municipal Infrastructure Delivery Management Flaws Hamstringing Growth

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Introduction

- SA seek to pursue an infrastructure led economic recovery plan/ stimulus package
- Local government is at the centre of delivering key economic and social infrastructure
 - Stock of local government infrastructure (capital) equate to R491 billion
 - Stock increase cumulatively by R50 billion (infrastructure transfers)
- Infrastructure delivery performance and management in local government is lacking.
- Discussion on infrastructure delivery tends to focus on the financing challenges while neglecting important management and governance dimension.
- Infrastructure delivery management is about ensuring that the right infrastructure is implemented cost efficiently, in time, within the budget, with high quality and that it is operated efficiently and well maintained

Infrastructure - growth channels

- Direct input into the production process (electricity & water)
- Lowers the cost of production (Total Factor Productivity)
- Stimulate factor accumulation (Labor)
- Stimulate aggregate demand
- Crowd-in private investment decisions

INFRASTRUTURE GROWTH BENEFITS ARE NOT GUARANTEED

Local practices defies economic logic: Audit findings

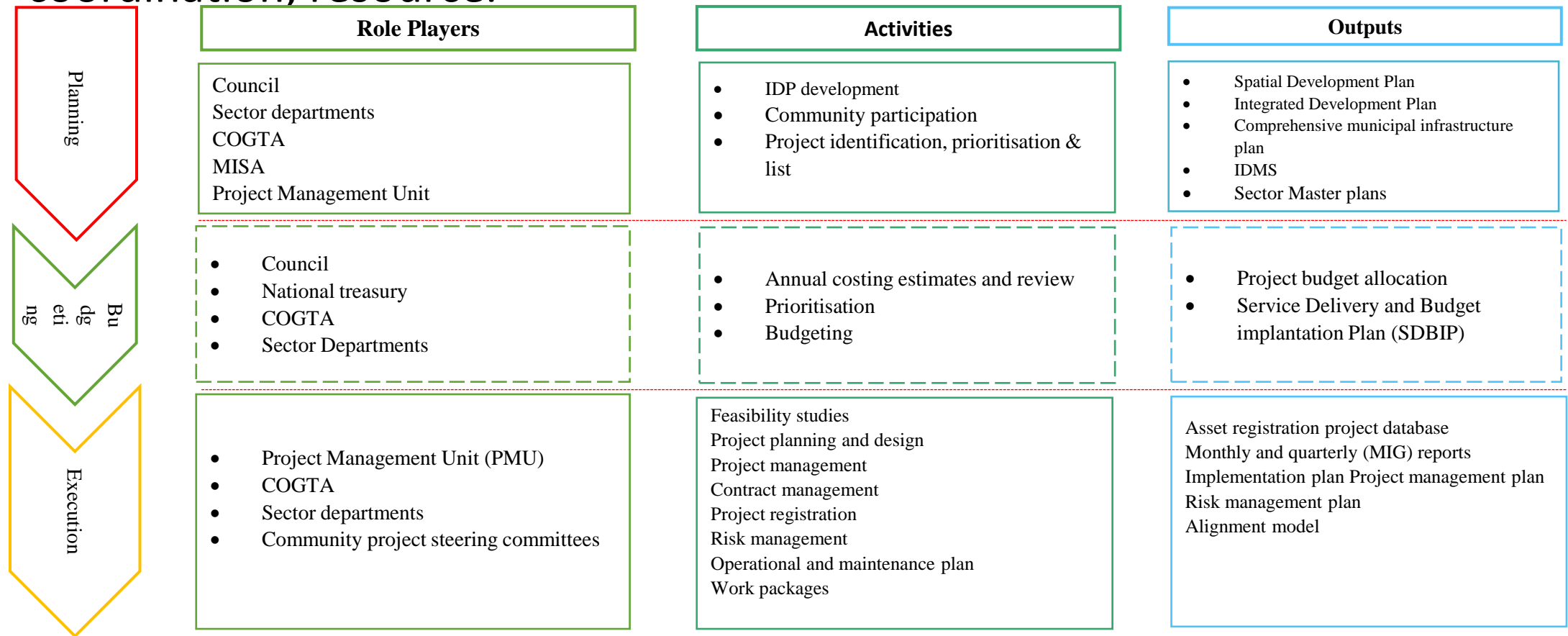
- “A wastewater works refurbishment & upgrade in Umkhanyakude Municipality due for completion in 2018 was still incomplete in February 2022 (41 months later)”.
- “JB Marks commenced of construction of water canal without sufficient budget provision, incurred expenditure and later abandoned the project”.
- “A bulk sewage project incurred R2,5 million in interest due to unpaid payment certificate”.
- “The City of Johannesburg (Gauteng) acknowledged that most of its infrastructure assets have passed their useful life and cannot be salvaged through repairs and maintenance”.
- “Mangaung (Free State) did not have any maintenance plan in place and only repaired assets when they had already broken down”.
- “The City of Tshwane (Gauteng) reprioritised funds to maintain operations instead of using these funds for repairs and maintenance due to liquidity challenges”.

Why infrastructure delivery management matters?

- Unrealised growth benefits, low growth trap, perpetuates underdevelopment
- Fiscal policy slump
 - Through cost overruns, expensive 'white elephants' and rapid asset deterioration and repeat & rectification budget
- Has implications for health and environment – places municipalities at risk of litigation
 - Untreated wastewater spillage into rivers
 - Contaminate natural habitat
 - Waterborne diseases

Bottlenecks in the delivery process...(1)

- The local infrastructure delivery chain is cumbersome, costly & fraught with challenges – planning systems, norms & standards, capacity, coordination, resource.



Project management deficiencies...(2)

Interventions / Situations	Overall mean	Rank
Poor site management	4.4	1
Lack of contractor quality expertise	4.4	2
Corruption	4.3	3
Inadequate resourcing by contractors	4.1	4
Lack of understanding of quality	4.1	5
Level of subcontracting	4.1	6
Inadequate information	4.1	7
Detail	4.1	8
Focus on cost by contractors	4.0	9
Poor constructability	4.0	10

Infrastructure Financing structure...(3)

- National interference, stringent conditions, role ambiguities and duplications

R million	Allocations Rural 2022/23				
	Custodian	Direct	%	Indirect	%
Municipal infrastructure	COGTA	17545	67%	-	-
Regional bulk infrastructure	COGTA	3 496	8%	3 607	37%
Water service infrastructure	DWS	3 864	15%	805	11%
Integrated national electrification	Energy	2 212	9%	3 821	51%
Rural roads asset management	DoT	115	0%	-	-
Municipal disaster recovery	COGTA	321	0%	-	-
Total rural allocations		22 850		7 472	
Urban municipalities	Custodian	Direct	%	Indirect	%
Urban settlement development	DHS	8 149	62%	-	-
Public transport network	DoT	6 794	33%	-	-
Neighbourhood development partnership	NT	1 475	4%	101	100%
Informal Settlement Upgrading	NT	4 365	-	-	-
Total urban allocations		18 499		29	

Perverse incentives...(4)

- Project (small) proliferation and overemphasis on ‘ribbon cutting’ projects.

Municipality	Total sampled projects 2017/18	No of projects by sector					Delivery status		Project status		
		Roads & stormwater	Sports	Water and sanitation	Community facilities	PMU	New	Rehabilitation	Design & Construction	Completed	
Matatiele	30	23	4	-	-	2	29	0	5	15	7
Mbizana	31	18	1	1	11	1	27	4	7	11	12
Umzinyathi	15	-	-	15	-	-	14	1	1	13	1
Endumeni	4	2	-	-	2	-	4	-	1	2	1
Makhado	7	-	-	-	-	-	7	-	-	7	-
Collins Chabane	5	5	-	-	-	-	5	-	1	4	-

Delivery management failures are systemic

Infrastructure type	Audit findings	Audit findings	Audit findings
Roads infrastructure	55% of the municipalities did not have a maintenance plan or priority list for renewal and routine maintenance.	27% of the municipalities did not do conditional assessments of all their roads.	26% of the municipalities responsible for road projects exceeded their planned completion dates.
Water infrastructure	27% of municipalities did not spend allocated project funds	21% of municipalities did not comply with supply chain management policies	26% of municipalities exceeded their project completion timelines
Water infrastructure maintenance	46% of municipalities did not have maintenance plan and 22% did not budget for maintenance	The targets for routine maintenance on infrastructure were missed by 24%	41% of municipalities had water losses of more than 30%

Capacity building programs ‘not yielding desirable results’

Intervention type	Program
Management/ Governance	IDIP/IDMS MFMA Local government asset management guidelines Guidelines for Infrastructure asset management in local government Guideline for establishment of project management unit Regional management support contracts/ framework contracts for infrastructure Guide to infrastructure service delivery levels and unit cost Built environment performance plans Budget facility for infrastructure
Funding	(IGFR FORUMS) Presidential infrastructure coordinating committee Conditional grants set aside Infrastructure skills development grant
Direct technical assistance	Siyenza manje (DBSA) Municipal Infrastructure Support Agency Government Technical Assistance Centre

Infrastructure Delivery Management Challenges (national government perspective)

- Projects falter because of poorly managed consultations
- Weak multi government coordination
- Small scale projects with high administrative fragmentation
- Political administrative interface
- Monitoring and evaluation

Infrastructure Delivery Management Challenges (Local perspective)

- Inadequate budget allocations to fund infrastructure plans
- Intergovernmental coordination failures
 - Connecting provincial roads – reticulation without bulk supply
- Understaffed Project management units
- Terrain is significant cost driver
- Insufficient monitoring and support
 - Mixed experiences

Conclusion – Solutions

- Streamline infrastructure delivery chain
- Emphasis on the full life-cycle management of municipal infrastructure
- Link technical to financial planning in order to ensure adequate funding for both the capital and operational activities .
- Design and management of infrastructure grants must promote good practices in infrastructure delivery management and spending.
 - Rewards for municipalities that follow best practices, and penalties for those that do not
- Peer learning
- Shared project management facility (GTAC, MISA, DBSA, PMUs etc.)
- Infrastructure inspectorate
 - undertake infrastructure delivery management capabilities and condition assessments of existing infrastructures, quality inspection of newly built infrastructures, project management and delivery audits