

**Municipal infrastructure grant and service delivery in
Theewaterskloof and Overstrand Municipalities**

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ABSTRACT

Rising incidents of misuse and underspending of the municipal infrastructure grant (MIG) by South African municipalities is an increasing concern. Such incidents lead to continuing problems of failure to eradicate infrastructure backlogs and to the poor provision of service delivery by the municipalities. The purpose of this study was to explore the role of the MIG in improving service delivery in Theewaterskloof and Overstrand Municipalities. In doing so, the study aimed to examine the challenges of compliance with MIG conditions, provision of basic services and the exploration of the role of the MIG programme in service delivery.

A qualitative research method was undertaken to gain insight into and understanding of the systematic hindrances that prevent Theewaterskloof and Overstrand Municipalities from achieving the MIG objectives of the infrastructure programme. The study used semi-structured questionnaires and multiple face-to-face interviews were conducted with the municipal and provincial officials and community representatives.

The research study findings revealed that the MIG programme has had a greater impact on improving the access to basic services for poor communities in Theewaterskloof and Overstrand municipality areas which has resulted in an improvement in the quality of life of those poor communities. Furthermore, when the infrastructure projects take place in the local community, employment and transfer of skills, also take place. The challenges that both municipalities are faced with stem from the ever growing old and new infrastructure backlogs, the maintenance of the ageing infrastructure assets versus the limited funding – there is thus a disparity between the municipal demands and MIG allocation. One of the recommendations provided, given that the municipalities in general in South Africa are struggling to raise co-funding, is that both municipalities should explore public-private partnership as that would alleviate the burden of capital requirements and speed up the reduction of service delivery backlogs.

GLOSSARY OF TERMS

AGSA	Auditor General of South Africa
ANC	African National Congress
B2B	Back to Basics
CDW	community development worker
COGTA	Cooperative Governance and Traditional Affairs
CWP	Community Work Programme
DM	District Municipality
DME	Department of Monitoring and Evaluation
DoE	Department of Energy
DORA	Division of Revenue Act
DORB	Division of Revenue Bill
DPLG	Department of Provincial Local Government
DPW	Department of Public Works
DWAF	Department of Water Affairs
ETU	Education & Training Unit
FFC	Financial and Fiscal Commission
FMG	Financial Management Grant
GIS	Geographical Information System
ICDG	Integrated City Development Grant
IDP	Integrated Development Plan
IFRA	Intergovernmental Fiscal Relations Act
INEP	Integrated National Electrification Programme
IUDF	Integrated Urban Development Framework
JSB	Joint Service Board
LED	Local Economic Development
MDG	Millennium Development Goals
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MIS	Municipal Infrastructure Grant -Information System
MITT	Municipal Infrastructure Task Team
MPRA	Municipal Property Rates Act

MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NT	National Treasury
NW	North West
PMIS	Project Management Information System
PMU	Project Management Unit
RSA	Republic of South Africa
RSC	Regional Service Council
SALGA	South African Local Government Association
SCM	supply chain management
SS	Statistics South Africa
UN	United Nation
USDG	Urban Settlement Development Grant

CHAPTER 1: INTRODUCTION

1.1 Background of the study

Local government in South Africa has a crucial role to contribute to the social and economic development of the country's people. The Constitution of South Africa (1996) entrusted local government with functions captured in section 152(1), the objects of local governments: (a) to provide democratic and accountable government for local communities; (b) to ensure the provision of services to communities in a sustainable manner; (c) to promote social and economic development; (d) to promote a safe and healthy environment; and (e) to encourage the involvement of communities and community organisations in the matters of local government.

There are various categories of municipalities in South Africa, according to section 155 of the constitution (1996), namely: Category A (metropolitan): a municipality that has exclusive municipal executive and legislative authority in its area; Category B (local municipality): a municipality that shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls; Category C (district municipality): a municipality that has municipal executive and legislative authority in an area that includes more than one municipality. The Local Government: Municipal Structures Act 117 of (1998) explains the criteria of how to determine a municipality that falls under a Category A (metropolitan) municipality and when the municipality falls under a Category B (local municipality) and C (district) municipality.

In relation to the developmental responsibilities of these municipalities, Section 153 of the Constitution clearly indicates that a municipality must: (a) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and (b) participate in national and provincial development programmes.

Furthermore, the White Paper on Local Government (1998) indicates that local government is the sphere of government that interacts most closely with the communities. It is responsible for the provision of basic services and infrastructure that is essential for community well-being, and is tasked with ensuring growth and development of communities in a manner that enhances community participation and accountability. The same White Paper also mentions that the system

of apartheid played a crucial role in damaging the spatial, social and economic surroundings in which the communities worked, brought up their families, and sought to fulfil their objectives. Local government has a fundamental part to play in the reconstruction of local communities and surroundings, as the foundation for a democratic, united and non-racial society (White Paper on Local Government, 1998).

For municipalities to be able to fulfil their constitutional responsibilities, Section 152(2) of the Constitution (1996) states that a municipality must strive within its financial and administrative capacity to provide basic services to the communities. To do that, municipalities are empowered by the constitution through section 229, which indicates the municipal fiscal powers and functions, and the Local Government Systems Act 2000 (Act 32 of 2000), Section 75A, which further mentions how the municipalities should generate their own revenue by imposing rates on property and surcharges on fees for services provided by or on behalf of the municipality.

However, according to Robin and Anwar (2006), the revenue sources of the municipalities are often not enough to financially cover the assigned duties. Capacity and resources are one of the reasons for decentralisation. The capacity of funds raised locally brings about the issue of 'fiscal imbalance'. Fiscal imbalance takes place when the revenue powers are surpassed by the expenditure responsibilities of the local governments. For the municipalities to be able to fulfil their constitutional duties, they need to be self-sustainable or rely on the national government to provide them with grants.

In most countries, national government plays a critical role in bridging this fiscal imbalance between the revenue powers and the expenditure responsibilities that the municipalities experience. Due to the social and economic conditions, the culture of non-payment and the migration of the population, municipal resources are put under pressure, and this leads to grant dependency.

To address this, in the context of South Africa, provision is made in the Constitution as contained in Section 214(1), which requires an Act of Parliament to provide: (a) the equitable division of revenue raised nationally among national, provincial and local spheres of government; (b) the determination of each province's equitable share of the provincial share of that revenue; and (c)

any other allocations to the provinces, local government or municipalities from national government's share of that revenue, and any conditions on which those allocations may be made.

It is important to note that for the national government to comply with matters listed in section 214(1) as mentioned above and section 214(2) of the Constitution (which indicates the issues that national government needs to consider before determining the allocation of revenue raised nationally), government needs to apply the guidance that is provided by the Intergovernmental Fiscal Relations Act (2004), which provides the framework for the determination of equitable sharing and allocation of raised revenue nationally.

National and provincial departments that play a role to ensure that local governments continue to meet their constitutional duties are the Departments of: Water Affairs; Environment Affairs and Tourism; Cooperative Governance and Traditional Affairs (COGTA); Provincial Local Government (DPLG); South African Local Government Association (SALGA); Public works; and Transport, as well as National and Provincial Treasury.

COGTA is the custodian department for the MIG programme at the national level, while at the provincial level through the delegation duties, the Department of Provincial and Local Government is entrusted to carry out the functions of oversight of how the MIG is implemented by the municipalities in their specific province. The primary responsibility of COGTA is to ensure that all municipalities perform their basic responsibilities and functions and to drive the implementation of the Medium Term Strategic Framework (MTSF), derived from the National Development Plan, which defines the overall outcome for local government, namely Outcome 9, which talks about a 'responsive, accountable, effective and efficient development local government system'. With the support of the national and provincial government and oversight, this is the target that municipalities are working towards (Department of Planning Monitoring and Evaluation, 2014) .

For COGTA to achieve one of its strategic objectives of ensuring that all municipalities perform their basic responsibilities and functions, the department has programmes that it utilises as a vehicle to achieve its objectives, namely: The Integrated Urban Development Framework (IUDF), Local Economic Development (LED), Community Work Programme (CWP), Back to Basics (B2B), Municipal Property Rates Act (MPRA) and Municipal Infrastructure Grant (MIG).

For the purposes of this research, the focus was on the MIG programme. According to COGTA (2018), the MIG aims to eradicate municipal infrastructure backlogs in poor communities to ensure the provision of basic services such as water, sanitation, roads and community lighting. The MIG was started in 2004/05, through the merger of the following multi-sector grants: Consolidated Municipal Infrastructure Programme; Local Economic Development Fund; Water Service Capital Grant; Community Based Public Works Programme; Building for Sports and Recreation Programme; and Urban Transport Grant. To improve the coordination of the multi-sector grant, the MIG programme was introduced as part of the reforms to be implemented to improve service delivery (Department of Provincial and Local Government, 2007).

COGTA provides clear policy principles that govern the implementation of the MIG programme, objectives and conditions for use; its framework outlines the roles and responsibilities, cross-sector linkages and programme management (Department of Provincial and Local Government, 2007). While this policy was developed over a decade ago, most of its aspects are still relevant and the aim and the principles remain unchanged.

This study explored the role of the MIG in improving service delivery in the Theewaterskloof and Overstrand Municipalities. The researcher realised that this case study would comprise various factors that could arise due to differences in social and economic conditions of the two municipalities, disparities in their political and administration capacity and reliance on grants. Thus, it was clear that these municipalities might offer a productive contrast or similarities.

1.2 Problem definition

In the previous section, the MIG programme was introduced. This section highlights some key problems and challenges that municipalities experience during the implementation of the MIG programme and thereby sets the context for this study.

Many municipalities in South Africa find it difficult to spend or implement their MIG grant each year. Such failure to implement the grants leads to the perennial problems of failure to eradicate infrastructure backlogs and to the poor provision of service delivery by the municipalities (Oosthuizen & Thornhill, 2017).

COGTA (2014), in its infrastructure grant review of the MIG, highlighted a number of problematic aspects regarding the implementation of grants: There is a lack of ability to ensure that municipalities comply with the MIG framework such as monitoring the grant outputs; The allocated funds are not enough to eradicate backlogs in some of the municipalities, therefore requiring municipalities to use their own funds to bridge the gap. Municipalities struggle to source their own funds and loans to enhance the funding requirements of MIG. Some municipalities misuse the grant by spending the funds on items that are not within the grant framework. Inadequate legislative and regulatory measures make this difficult to prevent. The transferring department does not monitor and report through the life cycle of the project, including the operating and maintenance phases. There is a lack of synergy regarding priorities between the national, provincial and local municipalities. There is a lack of capacity to provide guidance to municipalities on infrastructure investment requirements such as planning, norms and standards, as well as to engage around monitoring and reporting.

From the end of the 2014/15 financial year, some small strides were achieved by COGTA in resolving these challenges. However, the general audit report by the Auditor General of South Africa (AGSA) (2016) indicated that challenges still remain. For the key projects funded by the MIG, with a total of 652 key projects audited at 234 municipalities: 15 municipalities did not use the grants in line with the MIG framework; and the 7% of the R15,04 billion in grants was not spent. Of the projects managed by municipalities, 29% (192) of 652 projects had supply chain management irregularities and 13% (84) of the 652 projects had findings that are related to incorrect accounting procedures. Of the projects managed by the implementing agents, 18% (7) of 38 projects had supply chain management findings and 3% (1) of the 38 projects had incorrect accounting. Concerning the achievement of planned targets, 35% (226) of 652 projects did not achieve their target. Total targets achieved were 65% (426) of the 652 projects.

While it might seem obvious that the MIG programme should improve service delivery, there is clearly much that can hinder its aim, such as the inability to spend the grant because of administrative problems, irregular expenditure, and lack of capacity and political issues. Thus, the goal of this research was to use two case study sites in order to examine if and how these challenges are being dealt with.

1.3 Research questions

- What challenges are associated with the compliance to MIG conditions by the Theewaterskloof and Overstrand Municipalities?
- What are the challenges to basic service delivery provided by the Theewaterskloof and Overstrand Municipalities?
- What is the role of the MIG programme in service delivery at the Theewaterskloof and Overstrand Municipalities?

1.4 Research objectives

- To understand the challenges of compliance with the MIG conditions faced by the Theewaterskloof and Overstrand Municipalities.
- To understand the challenges with basic services provided by the Theewaterskloof and Overstrand Municipalities.
- To explore the role of the MIG programme in service delivery by the Theewaterskloof and Overstrand Municipalities.

1.5 Justification of the study

National and provincial governments allocate billions via the MIG programme to local government to redress infrastructure backlogs and improve the service delivery in the municipal space (National Treasury Republic of South Africa, 2018). Municipalities are continuing to underspend on this grant and this study intended to investigate what causes such challenges. In addition, the researcher further aimed to determine whether the grant, if implemented correctly, improves the service delivery and achieves the objective of eradicating poverty within the community. The outcome of the research will help the national (COGTA) and provincial governments (DPLG) to find how best to support municipalities in the implementation of the MIG programme.

1.6 Organisation of study

Chapter 1 of the dissertation introduces the study. This includes the background on the MIG as a strategy of improving service delivery by redressing the infrastructure backlogs in the local government, a problem statement of the research, the research questions and objectives. Service

delivery in the local government and its relationship with redressing infrastructure backlogs and eradicating poverty are also discussed.

Chapter 2 presents a literature review based on opinions and views from various researchers and authors whose work is significant and relevant to the study. Thus, literature relevant to the description of the MIG programme and improved service delivery in the local government is discussed. The legislative and regulatory framework that governs the MIG programme in the local government is the focus of this chapter. Furthermore, the chapter defines concepts necessary for a clear understanding of the MIG programme. Such concepts include steps in the development of a successful MIG, role players in the implementation of the MIG, and the MIG policies of the Theewaterskloof and Overstrand Municipalities. The main objective of the chapter is to assist the reader to understand how the MIG programme is addressed in local government.

Chapter 3 discusses the research design and methodology used to collect data and how such data was analysed. The research methods and strategies utilised for collecting and analysing the data are discussed.

Chapter 4 presents an analysis of the study data. The chapter explores whether the MIG at Theewaterskloof and Overstrand Municipalities contributes to the improvement of service delivery. The chapter identifies and analyses the challenges that are facing the MIG programme at Theewaterskloof and Overstrand Municipalities. This analysis is based on the data collected through the various methods established in Chapter 3.

Chapter 5 outlines the conclusion and recommendations of the research study. This section begins with a summary of the main findings. Areas of agreement and disagreement with the findings of previous researchers are discussed. This final chapter includes recommendations on how shortcomings (if any) can be rectified; offers suggestions of areas where action of some kind should be undertaken; and provides recommendations of areas for further research in the field.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

There has been much discussion about intergovernmental fiscal relations (Oosthuizen & Thornhill, 2017; Schoeman, 2011; Mtantato & Peters, 2017). In Bird's (1990) view, for the public sector to be efficient and effective, intergovernmental fiscal relations are critical. According to Van Der Waldt (2014), due to the historical, social-political realities and demographic trends, including the process of rapid urbanisation and rising poverty levels, the municipalities in South Africa are currently dealing with major infrastructure service delivery backlogs. These challenges are more prevalent to the rural areas as services there related to low capacity and district municipalities. However, national government in its aim to eradicate infrastructure backlogs in poor communities, introduced the MIG programme.

This literature review highlights various issues that contribute to the understanding of fiscal decentralisation, intergovernmental fiscal transfers and division of revenue between spheres of government in South Africa. The focus is also on an overview of the MIG programme, the development of these grants in South Africa, and their contribution to service delivery.

2.2 Fiscal decentralisation and intergovernmental financial systems

Fiscal decentralisation is the process whereby revenues (taxes) of the national government, and the power to raise these revenues from local sources is transferred to subnational governments (Fjeldstad, 2001). Fjeldstad (2001) argued that the subject of which level of government controls which resources is perhaps the thorniest issue of decentralisation. Despite this, Gerring et al. (2007) observed the prevalence of decentralisation in several countries in Europe, Latin America, Asia and Africa.

According to Gerring et al.'s (2007) perspective, fiscal federalism is not of constitutional structure, it is a theory of public administration. Oates (cited in Gerring et al., 2007) added to this idea by explaining that fiscal federalism "lays out a general normative framework for the assignment of functions to different levels of government and the appropriate fiscal instruments for carrying out these functions" (p. 7). Furthermore, the theory does not indicate whether constitutional federalism is a better or worse form of government.

Intergovernmental fiscal transfers are a dominant feature of subnational finance in most countries (Mtantato & Peters, 2015). They are used to ensure that revenues roughly match the expenditure needs of various levels of subnational governments. They are also used to advance national, regional, and local objectives, such as fairness and equity, and to create a common economic union. The structure of these transfers creates incentives for national, regional and local governments that affect fiscal management, macroeconomic stability, distributional equity, allocation efficiency and public service delivery (Broadway & Shah, 2007).

Broadway and Shah (2006) argued that every country, besides small city states, has more than one layer of government. These include: national government, intermediate governments (states, provinces, cantons, Länder, prefectures, and so forth), municipal governments, and governing bodies that may take on moderately slight duties. In some situations, where structures of government are federal, different levels of government have independent responsibilities as contained in the Constitution. In other situations, subnational levels of government are part of the national government and may be dependent on them for their authority. Subnational governments in most cases are not financially self-sufficient. Their expenditure duties exceed their revenue-raising responsibilities, leaving them with no choice but to financially depend on the national government. The result of responsibilities and finance mismatching is often referred to as 'vertical imbalance'. This is when a subnational government is generally dependent on the transfers and grants from higher levels of government (Fjeldstad, 2001).

According to Broadway and Shah (2006), the practice of intergovernmental transfers and how the transferring government utilises it to achieve their policy objectives differs between countries, with the responsibilities assigned to the subnational government. However, what is common in many countries is that money follows function. Other common practices and principles are also found across the nations, namely: patterns of expenditure decentralisation; revenue decentralisation; equalisation transfers and federal influences on state decisions.

Moreover, intergovernmental fiscal relations comprise a critical issue in the assignment of functions and finances to the different spheres of government. This can be defined as the allocation of the authority and responsibility for the public-sector decisions among different power centres. The allocation of authority and responsibility is supported by the grant funding centre of (national)

government. This is a government tool to reduce some fiscal imbalances experienced by the subnational departments (Fjeldstad, 2001).

In support of the above-mentioned, Eichler, Wegener, and Zimmermann (2012) defined the intergovernmental fiscal framework as an assignment of financial independence and authority to local government, for example in setting tariffs and taxes for revenues that would generate funds for the expenditure. However, regarding the financial resources, fiscal authority most often does not meet the assigned responsibilities of providing the service delivery. As a result of that, municipalities are unable to fund their infrastructure demands, even though external funding such as borrowing is an option to leverage their financial resources.

National Treasury (2008) argued that in combating poverty and strengthening municipalities' own capacity to provide basic service, the system of transfers to municipalities intends to assist them. The national transfers are supporting municipal expenditures that were intended to be self-funded through service charges and local taxes to support economic growth. Furthermore, transfers support economic growth indirectly by releasing municipal resources for this purpose. The National Treasury (2017a) perspectives transfer programmes play three roles in general:

- addressing the structural imbalance between revenues available to municipalities and the expenditure responsibilities assigned to them;
- supporting national priorities as outlined through different sectoral policies, those focused on providing universal and sustainable access to services;
- establishing incentives for good governance and building local government capacity within a sound fiscal framework.

2.3 Grant funding: General principles

Having discussed a global view of fiscal decentralisation and intergovernmental finance systems, this section now shifts towards a focus on grant funding. Fjeldstad (2001) proposed the idea that grant funding is the key instrument for intergovernmental transfers from national to local government. There are three broad categories of grants in principle:

- Unconditional grants: These are general-purpose transfers aimed at addressing vertical imbalances.
- Conditional grants: The use of the funds from the grant carry the conditions.

- Equalisation grants: These are used to address horizontal imbalances between local authorities. The purpose of horizontal equalisation is to equalise the capacity of local governments to provide a ‘national standard’ level of public goods and services. The grants also have the effect of closing the vertical fiscal gap

The grants systems that are utilised by countries to determine the total amount to be appropriated among subnational governments differ in country to country. Brosio (as cited in Fjeldstad, 2001) mentioned that there are different grant systems in use in Africa. For example, Ghana uses a system where no less than 5% of total central government revenue is allocated to a common fund for disposal by subnational governments. Uganda makes use of a formula in their allocation of the unconditional grant. National government in South Africa also utilises a formula in their allocation of the local government equitable share (unconditional grant). Its formula utilises demographic and other data to determine each municipality’s portion of the local government equitable share (National Treasury, 2018).

Conditional grants from national to subnational governments comprise a main element in the continuing devolution reforms in developing countries. A conditional grant is normally an allocation of funds that is earmarked for a specific programme such as primary education, primary health, water supply, roads and agricultural extension. Such grants are not allowed to be spent on programmes for which the grants have not been allocated. In Wolman’s view (cited in Fjeldstad, 2001), putting specific conditions to grants reduces the independence of the subnational authority and defeats the objective of decentralisation. However, conditions to the grant are there to ensure that the funds are utilised to meet the national objectives and outcomes. Furthermore, the conditions are there to ensure accountability and predictability, as those two factors are lacking in the public sector especially in the developing countries.

Mtantato and Peters (2017) argued that there are two types of conditional grant funding, direct and indirect. Direct conditional grants are funds that are directly allocated to the municipality budget and can only be utilised for the specific purpose and subject to the grant conditions. In the case of an indirect grant, a national or provincial department does not transfer funds to the municipality; instead, the function is performed by the department on behalf of the municipality. However, the department bears the responsibility of any infrastructure developed till it is transferred to the municipality as its asset (infrastructure).

2.4 Division of revenue between among spheres of government in South Africa

The previous section provided a general overview of grant funding. This section now shifts towards a more focused view on how in the South African context the revenue raised nationally is divided equitably between the different spheres of government and the legislations guiding the process.

The Division of Revenue Act (DORA) plays a fundamental role in the intergovernmental finance system in South Africa. Each year, Section 214(1) of the Constitution requires DORA to provide the equitable division of revenue raised nationally between the national, provincial and local government (vertical division). It also outlines the powers and functions of each sphere of government to promote transparency and cooperative governance. (National Treasury, 2017). To promote better coordination, planning and budgeting to municipalities, DORA allocation covers the period of three years of multi-year budgeting, but is revised annually to be part of each Medium-Term Expenditure Framework (MTEF) to ensure predictability and certainty.

According to the Parliament of the Republic of South Africa (2011), the Intergovernmental Fiscal Relations Act (IFRA) provides the framework on how nationally raised revenue is equitably allocated to the three spheres of government. Section 10 (1) of the Act sets out the tabling of the Division of Revenue Bill (DORB) by the Minister of Finance in Parliament each year. When it is approved, it becomes the Division of Revenue Act (DORA). Section 9 and 10(4) of the act sets out the consultation process to be followed with the Financial and Fiscal Commission (FFC), including considering recommendations regarding the division of revenue.

It is important to note that the FFC plays a crucial role in the consultation and in assisting national government in its budgeting process. The FFC's establishment and functions are set out in section 220 of the Constitution (1996). The FFC is independent and subject only to the Constitution and law, and must be impartial. It must function in terms of an Act of Parliament and in performing its functions, must consider all relevant factors, including those listed in section 214(2) of the Constitution (1996).

Section 10(5) of IFRA indicates that when DORB is introduced, it must be accompanied by a memorandum explaining how the Bill takes account of each of the matters in section 214(2)(u) to J of the Constitution (1996), which includes: the national interest and division of resources;

provision for national debt; national government needs and interests; provincial and local government basic services; fiscal capacity and efficiency; development needs; economic disparities; obligations in terms of national legislation; the desirability of stable and predictable allocations; and the need for flexibility in responding to emergencies (National Treasury, 2018)

Section 2(a) as set up in the objectives of DORA as required by section 214(1) of the Constitution (1996) is the determination for the equitable division of revenue raised nationally among the three spheres of government; the determination of each province's equitable share of the provincial share of that revenue; and other allocations to provinces, local government or municipalities from the national government's share of that revenue and conditions on which those allocations are made. Furthermore, the DORA promotes predictability and certainty in respect of all allocations to provinces and municipalities, in order that provinces and municipalities are able to plan their budgets over a multi-year period and thereby promote better coordination between policy, planning and budgeting. Lastly, the DORA promotes transparency and accountability in the resource allocation process by ensuring that all allocations, except Schedule 6 allocations, are reflected on the budgets of provinces and municipalities and that the expenditure of conditional allocations is reported on by the receiving provincial departments and municipalities.

2.5 Local government grant framework in South Africa

The South African 2018 budget review compiled by National Treasury (2018) indicates that government allocates transfers to municipalities in the form of unconditional and conditional grants. In terms of section 227 of the Constitution (1996), local government is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and perform the functions allocated to it, and may receive other allocations from national government revenue, either conditionally or unconditionally.

The unconditional grants are referred to as a local government equitable share. It is an unconditional grant that supplements the revenue that municipalities can raise themselves through their provision of basic service. It provides the funding for municipalities to provide free basic services to the poor households and subsidises the operational cost of running the municipality. Local equitable share allocation to 257 municipalities in South Africa is determined using a formula to ensure transparency and objectivity. As mentioned in section 4.2 above, the formula

takes into account the demographics and developmental aspects of each municipality (National Treasury, 2018)

The other unconditional allocation is the Regional Service Council (RSC)/ Joint Service Board (JSB) replacement grant. In the 2018 Explanatory Memorandum to the Division of Revenue, the background is shared. It indicates that before 2006, district municipalities raised levies on local businesses through a regional Service Council (RSC) or Joint Service Board (JSB) Levy. In 2006/07, this source of revenue was replaced by RSC/JSB levies replacement grant, which was allocated to all district and metropolitan municipalities based on the amounts they had previously collected through levies. For the metropolitan municipalities, the RSC/JSB levies replacement grants have been replaced by the sharing of the general fuel levy. Every year the value of the RSC/JSB levies replacement grant increases (National Treasury, 2018)

The 2018 Explanatory Memorandum to the DORA states that national government allocates funds to local government through different conditional grants. These grants fall into two main groups: infrastructure and capacity building. According to DORA, grants are differentiated according to Schedule. There are 1 to 7 Schedules of grants (Unconditional and Conditional grants) which are categorised as Part A (Provincial Government) allocation and B (Local government/Municipality) allocation, and these allocations are captured annually in the DORA (National Treasury Republic of South Africa, 2017a). For the purpose of this study, the focus was on the four schedules that deal with the local government conditional grants, which include the following:

- Schedule 4, part B allocations: These are allocations to municipalities to supplement various programmes partially funded by municipalities.
- Schedule 5 grant, part B allocations: These deal with specific responsibilities and programmes implemented by municipalities.
- Schedule 6 grant, part B allocations: These are in-kind through which a national department implements special projects or programmes for municipalities.
- Schedule 7 grant, part B allocations: These provide assistance to the municipality to deal with a disaster or housing emergency.

2.6 Overview of the MIG programme and other grants

Local government infrastructure conditional grants include indirect or in-kind allocations. According to COGTA (2014) and the 2018 Explanatory Memorandum of DORA compiled by National Treasury (2017a), MIG is the largest transfer to municipalities in South Africa, which supports government's aims and strategy of eradicating poverty, creating enabling conditions to support local economic development, and expanding service delivery. In the Medium Strategic Framework, the priority outcome of government that the MIG contributes to, is outcome 9: Responsive, accountable, effective and efficient developmental local government system. This grant is a specific purpose allocation to municipalities (schedule 5, part B of the Division of Revenue Act, 2017). The MIG programme was started in 2004/05, through the merger of the following multi-sector grants: Consolidated Municipal Infrastructure Programme; Local Economic Development Fund; Water Service Capital Grant; Community Based Public Works Programme; Building for Sports and Recreation Programme; and Urban Transport Grant. To improve the coordination of the multi-sector grant, the MIG programme was introduced as part of the reforms to be implemented to improve service delivery (Department of Provincial and Local Government, 2007)

To foster cooperative governance and develop capacity in the local government sphere, COGTA manages the MIG by exercising its mandate. The grant funds all the non-metropolitan municipalities for their provision of infrastructure for basic services, roads and social infrastructure for poor households. The MIG is determined using a formula with vertical and horizontal divisions. Vertical division allocates funds between sectors and horizontal division takes account of poverty, backlogs and municipal powers and functions in allocating funds to municipalities (National Treasury, 2018). The formula has five main components:

Municipal infrastructure grant = C + B + P + E + N:

C stands for : Constant to ensure increased minimum allocation for small municipalities (this allocation is made to all municipalities); B stands for: Basic residential infrastructure (proportional allocations for water supply and sanitation, roads and other services such as street lighting and solid waste removal); P stands for: Public municipal service infrastructure (including sport infrastructure) ; E stands for: Allocation for social institutions and micro-enterprise infrastructure; and N stands for: Allocation to the 27 priority districts identified by government

COGTA is the National Department which administers the MIG. The department ensures that the management and implementation of the grant are in line with the objectives. MIG, as mentioned in section 1.1 above, is guided by clear policy principles, objectives and conditions for use. Its framework outlines roles and responsibilities, cross-sector linkages, and programme management and mechanisms that contribute towards ensuring transparency, accountability and sustainability (COGTA, 2004).

In the context of the principles outlined by COGTA (2009), the key objectives of the MIG include:

- to meet the basic infrastructure needs of poor households, through the provision of suitable bulk, connector and internal infrastructure in key services by fully subsidising the capital costs of providing basic services to poor households;
- to support a coordinated approach to local development and maximise developmental outcomes by allocating funding for municipal infrastructure in an equitable, transparent and efficient manner;
- to assist in enhancing the developmental capacity of municipalities, through supporting multi-year planning and budgeting systems; and
- to provide a mechanism for the coordinated pursuit of national policy priorities with regards to basic municipal infrastructure programmes, while avoiding the duplication and inefficiency associated with sectoral fragmented grants.

According to the DPLG (2007) “the MIG programme provides the framework, the resources and the means to realise one of department most pressing goals: the eradication of poverty. However, the successful implementation of the programme requires people, skills, partnerships, co-operative relationships, and real commitment from all stakeholders”.

This quote highlights the key elements that are fundamental to the success of this programme, as having goals in any programme is the first phase.

In the National State of Local Government Assessment report compiled by COGTA (2009), the department explains in the assessment report that, “whilst all the support programmes have assisted in certain ways, it is still clear that a number of stubborn service delivery and governance problems have been identified in municipalities over a number of years”. These remain consistently at the forefront of government’s developmental challenges. These challenge areas include: Huge service delivery and backlog challenges, e.g. housing, water and sanitation; Poor communication and accountability relationships with communities; Problems with the political administrative interface; Corruption and fraud; Poor financial management, e.g. negative audit opinions; High number of (violent) service delivery protests; Weak civil society formations; Intra- and inter-political party issues negatively affecting governance and delivery; and Insufficient municipal capacity due to lack of scarce skills.

The challenges and irregularities, as mentioned above in section 1.2, were described in the 2014/15 AG report and the Infrastructure Grant Review report on MIG that was done by COGTA in 2014. These two reports indicate that the above-mentioned challenges are still prevalent in the failure to implement the MIG.

It is important to note that the MIG is not the only municipal infrastructure grant. Below are the details of two other examples, which are mentioned given that they share some characteristics of the MIG, as well as other related grants.

Urban Settlement Development Grant (USDG)

The USDG is an integrated source of funding for infrastructure upgrades and municipal service to informal settlements in the eight metropolitan municipalities. It is a supplementary allocation to cities (schedule 4, part B of the Division of Revenue Act, 2017), which means it only partially funds metros, given that other funds are expected for the metros to co-fund the grant to develop integrated human settlements and urban infrastructure. In 2019/20, the grant would be allocated to the Secondary cities as these municipalities are also faced with the spatial and urban infrastructure challenges (National Treasury, 2018).

Integrated City Development Grant (ICDG)

This is a financial incentive grant that is provided to the metropolitan municipalities to focus their use of infrastructure investments and regulatory measures in a bid to achieve more efficient and

compact spaces. The allocation of the grant was previously based solely on the good governance and administration performance measure. The new additional indicator, which was introduced in 2017/18, also measures the city’s built environment performance plan.

Other grants: Infrastructure and capacity-building

The other infrastructure grants provided include: Public Transport Network Grant; Neighbourhood Development Partnership Grant; Water Services Infrastructure Grant; Regional Bulk Infrastructure Grant; Integrated National Electrification Programme Grant; Rural Roads Asset Management Systems Grant; and Municipal Disaster Recovery Grant (National Treasury, 2018).

Some of the main capacity building grants include: Local Government Financial Management grant; Infrastructure Skills Development grant; Municipal Systems Improvement grant; EPWP Integrated Grant for Municipalities; Energy Efficiency and Demand-side Management Grant; Municipal disaster relief grant; and Municipal Emergency Housing grant (National Treasury, 2018).

2.7 Conceptual framework on MIG and service delivery

Figure 2.1 below illustrates the elements of this study’s framework

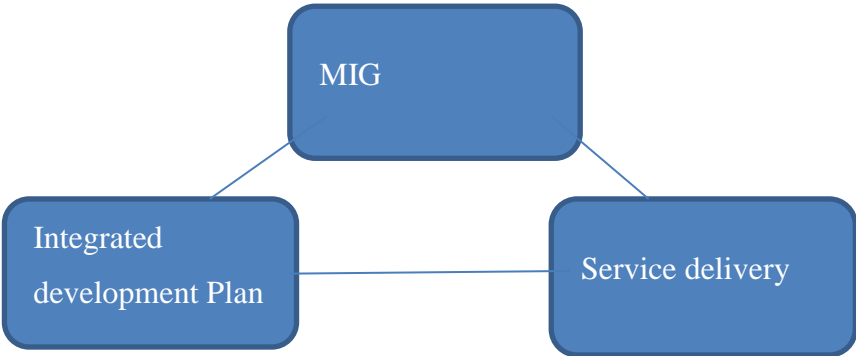


Figure 2.1: Visual representation of conceptual framework

The elements shown in the figure are interrelated and interdependent for the service delivery value chain. In order for the municipality to deliver basic services to the community, it is essential that these elements are complied with. In support of this, Schurink and Pretorius’s (2014) perspective is that “municipal service delivery is governed by: the Integrated Development Plan and the Performance Management System; intergovernmental relations; the Expanded Public Works

Programme; Batho Pele; the budget; and policy and procedure”. For the purpose of this study the focus is on the IDP.

The Division of Revenue Bill cited that, in order for the municipalities to receive the MIG programme funds from the DCoG, there are conditions that have to be met, some of which are as follows: “To receive the first tranche, municipalities must have followed the process for approval of 2018/19 projects and have confirmed by 30 April 2018 with the Department of Cooperative Governance (DCoG), their programme, project planning and implementation readiness in the form of an implementation plan that includes cash flow projections” (National Treasury, 2018). Municipal allocations must be fully committed to registered projects prior to the year of implementation and be informed by the Integrated Development Plans (IDPs) and three-year capital plans. It is important to note that DCoG does not provide MIG for projects which are not informed by the IDP. The IDP is the 5-year strategic plan document of the municipality that captures the important projects which meet the strategic objective of the council and the municipality. After the projects have been captured in the IDP, the service delivery plan and the budget are implemented that lead to the desired output such as the “renewal of existing infrastructure for basic water and sanitation services; sport and recreation facilities; street and community lighting; and central collection points for refuse, transfer stations, recycling facilities and solid waste disposal sites; the number of kilometres of municipal roads developed and maintained” to mention the few (National Treasury, 2018). It is important to note that when the aforementioned outputs are delivered to the poor community, access to these resources by the community can only lead to service delivery.

2.7.1 Integrated Development Plan (IDP)

In South Africa, in order for municipalities to plan for future development in their jurisdictions, they have to use “integrated development planning”. The inheritances of the apartheid planning left the country with the cities and towns that: (a) Have racially divided business and residential areas; (b) Are badly planned to cater for the poor, with long travelling distances to work and poor access to business and other services; (c) Have great differences in level of services between rich and poor areas; (d) Have sprawling informal settlements and spread out residential areas that make cheap service delivery difficult (Education & Training Unit, 2018).

According to the Education & Training Unit (ETU) (2018) for Democracy and Development, the IDP is a groundbreaking plan for a region that gives a general structure for development. It intends to organise the work of the local and other spheres of government into a logical plan to enhance the quality of every one of the general population living in the area. It should consider the current conditions and issues and resources available for development. The plan should have a holistic view of the economic and social development for the area. It must determine a structure of how land ought to be utilised, what infrastructure and services are needed and how the environment ought to be protected (Education & Training Unit, 2018).

In Madzivhandila and Asha's (2012) view, if the municipal integrated development planning tool is responsive to the community needs and priorities, then it ought to contribute to the transformation of service delivery initiatives. But the critical question is whether the procedure of the integrated development planning reflects the genuine needs and priorities of the communities. The priorities and the needs of the community can be identified if the community members take part in the public participation process, such processes provide the communities with the opportunity to influence the development plans that ought to guide the planning and implementation of the service delivery initiatives (Madzivhandila & Asha, 2012).

However, in that regard, Madzivhandila and Asha (2012) argued that the IDP have not served the developmental aims adequately. Firstly, the IDP's legitimacy is undermined by the lack of meaningful public participation by the communities and local stakeholders in the sense that they may not be a genuine indication of the community needs and priorities. Secondly, poor interdepartmental support and absence of horizontal integration have hindered workable local development coordination and this has added to the paralysed service delivery. Lastly, genuine institutional shortcomings regarding a lack of correct skills and capacity as well as downsides in budgetary administration have undermined the effective implementation of IDPs.

It takes between six to nine months to develop an IDP. It has a life span of five years that is directly linked to the political calendar of local councillors. It is important to note that the recent elected council can continue with the existing IDP or develop a new one that takes into account the existing plans. During this period, both the service delivery and development continue. The IDP is managed by the executive committee or executive mayors in the municipality. However, the council may delegate the functions to the municipal manager. In most cases, the municipality appoints an IDP

manager or coordinator to oversee the running of the process. The IDP co-ordinator reports to the municipal manager (Education & Training Unit, 2018).

When emphasising the significance of the IDP, the Education & Training Unit for Democracy and Development (2018) mentioned the following six key reasons why a municipality should have an IDP:

- **Effective use of scarce resources:** The IDP will enable the municipality to prioritise the most critical needs of the local communities while taking into account the available resources.
- **Helps to speed up delivery:** The IDP recognises the poor areas of the community that are less serviced and focuses on where the municipal funds ought to be spent. Execution is made less demanding in light of the fact that the relevant stakeholders have been part of the process. The IDP provides a deadlock breaking mechanism to guarantee that tasks and projects are productively executed. The IDP aids to develop realistic project proposals based on the availability of resources.
- **Helps to attract additional funds:** Government departments and private investors will contribute where municipalities have clear development plans.
- **Strengthens democracy:** Through active public participation by all the essential stakeholders, choices are made in a democratic and transparent manner.
- **Helps to overcome the legacy of apartheid:** Municipal resources are utilised to incorporate rural and urban parts and to stretch services to the poor.
- **Promotes co-ordination between local, provincial and national government:** The spheres of government are urged to work in a coordinated fashion to handle the development needs in a local area (Education & Training Unit, 2018).

2.7.2 Municipal Infrastructure Grant

Categories of infrastructure programme the MIG can support

From the aim and objectives of the MIG as discussed in the MIG overview section above, it is important to note that there are **categories of infrastructure this programme can support**. DPLG (2007) indicates that this programme can only be utilised for infrastructure for basic service. The department provides an example as follows: a basic water supply facility has been defined as the infrastructure necessary to supply 25 litres of potable water per person per day supplied within 200 metres of a household and with a minimum flow of 10 litres per minute (in the case of

communal water points) or 6 000 litres of potable water supplied per formal connection per month (in the case of yard or house connections).

According to the DPLG (2007), as long as an infrastructure is for the basic service for the poor, the MIG programme can be utilised to build new or upgrade existing infrastructure up to the basic level service and can also rehabilitate the existing infrastructure. The following are the three categories of infrastructure that MIG funds can be utilised for:

- **Category one** comprises households, which include: electricity, water supply, sanitation, storm water management, municipal roads, refuse removal and street lighting.
- **Category two** comprises public municipal facilities, which include: public transport such as municipal airports, harbours and municipal public transport; emergency services such as fire stations; and lastly, community service such as: childcare facilities, beaches and amusement facilities; cemeteries; funeral parlours and crematoria; cleansing facilities for animals; fencing; local amenities; local sports facilities; municipal health services; and public places.
- **Category three** comprises institutions other than public municipalities, which include: schools, clinics, police stations, churches and recreation facilities. The services that would be provided to these public institutions include: electricity, water supply, sanitation, storm water management, municipal roads, refuse removal and street lighting.

It is important to note, according to the DPLG (2007), that MIG funds are intended to only provide services for the poor communities. If for whatever reason it happens that in the community where the municipality provides services, the poor and the non-poor are sharing the basic service, then the municipality would need to find another source of capital fund (not MIG funds) to cover the cost of providing the service to the non-poor households.

The methodology of MIG is intended to support the capital budget of the municipalities; simplify integrated development planning; and to allow flexibility in the budget programming. The MIG programme is centred on a demand-driven approach where: all infrastructure grants are integrated into one; the fundamental roles of organising the development activities and delivery of municipal infrastructure in their jurisdictions are fulfilled by the municipalities; the MIG allocations provided to the municipality must be linked to the Integrated Development Plans (IDPs); communities participate in identifying projects that are responsive to their needs; to help the municipality to

plan effectively, the capital grants allocation is predictable and service delivery is decentralised to municipalities (DPLG, 2007) .

Compliance to MIG conditions by municipalities in South Africa

According to the DPLG (2007), municipalities must comply with the conditions put down by the Municipal Infrastructure Task Team (MITT) and managed by the DPLG through the MIG Unit. “There are three types of conditions that apply to MIG: Division of Revenue Act conditions; cross-cutting conditions; and sector conditions. The purpose of the conditions is to ensure that municipalities address the objectives outlined in the MIG policy” (Department of Provincial and Local Government, 2007). The Division of Revenue Act (DORA) clearly stipulates the conditions that apply to the grant allocation, management, and supervision of the MIG programme. The MIG policy framework outlines the cross cutting conditions. These conditions apply to all sector projects within the MIG programme and relate to the overall performance of the municipality. From time to time the MITT may amend these conditions. It is also important to note that each sector department (DWA, DME, DoT, SRSA and DPW) may set up additional conditions that are particular to their areas. Such conditions will be incorporated at the prudence of the MITT (Department of Provincial and Local Government, 2007).

Included into the aforementioned conditions, is the responsibility of the municipalities to ensure that they account for and are open to scrutiny; therefore, municipalities must: register projects on the national MIG database; prepare a project business plan for each project (which conforms with the requirements of the MIG programme); demonstrate that they have the capacity to manage the infrastructure investment programme; prepare and submit financial monthly reports on the budget implementation of the MIG in the prescribed format by a specified time. The municipalities must also submit financial statements to the Auditor – General South Africa (AGSA) on time.

In the MFMA consolidated general report on the local government audit outcomes for 2015-16, AGSA (2016a) cited in their findings that the majority of the municipalities utilised the MIG fully for their intended purpose. However, “the major concern with projects funded by MIG were that the targets set for 35% of the projects were not achieved or the municipalities had not assessed their performance against the targets and non-compliance with supply chain management (SCM) prescripts showed for 29% of the projects” (AUDITOR- GENERAL SOUTH AFRICA, 2016). The receiving municipalities of grants to fund water and sanitation infrastructure projects were not

fully utilised at 22%, while there were separate cases (six) where municipalities utilised the grants for other infrastructure projects and even to fund operating expenditure. The main findings of AGSA (2016) were that “the projects did not always address the cause of the backlog in the provisioning of water and sanitation, projects at some municipalities were running behind schedule, and there was non-compliance with SCM prescripts in procuring goods and services for the projects” (AUDITOR- GENERAL SOUTH AFRICA, 2016).

AGSA (2016) further observed that among municipalities that were responsible for the road infrastructure, poor policies and plans as well as inadequate maintenance were dominant. “Just over 50% of these municipalities did not have policies or maintenance plans or did not implement them. At 20%, no conditional assessment was done of the roads to inform maintenance plans and budgets” (Auditor- General South Africa, 2016).

The general report on local government audit outcomes for 2015-16, compiled by AGSA (2016), indicates that the highest contributors to irregular expenditure utilising MIG as a source of funding include: Ngaka Modira Molema District Municipality, in North West(NW), where the multi-year contracts payments made to the contracts were identified as irregular. The MIG funded a significant part related to the construction of water and sanitation infrastructure assets. The other municipality was the Mafikeng Municipality (NW) where the estimated value of irregular expenditure of MIG money used, was R43 million (14%). This mainly related to projects for the upgrading of roads, including the main roads in Madibe and Mooipan. Other municipalities that funded irregular expenditure using grants other than MIG, were also listed in the report. However, for the purpose of this study these cases are not mentioned.

For the key projects funded by the MIG, with a total of 652 key projects audited at 234 municipalities:15 municipalities did not use the grants in line with the MIG framework; 7% of the R15,04 billion in grants was not spent; of the projects managed by municipalities, 29% (192) of 652 projects had supply chain management irregularities and 13% (84) of the 652 projects had findings related to incorrect accounting procedures. Of the projects managed by the implementing agents, 18% (7) of 38 projects had supply chain management findings and 3% (1) of the 38 projects had incorrect accounting. With regards to the achievement of planned targets, 35% (226) of 652 projects did not achieve their target. Total targets achieved were 65% (426) of the 652 projects

According to AGSA (2018) findings captured on the Consolidated General Report on the Local Government Audit Outcomes, the MIG was utilised for its intended purpose but 22% of the municipalities underspent on their allocations by more than 10% and key milestones were not achieved on 36% of the projects. The unauthorised expenditure incurred in 2016/17 amounts to R2.9 billion (2015/16: R2.5 billion). Due to municipalities “not always applying the principles of sound project planning and management, the spending on key projects relating to water and sanitation was riddled with inadequacies, resulting in poor quality workmanship and delays in the completion of projects. Subsequently, key performance targets were not always achieved or were not accurately reported” (Auditor-General of South Africa, 2018).

The above-mentioned findings by AGSA demonstrate that there is a lot to be done to improve the compliance of the municipalities in relation to the DORA, MFMA and supply chain management policies. The key responsibility of municipal managers, chief executive officers, senior managers and municipal officials is to implement and maintain effective and efficient systems of internal control in the municipalities in order to enhance service delivery to the community. However, such responsibilities are not honoured by these aforementioned officials for different reasons. Some or most of the wrongdoing on their part are as a result of the political pressure from the political leadership in the municipality. Governance structures of the municipality are one of critical structures to ensure conformance and accountability are achieved all the time. However, if the political will and consequence management are not exercised, a lot of wrongdoing such as corruption, non-compliance with the policies and prescripts of the law are prevalent in that environment. AGSA and other assurance institutions such as National Treasury are working hard on what has been uncovered to ensure that municipalities do comply with the required prescripts. These negative behaviours leave more questions than answers, as there is a lot of wrongdoing taking place while these governance structures are at the municipalities.

Managing MIG at municipal level

In the DPLG’s (2007) view, while the national and provincial government responsibility is to create an enabling policy, financial and institutional environment for MIG, municipalities are responsible for planning municipal infrastructure and for utilising MIG to deliver the infrastructure. This view by the DPLG is shown in the MIG policy framework, which is in favour of decentralising the duty for municipal infrastructure development to the lowest level of government.

The responsibility of the National sphere (COGTA) of government to the MIG programme, according to the DPLG (2007), is to provide an enabling environment for the MIG, such as follows: policy development, macro planning, funding, support (capacity building), monitoring, regulation and evaluation. The Provincial sphere (DPLG) responsibility includes: support and advice, capacity building, monitoring and evaluation, regulation of some services. The municipalities' responsibility is the overall planning and implementation of infrastructure development within local government sphere, such as follows: infrastructure development, project identification, financial planning and management of MIG funds, project feasibility studies, project planning, project implementation (community and awareness, construction, project level capacity building, mentoring support), project management, MIG programme and project monitoring and evaluation, and programme reporting (DPLG, 2007).

For the municipalities to be able to perform their responsibilities of implementing the MIG as mentioned above, it is important to note that they may establish project management units (PMU) to take responsibility for managing MIG projects. The PMU is a ring-fenced unit within the municipality that is dedicated to manage infrastructure (capital) projects. However, if the municipality has a human resource capacity to perform the project management functions and the MIG management unit is satisfied with its ability to effectively manage the MIG without the PMU, then they do not need to establish a PMU (DPLG, 2007).

According to the DPLG (2007), the PMU functions for the MIG are as follows: (a) Administering MIG funding for infrastructure projects, (b) Co-ordination of all projects serviced by the PMU, (c) Project feasibility studies and business plans, (d) Contract management, (e) Project management, (f) project-related capacity building, (g) Monitoring and reporting, and (h) Evaluation, including the assessment of the impact of the MIG programme.

If the municipality lacks the capacity to implement other infrastructure projects besides the MIG projects, the PMU with the permission of the municipality may take the responsibility to manage all infrastructure projects. The municipality can use their discretion to decide how to establish, staff and resource its PMU (DPLG, 2007).

In relation to accountability, the PMU reports to the council and management structure of the municipality in which they are established. The manager of the PMU should be a qualified person,

who will take the responsibility to manage the operational duties of the MIG programme and report to the Municipality Manager (DPLG, 2007). In order for the MIG PMU to be successful in executing its duties, it is important that it establishes a good working relationship with other units in the municipality, which include: (a) **Budget and Treasury Office**, which is responsible for finances of the municipality and in the context of the MIG programme, the unit would be in charge of doing payments to the service providers on certification by the PMU; (b) **Planning unit**, which is responsible for planning to ensure that infrastructure projects in the IDP will flow into the MIG implementation process; (c) **Service provision (operations)** are responsible for operating the infrastructure, such as water service, electricity, roads or other services. This unit will take over the running of the infrastructure after it is complete; as a result they must play a critical role in the project business plans (DPLG, 2007).

IDP and project identification capacity

In the DPLG's (2007) view, municipalities are in charge of arranging "their IDPs and identifying infrastructure projects for the municipal services for which they have the authority and capacity". District and local municipalities need to guarantee that there is synergy and coordination of their IDP process so that the IDPs are synchronised. According to the DPLG (2007), if the municipality is unable to prepare an acceptable IDP that is responsive to the needs of the poor, that municipality will not be able to identify and prioritise MIG projects. This is a serious capacity constraint, which must receive urgent attention.

2.7.3 Service delivery

According to Le Chen, Janice, Franat and Rachana Kumar's (2014) perspective, service delivery as commonly used in South Africa, is described as a distribution of basic resources to the communities that depend on these basic resources such as: electricity, water, sanitation infrastructure, land and housing. In South Africa, it is a responsibility of the local government sphere to provide the aforementioned basic resources to the communities (Statistics South Africa, 2017).

The White Paper on Local Government (1998) indicates that local government is the sphere of government that interacts most closely with the communities. It is responsible for the provision of basic services and infrastructure that are essential to community well-being, and is tasked with ensuring growth and development of communities in a manner that enhances community

participation and accountability. The Local Government Municipal Systems Act (2000) defines “basic municipal service” as a municipal service that is necessary to ensure an acceptable and reasonable quality and, if not provided, would endanger public health or safety or the environment.

The municipalities are further tasked by the Constitution of Republic of South Africa (1996), whereby Section 152 (1) of the Constitution sets out the objects of the local government as follows: to provide democratic and accountable government for local communities; to ensure the provision of services to communities in a sustainable manner; to promote social and economic development; to promote a safe and healthy environment; and to encourage the involvement of communities and community organisations in the matters of local government.

The basic services that the municipality provides are as follows: water, electricity, sewerage and sanitation, and solid waste management (Statistics South Africa, 2018). However, it is important to note that municipalities do offer other services that are not limited to the basic services, such as: building regulations, gas retification, fire-fighting service, municipal planning, municipal health service, municipal public transport, beaches and amusement facilities, cemeteries, cleaning of local amenities, markets and abattoirs, municipal parks and roads, streetlighting and traffic and parking (Gomes & Torres, 1997).

According to Nkuna and Nemutanzhela (2012), local government as provided for in various acts of legislation, exercises powers to perform functions. In implementing those powers and functions, local governments are providing municipal services. The provision of municipal service is known as municipal service delivery. Nkuna and Nemutanzhela (2012) further noted that the municipality service delivery should be understood as a combination of implementing authority by municipalities over functions they are responsible for to ensure that basic services are provided.

Moreover, the responsibility of the local government is to promote social and economic development through infrastructure investment and aid, to mitigate poverty by providing free basic services to poor households as articulated in the constitution of Republic of South Africa (1996). To support the municipal service delivery to the poor, the national government provides a local equitable share to municipalities, which is one of the primary funding components. This allocation supplements municipal expenditure to achieve widespread access to basic services. Conditional grants supplement various programmes partly funded by municipalities, such as regional bulk and

municipal network infrastructures for electricity, water and sanitation. (Makgamatho, Makhura & Sebola, 2013) .

Statistics South Africa (Stats SA) (2017) put forward the idea that, for the communities to have an improved quality of life, access to adequate basic services such as clean water and sanitation to mention a few, is necessary as these basic services are the fundamental building blocks of well-being and provide human dignity. Stats SA (2017) further mentioned that since 1994 the country has made great strides to improve the quality of life of the South African residents by providing basic services to the un- and underserviced households, especially in the rural and informal areas; however, the development of the service was regularly done to the detriment of the existing service.

In support of the aforementioned finding, Van der Walt and Haarhoff (2004) indicated that the deliberate drive for extending services in various South African urban areas and towns was to the detriment of the existing services needing urgent maintenance or refurbishment and many municipalities do not have adequate resources to spread around. The authors further questioned the ability of the municipalities to maintain the system with all the new infrastructure if they are unable to maintain their current infrastructure due to the lack of resources.

Furthermore, this is valid in situations where costly excellent service, for example water borne sanitation of ventilated improved pit-latrines, and services in relatively far-flung rural areas were installed. Therefore, the quality of infrastructure, effective functioning of the service, and the accessibility thereof, should be the critical requirements in evaluating service delivery. These elements definitely affect the fulfilment of the clients who utilise the municipal service (Statistics South Africa, 2017).

Van Der Walt and Haarhoff (2004) stated that since 1994, almost all resources accessible for municipal infrastructure were diverted to poor communities where low levels of access to service existed. For example, during the five-year time frame between 1996 and 2001, a total of 1.85 million households received flush toilets nationally. In 2011, there were 14.45 million households nationally that had access to basic services.

According to Statistics South Africa (Stats SA) (2017), the interest for, and capacity of municipalities to provide services are affected by the income distribution of households. However, poor municipalities are for the most part compelled to deal with large service delivery backlogs with constrained budgets and human capital, while wealthier municipalities frequently cross subsidise services to the poor households.

The Millennium Development Goals (MDGs) were adopted by the United Nations (UN) in 2000, while South Africa at that time took a strategic and pragmatic approach in service delivery to provide all the people with access to these services, and to address environmental sustainability prior and post the adoption of the UN MDGs (Statistics South Africa, 2015). The strategic mediations comprised the domestic focus on enhancing access to basic services, which incorporated water, sanitation, electricity and housing. The national domestic focus for water and sanitation access which was to address and resolve all backlogs and achieve 100% for all South Africans by 2014, was not achieved (Statistics South Africa, 2015).

One of the national government objectives is to ensure that all South Africans have access to basic water and sanitation services. According to Statistics South Africa (2017), the National Development Plan explains the national improvement objectives of eradicating poverty and inequality by 2030. In order to achieve the NDP objectives, the Medium Term Strategic Framework (MTSF) for 2014-2019, has prioritised the rollout of required infrastructure and free basic service to poor households. In relation to water, the MTSF reflects the government plan to improve the percentage of households with access to functional water from 85% in 2013 to 90% by 2019. In spite of the fact that 100% targets of access to water and sanitation were not accomplished by 2014 due to water, infrastructure and sustainability challenges, the South African government endeavours to expand service delivery are a sign of government's responsibility to its national improvement needs set before the appropriation of the MDG targets. Another initiative, such as that mentioned by the Department of Energy (DoE) 2012, cited in Stats SA (2015), is the "adoption of the Integrated National Electrification Programme (INEP) in 1994 which facilitated electricity access to 5.4 million households with 85% of all households in South Africa having access to electricity by 2012. This prompted the government drive of endeavouring to expand the power goals from 89% in 2009 to 92% by 2014, as a feature of its DMIs, while remembering the objective for widespread access by 2025 in accordance with the NDP Vision 2030" (Statistics South Africa, 2015).

According to Stats SA (2015), due to the South African government's commitment to setting higher targets than the MDG target (100% scope) and the foundation of engaged and devoted delivery programmes, more than 89% of the South African population gained access to an enhanced water facility, and in 2011, over 91% had access, which surpassed the MDG 2015 target of 88.3%. Since 2007, South Africa has focused on the need to centre around the guideline of dependable and economical water supply. A related indicator was produced to gauge access to manageable water from a tap. The government additionally began the way toward preparing resources to address activities and maintenance limitations of the rural territories through focusing on the significance of 27 Rural District Municipalities (DMs).

In 2010, the objective of the water access target that is in accordance with the worldwide advancement was accomplished. With respect to sanitation, by 2012, more than 75% of the South African population had an enhanced sanitation facility, surpassing the 2015 mark of 74.7% in advance. This is a huge accomplishment, contrasted with other creating nations, where sanitation is not just an African test, yet a worldwide issue with in excess of 2.5 billion individuals not approaching enhanced sanitation by 2012, with Africa carrying part of the load (Statistics South Africa, 2015).

The in-depth analysis report of the community survey 2016 data, conducted by Stats SA (2017), covered access to: **water, sanitation, solid removal waste and electricity**, as discussed next.

In relation to access to water services by communities in South Africa, an analysis report indicated that 89,8% of households in South Africa utilised piped water as their main source of drinking water. Further, 75% of the households recovered water inside the home (44,4%) or inside their yards (30%), while 1,9% recovered it from a neighbour's tap and 13,5% got to it from a collective tap. Nonetheless, 4,3% of families still depended on water from risky sources, for example rivers, streams, wells or springs. Households' access to channelled water as their fundamental source of water was most astounding in the Western Cape (99%), Gauteng (97,4%) and Free State (96,2%), and least in Eastern Cape (75,1%) and Limpopo (79,9%). An extensive level of family units in the Eastern Cape (17,9%), KwaZulu-Natal (7,6%) and Limpopo (6,7%) still depended on perilous sources of water (Statistics South Africa, 2017) .

In relation to sanitation, 63,3% of family units in South Africa utilised flush toilets associated with either general society sewerage or a local septic system. A further 12,2% of family units utilised pit toilets with ventilation pipes, while a small number (0,3%) for the most part utilised an assortment of arrangements that included biological and urine redirection toilets. Numerous family units continue to have poor access to satisfactory sanitation, as can be seen from the 13,7% of families that utilise pit toilets without ventilation pipes, 2,2% that still utilise some sort of bucket system, and 2,4% that have no access to sanitation (Statistics South Africa, 2017).

The circumstances, nevertheless, differed significantly among the provinces. “While flush toilets were basic in the Western Cape (93,4%) and Gauteng (86,3%), they were substantially less basic in Limpopo (23,6%), Mpumalanga (45,7%), Eastern Cape (46,7%), KwaZulu-Natal (46,8%) and North West (47,7%). Pit toilets without ventilation pipes were the most frequently used in Limpopo (39,8%), Mpumalanga (28,8%) and North West (28,2%)” (Statistics South Africa, 2017).

According to Stats SA (2017), the access to refuse removal service nationally is available to 63.9% households, with their waste being removed once per week or less regularly. Refuse collection was most frequent in the Western Cape (89%) and Gauteng (86.7%), and least frequent in Limpopo (23.3%), Mpumalanga (42.7%) and Eastern Cape (43.5%). The report further indicates that nationally, at the time of data being collected, nearly one-third (30.1%) of households had little or no refuse services. The utilisation of own refuse dumps or not having any refuse disposal services was the situation mainly in Limpopo (71.8%), Mpumalanga (50.5%), Eastern Cape (50.3%) and KwaZulu-Natal (42.9%). The utilisation of central collection points or shared containers was relevant in the Western Cape (4.5%). This type of disposal system is largely utilised in the informal settings and an alternative for kerbside removal (Statistics South Africa, 2017).

Regarding electricity, the Stats SA (2017) report stated that electricity in South Africa has become almost universal. While access is different across municipalities, in 2016, 87.6% of households indicated they had access to electricity. The Western Cape (92.7), Free State (91.9%) and Limpopo (91.4%) were measured to have high access, while Eastern Cape (84.3%), Gauteng (85.6) and KwaZulu-Natal (85.6) lagged behind. The report further indicated that the urban municipalities have more access to electricity than the rural municipalities. Although 87.7% and 88.6% households utilised electricity in metros and secondary cities (category A and B1 municipalities) respectively, access was marginally lower in rural (B4) municipalities.

According to Stats SA's (2015) perspective, South Africa gained huge ground in the objective of enhancing access to essential services for those communities living in informal settlements. The South African government's domesticated target 7D was to guarantee that 400 000 family units in casual settlements are overhauled with access to essential service, such as water and sanitation by 2014. Sixty-six percent of the homes in informal settlements are to be found in the metropolitan municipalities, which are in a superior position to address the financial state of the urban poor. The profits of this approach with respect to access to essential services brought about an aggregate of 447 480 family units living in informal settlements approaching enhanced basic services by 2014; however, residency security still remains an issue, disturbed by rural urban movement to huge metropolitan urban communities (Statistics South Africa, 2015).

Stats SA (2015) put forward the idea that, in accordance with "the National Development Plan (NDP), the power target is to achieve all-inclusive access by 2025 during which 90% of family units will approach from grid technologies and 10% from non-grid technologies". Utilising the GHS information for 2002 to 2013, there has been an expansion in access to power from 77.1% to 84.5%. This indicates that the 90% grid technologies' target by 2025 is possible. Goals for access to enhanced service delivery (e.g. power) need to consider arranging bulk infrastructure and to factor in the ceaseless maintenance of infrastructure (Statistics South Africa, 2015)

It is important to achieve delivery of new infrastructure just in those territories where it is required, while maintaining the rest to guarantee that access depends on accessibility of facilities and on the provision of the service itself. Developing urbanisation presents challenges for access to electricity and different services in urban regions. The greater part of the informal settlement zones in the nation have not been announced, and this is troublesome for the government to provide electricity to zones that are not yet declared, since there is no affirmation that these settlements will not be moved/migrated to different territories. In the rural areas, the key challenges incorporate the absence of infrastructure, geology, and scattered settlements and family units (Statistics South Africa, 2015).

2.8 Empirical literature

Having discussed the conceptual framework on MIG and service delivery, and how the three elements (MIG, IDP and service delivery) are interrelated and critical in the service delivery value

chain, this section now focuses on the empirical studies that were reviewed in order to assist this study in its objective of assessing the effect of the MIG in improving service delivery.

Various researchers or authors have conducted a study on the MIG programme from the different perspectives. Matabane (2017), in the study titled “The impact of the Municipal Infrastructure Grant on basic service delivery: A case of the Elias Motsoaledi Local Municipality in Limpopo province”, found that municipalities do try their utmost to comply with the MIG framework. However, in doing so, there is a pattern that neutralises those efforts, such as the tendency to begin spending at the fourth month (October) of the financial year, rather than the first month (July) of the financial year, meaning that the SCM processes for that financial year are initiated in the second quarter of the year, rather than in the last quarter of the previous year (Matabane, 2017). It is important to note that the municipality financial year starts on the 01 July of the relevant year, and ends on the 30 June of the following year (e.g. 01 July 2017 and 30 June 2018). In Matabane’s (2017) view, this inclination prompts underspending of the MIG in overall allocation, while at the project level the outcome shows some over-spending tendencies.

In support of the aforementioned findings by Matabane (2017), the findings of the AGSA (2016/17) report, titled “The Consolidated General Report on the Local Government Audit Outcomes”, revealed the same challenges that are mentioned by Matabane. However, they are not limited to those of Matabane and some of the findings are captured in Section 2.7.2 which deals with South African municipalities’ compliance with MIG conditions.

Furthermore, Matabane (2017) in her key finding about the challenges of the MIG programme noted the inadequate or lack of capacity of technical administrative skills and project management skills, which are critical in MIG administration. The community representative does not have a sound knowledge of how the projects that are funded through MIG are budgeted for. The MIG funds are limited resources and therefore are not adequate to address all the infrastructure backlogs in the community such as roads. That leads to community representatives not being satisfied with the municipality.

Also in support of Matabane’s findings are those of Singo (2014), as revealed in the thesis called “Assessment of the Utilization of MIG for Sustainable Service Delivery and Improved Quality of Life of the People: A Case Study of the City Tshwane Metropolitan Municipality, Gauteng

Province, RSA”. With regards to the challenges faced by South African municipalities in the sustainable infrastructure development and provision of service delivery, the author’s findings were similar to the situation experienced by municipalities such as the compliance matters that are still problematic, supply chain management problems that delay the service delivery, lack of consequence management being applied to service providers who do not meet their commitments, lack of capacity of technical administrative skills and project management skills, which are critical in MIG administration (Singo, 2014).

Moreover, in Van der Waldt’s (2014) study in “exploring the practices and challenges associated with design and execution of the infrastructure (capital) projects and uncovering the best practice for innovative project governance”, he found that: the MIG programme is the most prominent programme to direct the development of municipal infrastructures, as it plays the crucial role in social and economic development. It provides services that create employment opportunities and provide basic services to the urban poor. The challenges that were identified by the author were issues concerning the lack of technical/administrative skills, as well as financial and political/governance obstacles.

Furthermore, in Schurink and Pretorius’s (2014) study about “Enhancing Service Delivery in Local Government: The Case of A District Municipality” the aim was to offer a leadership model for enhancing service delivery within local government. The findings revealed that were challenges hindering service delivery at the district municipality level. The main problems were the lack of funding, resources and communication, ensuring service excellence through appropriate institutional arrangements and competent, committed politicians (Pretorius & Schurink, 2014).

According to Van Der Waldt (2014), “the following potential remedies can be utilised by the municipalities in their MIG administration: the implementation of Service Delivery Forums to identify and prioritise infrastructure needs; the alignment of MIG with the Financial Management Grant (FMG), and the Municipal Systems Improvement Grant; the implementation of a Project Register in the Office of the Premier to prioritise, document and track the progress of sectoral and municipal projects in the province; proper infrastructure project oversight by the Audit and Risk Committee and the Municipal Public Accounts Committee; and the use of a Project Management Information System (PMIS) and scientific data collection of infrastructure projects through

Geographical Information System (GIS) technology, such as GISTEXT (Land Information Web based application), City Map (Intranet Map Services), and ArcGIS Server (GIS web applications)” (Van Der Waldt, 2014) .

Oosthuizen and Thornhill (2017) provided a different perspective in their study “The grant system of financing the South African local government sphere: Can sustainable local government be promoted?”. The study’s main objectives were to address the justification for the allocation of grants to the various categories of municipality, then to explain the various kinds of grants and attend to the question of whether municipalities could provide sustainable services if they have to rely on grants. The findings of the study included: The local government sustainability is not necessarily ensured by the provision of grants to municipalities. The answer lies in the effective and efficient way in which the funds are implemented, as well as rigorous controls by National Treasury for those municipalities that constantly under-spend or misuse their funds, as well as maladministration and corruption. For municipalities to manage their budget they must take responsibility and comply with the requirements of the MFMA. In order for municipalities to constantly improve their financial performance, they must address the Auditor-General’s findings. For municipalities to ensure that funding is allocated according to project plans and linked to performance and budgets, regular monitoring of the municipal IDP must take place. The municipalities should place higher priority on the collection of the revenue owed to them for the services delivered by ensuring that their billing system is sound.

Makale (2015), in a study on the “Service Delivery in South African Rural Municipalities”, sought to “present the status of service delivery at both municipal and ward level for rural communities under the administration of all category B4 municipalities in South Africa”. The findings revealed that the close proximity of points of interest does benefit rural communities in terms of the following: access to basic services as they increase chances for employment, thus reducing migration of men; male headed households in rural communities have better access to basic services compared to female headed households; rural service provision has been compromised. Regarding basic services, the study further found that the “improved status of service delivery in a rural community favours the formal dwelling structures, employed head of household, having less than 4 people in a household, owning a radio and having some education. The inverse therefore suggests that the most limited access to basic services are experienced by households living informally (traditional or informal dwellings), most likely with no education, no employment, and

therefore no income”. Governance issues such as “lack of skills, corruption, intergovernmental relations and partnership with NGOs and other service providers for better service provisioning might be playing a much bigger role in the state of service delivery in rural municipalities. Local government should therefore capacitate management within rural municipalities or, alternatively, provide incentives for key positions within these municipalities to attract better skilled personnel” (Makale, 2015).

Kopung’s (2017) study, titled “ An Operational Framework to Improve Municipal Infrastructure Grant Spending in North-West Province, South Africa”, 2017, found that the MIG underspending in the municipalities was due to the following : i) “lack of independence by PMUs; (ii) the need to meet strict time frames; (iii) poorly functioning intergovernmental relations (IGR); (iv) procurement plans not being adhered to; (v) competent service providers not always being appointed; (vi) lack of involvement of communities through the project life cycle; (vii) lack of clear-cut policies regarding MIGs; and (viii) limitations on change management, requiring reduction in high staff turnover and the appointment of PMUs on a permanent basis” (Kupung, 2017).

Kopung’s (2017) further key findings were that “total spending of MIG funds does not necessarily mean the backlog has been eradicated. The implementation of a proper framework will assist in proper expenditure of MIG funds. Secondly, it will eradicate service backlogs and minimise service delivery protests. It will result in provision of essential services to the communities that so direly need these. Finally, minimal amounts will be returned unspent to the National Treasury”.

Furthermore, Van Der Waldt (2014) , in the study titled “Infrastructure Project Challenges: The Case of DR Kenneth Kaunda District Municipality”, aimed to find “workable solutions to ensure that best practice is applied in operating and maintaining municipal services infrastructure in a sustainable manner. The study also explored possible short- and long-term options, including support from consulting engineers and outsourcing of essential services to the private sector”. The findings reflect that municipalities do not allocate enough resources (budget) for operating and maintaining their infrastructure and service delivery. Provincial and national government are more willing to commit funds for capital projects through MIG funding, but reluctant to support municipalities to meet their operating and maintenance obligations, which lead to the municipal infrastructure being replaced before the end of its useful life. According to Van Der Waldt (2014),

since there is a direct link between operating and maintaining and the life cycle costs, the status quo needs to be challenged. There is a disparity between the municipal demands and MIG allocation. Lastly, the author stated the common challenges that are experienced by municipalities which include: political intervention; unforeseeable circumstances, such as bad weather; human resource capacity and high staff turnover that results in loss of institutional memory (Van Der Waldt, 2014).

2.9 Conclusion

This literature review first discussed decentralisation and intergovernmental finance systems in a global perspective, highlighting how sub-governments are dependent on central governments due to fiscal imbalances. Secondly, the chapter explained the instrument of intergovernmental transfers, which is grant funding and its three broad categories. Thirdly, it discussed the legislations that guide the intergovernmental transfer in the South African context. Fourthly, this chapter covered the local government grant framework in the South African context, including an outline of other infrastructure and capacity grants. Lastly, it dealt with the conceptual framework on the MIG and service delivery. This brought the section back to the topic of this research: the MIG programme, and the section specifically focused on its objectives and challenges including poor implementation.

CHAPTER 3: METHODOLOGY

3.1 Introduction

The previous chapter focused on the literature review that relates to the impact of MIG on the service delivery. This chapter highlights the research methodology that was applied in the study. The chapter is structured as follows: Section 3.2 presents the study area; 3.3 discusses the research approach and strategy; 3.4 deals with the data collection, frequency and choice of data; 3.5 discusses sampling for the study; 3.6 is an analysis of the data; 3.7 discusses the research reliability and validity; and lastly 3.8 states the limitations of the study.

3.2 Study location

The study was undertaken in two local municipalities, namely Theewaterskloof and Overstrand Municipalities, each situated in towns in the Overberg District (OBD) region in the Western Cape Province. The Theewaterskloof head offices are situated in Caledon, while the offices for the Overstrand Municipality are situated in Hermanus. Both these aforementioned municipalities are beneficiaries of the MIG programme in the OBD region. The study focused on the basic service delivery in relation to the MIG.

According to the Municipal Economic Review Outlook report, compiled by the Western Cape Provincial Treasury (2017), in the OBD region, the core economic sectors in the local areas include the wholesale and retail trade, catering and accommodation the finance, insurance, real estate and business services, the agriculture, forestry and fishing and the manufacturing sectors. There are five municipalities, namely: Theewaterskloof, Overstrand, Cape Agulhus, Swellendam and Overberg District Municipality. This research focused on Theewaterskloof and Overstrand Municipalities. The map in Figure 2.2 below is one of the Overberg region and indicates the Theewaterskloof and Overstrand municipal areas.



Figure 3.1: Overberg region map

Source: Municipalities.co.za

3.2.1 Overview of Theewaterskloof

The Theewaterskloof Municipality population size in 2018 was estimated to be 119 052, and after five years this population is estimated to be 125 505. According to Stats SA (2016), the Theewaterskloof population by gender in 2016 comprised 49% males, while the females made up 51%. The population by racial group in 2016 were as follows: African (24.77%), Coloured (65.22%), Indian/Asian (5.18%), White (9.52%). The 2016 data showed that the Coloured community formed the greater proportion of the population in the municipality, followed by the African community. The municipality indicated that their population in total was the largest population in the Overberg district in 2016 (Theewaterskloof Municipality, 2018).

In relation to the age cohorts: Children (0-14 years) make up 29 873 of the population; working age (15-65 years) 75 465; and the aged (> 65+) 5 601. The dependency ratio is 46.1%. The ratio indicates the dependency of people who are in the workforce and those who are depending on them (children and aged). A higher dependency ratio means more pressure on the social system and the delivery of basic services (Western Cape Government, 2017).

Theewaterskloof Municipality has an indigent policy. Its objective is to alleviate poverty in economically disadvantaged communities. According to the Western Cape Government (2017), the number of indigent households in the Theewaterskloof area was as follows: 5022 (2014), 6200 (2015) and 7959 (2016). The municipality experienced an increase in number of indigents between 2014-2016, indicating an increased demand for indigent support and an additional burden on municipal financial resources (Western Cape Government, 2017). The municipal Council consists of 27 councillors, with a total number of 14 wards. The study focused on the four of the 14 wards. The councillors per political party are: DA = (14), ANC (10), EFF (1), ICASA (1) and EFEC (1) (Theewaterskloof Municipality, 2018).

The Municipal Economic Review and Outlook (MERO) report, compiled by the Western Cape Provincial Treasury (2017), stated that Theewaterskloof area is the largest local economy in the district, contributing to R7.0 billion (40.8%) of the economy of the OBD. The primary land use in the municipal area comprises agriculture activities, with areas characterised by apple production, wheat and canola fields forming the central and eastern landscape of the municipal area (Western Cape Provincial Treasury, 2017).

Base on the Western Cape Provincial Treasury (2017), the commanding economic sectors in the Theewaterskloof area include wholesale and retail trade, catering and accommodation (17.8%); finance, insurance, real estate and business service (16.6%); manufacturing(13.4%); and agriculture, forestry and fishing (14.1%) sectors. In relation to employment, the economic sectors that contributed the most in the Theewaterskloof area in 2015 were the agriculture, forestry and fishing (26.8%), as well as the wholesale and retail trade, catering and accommodation (19.7%) sectors (Western Cape Provincial Treasury, 2017).

This shows that there is a high dependency on the agricultural, forestry and fishing sectors for employment which impacts the local economy in terms of spending by households as workers in this sector are typically low-skilled and earn lower levels of income. Employment is also seasonal for many workers which impacts the supply and demand for goods and services from other sectors (Western Cape Provincial Treasury, 2017).

It is important to note that the positive trajectory of indigents and growing numbers of people who are seasonal farming workers in the municipal area has an effect on the financial sustainability of

the municipality, as the revenue base of the municipality is shrinking, given the difficult economic conditions that are being experienced nationally.

3.2.2 Overstrand overview

In 2018, the Overstrand Municipality population size was estimated to be 91 190 and after five years this population is estimated to be 98 065. According to Stats SA (2016), the Overstrand population by gender in 2016 comprised 49.52% males, while the females made up 50.48% of the population. The population by racial group from 2011-2016 was as follows: African (27%), Coloured (37%), Indian/Asian (0.10%), White (36%) and Other (0%). In 2016 their composition was as follows: African (43%), Coloured (31%), Indian/Asian (0.30%), White (31%) and Other (20%). The data between 2011-2016 showed that the African community formed the greater proportion of the population in the municipality, followed by the Coloured community. The municipality indicated that their population in total was the second largest population in the Overberg district in 2016 (Overstrand Municipality, 2017). According to Stats SA (2016), 94% of the population in Overstrand resides in the urban areas, while 6% resides in rural areas. The number of households in the municipality area was 32 294 in 2016 (Overstrand Municipality, 2017).

In relation to the age cohorts: Children (0-14 years) make up 20 410 of the population; working age (15-65 years) 58 253; and the aged (> 65+) 12 527. The dependency ratio is 56.5%. The ratio indicates the dependency of people who are in the workforce and those who are depending on them (children and aged). A higher dependency ratio means more pressure on the social system and the delivery of basic services (Western Cape Government, 2017). Based on the Overstrand Municipality (2017) statistics, the number of poor people living below the poverty line within the municipal area, in 2016, comprised 41.5%. This situation should be improving as the income of more households in the Overstrand municipal area is progressing out from the poverty line.

According to Western Cape Government (2017), the number of indigent households in the Overstrand area was as follows: 6787 (2014), 7803 (2015) and 7665 (2016). The municipality experienced an increase in number of indigents between 2014-2016, indicating an increased demand for indigent support and thus an additional burden on municipal financial resources (Western Cape Government, 2017). The municipal Council consists of 25 councillors, with a total

number of 13 wards. This study focused on four of the 13 wards. The councillors per political party are: DA = (16), ANC (8) and EFF (1) (Overstrand Municipality, 2017).

The commanding economic sectors in the Overstrand area are finance, insurance, real estate and business services (24.1%); the wholesale and retail trade, catering and accommodation sector (19.6%); and the manufacturing (14.5%) sectors. These sectors have been growing at above average rates over the last five years (Western Cape Provincial Treasury, 2017). It is important to note that, the growth in the economic sectors leaves the municipality with a potential increase in their revenue base, which is commendable given the unemployment, high inflation, political instability and volatile exchange rates that are weakening the South African economy.

In Overstrand area in 2015, the wholesale and retail trade, catering and accommodation (28.2%), the finance, insurance, real estate and business services (15.0%), and the community, social and personal service (13.5%) sectors, were the economic sectors that contributed most to employment. However, it is important to note that in 2016, the agriculture, forestry and fishing, the wholesale and retail trade, catering and accommodation, and the transport sectors shed 242 jobs (Western Cape Provincial Treasury, 2017).

In relation to the skills levels in the Overstrand area, the Western Cape Provincial treasury (2017) indicated that the bulk of formally employed workers (46.5%) were semi-skilled in 2015, whereas 33.3% were low-skilled and 20.3% were skilled. The number of low-skilled workers have been declining on average by 0.02% between 2005 and 2015, while the number of semi-skilled and skilled workers have been increasing by 0.5% and 0.8% respectively over the same period. The decline in low-skilled workers is in line with overall decline in agriculture, forestry and fishing sector workers in the ten-year period, but can also be attributed to skills development.

3.3 Research approach and strategy

This study used a qualitative approach. This is because qualitative research allows the researcher to understand and describe rather than explain and predict (Mouton, 2001). In Jonker and Pennink' (2010) view, qualitative research depends on the way the knowledge about the reality is acquired through 'the eyes of someone else', which in essence was the goal of this study. The qualitative methods such as field studies, case studies, interviews and direct observation, as well as document analysis (Mouton, 2001) were utilised to carry out a comparative study between two focus

municipalities. In addition, the researcher also used secondary analysis to develop a nuanced understanding of the research sites.

The study focused on understanding the views of municipal and provincial officials, and community representatives regarding the effects of the MIG in improving service delivery. Furthermore, the study focused on compliance with the MIG framework by the two municipalities as stipulated by DORA and the level of the basic service delivery provided by them. For that purpose, Theewaterskloof and Overstrand Municipalities were selected for the comparative study.

3.4 Data collection, frequency and choice of data

3.4.1 Interviews

As Bogdan and Biklen, (1998:35) stated, “qualitative researchers are interested in how people act and think in their own settings; they attempt to ‘blend into the woodwork’, or to act so the activities that occur in their presence do not differ significantly from those that occur in their absence”. Given this understanding, semi-structured questionnaires were used to conduct face-to-face interviews with targeted respondents at Theewaterskloof and Overstrand Municipalities, using open and closed-ended questions to encourage participants to share their experiences. The participants for this study were selected and the following interviewees from the both municipalities and provincial department took part in the study: Chief Financial Officer, Senior Manager: Financial service, Manager: MIG and Capital Programmes and Engineering Assistant: Technical Service. Furthermore, the community representative such as the councillors and the community development workers for both municipalities took part in the study. In addition to that, given that the DPLG monitors the implementation of the MIG programme in the Western Cape, a Deputy Director: MIG unit at DPLG was interviewed to discuss the implementation and challenges of the grant. In total, 15 interviews were conducted.

The interviews were conducted in a manner to ensure that the participants were comfortable, with the goal of producing a variability of responses. The researcher treated all the participants with respect and dignity. The interviews focused on MIG process and how it affects the service delivery within the municipality. Audio recordings were taken and in-depth discussion enabled the researcher to obtain comprehensive knowledge of the concepts. These interviews were conducted in the English language (given that this was the shared language of most of the participants) and the researcher facilitated and transcribed them.

3.5 Sampling

Keller (2009) stated that a sample is a set of data from the studied population. According to Jonker and Pennink (2010), the reason for sampling is to have the capacity to infer, from the sample, the characteristics of the population as a whole. Only when the sample is random is it possible for a sample attribute to apply to the population as a whole.

3.5.1 Sampling methods

For the purpose of this study, non-probability sampling was utilised, as the likelihood of the element of the population to be included in the sample could not be determined, the probability exceeded zero (Welman, Kruger, & Mitchell, 2005). The sampling approach that was used was purposive sampling, because the selection of unit of analysis or participants was deliberate. This approach enables the researcher to explore in detail and understand the central themes and issues which are intended to be studied in the research, as the sample units are chosen due to their characteristics (Richie & Lewis, 2003). In the case of this study, not everyone in the municipality is involved with the MIG programme and infrastructure. For this reason, only four of the 13 wards in Overstrand Municipality were selected, namely wards 1, 4, 5 and 6. For Theewaterskloof Municipality, four of the 14 wards selected were wards 1, 3, 4 and 7. The community representative for each of these wards was selected as they possess the knowledge of the projects and are stakeholders of the municipality.

3.5.2 Sample size

The purposive sampling approach, as referred to in Section 3.5.1, comprises the deliberate selection of a unit of analysis or participants or other sampling units (Richie & Lewis, 2003). For the purpose of the study, the profiles of the participants selected from both municipalities are presented in Table 3.1 below.

Table 3.1: Target population and sample size

	Theewaterskloof Municipality		Overstrand Municipality		Department of Local Government	
	Target Population	Sample Size	Target Population	Sample Size	Target Population	Sample Size
Municipal officials including senior management	3	2	3	2	0	0
Councillors	5	3	5	2	0	0
Community Development workers	5	2	5	3		
Provincial official	0	0	0	0	2	1
Total	13	7	13	7	2	1

The municipality officials who were targeted as a sample of the study included the PMU manager, which is responsible specifically for managing MIG funds and infrastructure projects attached to those funds. The technical director is responsible for all the infrastructure issues including MIG funded projects and the PMU manager reports to him/her. The technicians ensure that the administration and implementation of infrastructure projects are taken care of. The provincial official and the member of the executive council for infrastructure were selected as part of the senior management. Furthermore, five councillors and five CDWs were included in the sample of study.

3.6 Data analysis

According to Welman et al. (2005), qualitative analysis often involves analysing interviews and doing content analysis. The analysis of an interview is done by identifying important themes in the participant responses, coding the data, and then creating frequency distribution for these themes. In this study, the data analysis mainly comprised the qualitative content analysis technique, as well as descriptive statistics (frequency and percentages) to analyse quantitative data.

The analysis of qualitative data was done through content analysis. According to Richie and Lewis (2003), content analysis in which the content of the document is analysed, takes place as follows: themes are identified, with the researcher focusing on the way the theme is treated or presented

and the frequency of its occurrence. The authors cited in (Berelson, 1952; Robson, 2002) stated that the analysis is then linked to the ‘outside variables’ such as the gender and role of the contributor. The content analysis is adopted in order to turn a large set of raw data into useable evidence through data reduction methods to limit the amount of data gathered.

3.7 Research reliability and validity

Creswell (2003) argued that to ensure the validity of the qualitative approach, it is necessary to determine whether the findings are accurate from the standpoint of the researcher, the participant or the readers of the account. The strategy that this study employed to convey and support the findings of the study is the rich, thick description. According to the author, this may transport readers to the setting and give the discussion an element of shared experience. The researcher used the different data sources such as the municipal officials, provincial official and community representatives.

It is the researcher’s duty to guarantee that sources and information are introduced and dealt with appropriately. Furthermore, it is vital for the researcher to acknowledge and confirm the sources before utilising them. In respect of the secondary data, the reliability of the data and information displayed in this examination are guaranteed through legitimate reference of sources. Reliability is concerned with the findings of the research and relates to the credibility of the findings (Welman et al., 2005).

The semi-structured questionnaires for the study were developed to ensure the respondents would feel comfortable. Regarding the interviews, participants had to give their consent to participate and completed consent forms prior to the process. These consent forms also allowed for the conversations to be recorded.

In addition, it was important to consider ethical considerations for this study as certain respondents might have been at risk by participating in the study. “Ethical behaviour is important in research, as in any other field of human activity. Certain ethical considerations, concerned with plagiarism and honesty in the reporting of results, arise in all research but additional issues arise when the research involves human subjects in both biological and social sciences. The principles underlying research ethics are universal and concern issues such as honesty and respect for the right of individuals” (Welman et al., 2005).

3.8 Limitations

The speech and language utilised in the surveys may not have been fully comprehended by a few respondents, which could have rendered distorted answers with no impact on the exploration inquiries. One of the impediments to the examination could have been accessing a few reports, as some documents might not be available to anyone. This absence of data could inalienably be a critical block and make it fairly hard to discover examples and patterns essential to the end goal of this exploration. What's more, while at the start of the research the researcher realised that it might be fairly simple to discover patterns, designs and the number of households that benefitted from MIG, it could likewise be hard to accumulate certain vital information. Johannes and Rob (2008) pointed out that exact experimental research requires precise and exhaustive information yet by and by this necessity is only occasionally fulfilled. Getting precise information about the correct number of families affected by the improvement was impossible, despite the data being carefully accumulated from respectable sources like Stats SA. For instance, information on various family units that profited from advancement in provincial regions may not be as thorough as that gathered from urban areas. Analysing information to determine the effects of the financing improvements is not always simple and exact, since some information might be missed, deferred, or difficult to determine at national and territorial levels.

CHAPTER 4: DISCUSSION OF FINDINGS

4.1 Introduction

The principal aim of this study was to examine the impact of the MIG in improving service delivery of the Theewaterskloof and Overstrand Municipalities. This chapter presents and analyses the findings from the semi-structured questionnaires in which both closed and open-ended questions were used to gather data from 15 purposively selected research respondents. Furthermore, secondary data such as documents that contain financial and non-financial data were analysed. Qualitative data was gathered and analysed.

The outcomes of the analysis of the research data collected from Theewaterskloof and Overstrand Municipalities in the Overberg region are presented and discussed in this chapter. The findings of the study are presented in four sections. Section 4.2 presents the response rate and the profiles of the respondents in the municipalities, which includes the age group, position, and highest level of education. (see Appendix B)

Section 4.3 presents responses to questions related to the factors influencing compliance with the MIG conditions by both municipalities. Section 4.4 presents respondents' responses in relation to the status of basic services. Lastly, Section 4.5 presents responses to questions related to MIG and basic service delivery. (see Appendix B)

4.2 Overview of data collection

This section presents the response rate and the profiles of the participants that took part in the study.

4.2.1 Response rate

The researcher personally administered a total of 20 questionnaires to the Theewaterskloof, Overstrand Municipalities and Department of Provincial Local Government in the Western Cape, South Africa. Fifteen questionnaires, indicating a 75% response rate, were returned and analysed as shown in Table 4.1, while the other questionnaires, that is 25%, were not returned.

Table:4.1: Response rate

Category	Frequency	Percentage
Overstrand Municipality	7	46.7
Theewaterskloof Municipality	7	46.7
Western Cape Department of Local Government	1	6.7%
Total	15	100%

Source: Estimates from survey data, 2018.

As indicated in Table 4.1 above, the questionnaires received from Theewaterskloof and Overstrand Municipalities represent half (46.7%) of the total distributed questionnaires respectively, while 6.7 % represent the questionnaires received from the Department of Local Government. Out of the total of 20 questionnaires distributed, only 75% were returned and analysed for this study.

4.2.2 Profiles of the respondents

This section describes the characteristics of the municipal officials, community representatives and provincial officials (age group, gender, position, highest level of education) that took part in the study (see Tables 4.2).

Table 4.2: Demographic characteristics of respondents

		Frequency	Percentage
Gender	Male	12	80%
	Female	3	20%
	Total	15	100%
Age	20-29	1	6.7%
	30-39	7	46.6%
	40-49	4	26.7%
	50 and above	3	20%
	Total	15	100%
Roles/Category	Municipal official	4	26.6%
	Community representative	10	66.7%
	Provincial official	1	6.7%
	Total	15	100%
Positions	Project manager (PMU)	1	6%
	Chief Financial Officer/Senior Manager Finance	2	13.3%

	Technician (PMU)	1	6%
	MIG programme unit (Manager)	1	6%
	Councillors	5	33.3%
	CDW	5	33.3%
	Total	15	100%
<hr/>			
Educational			
Qualifications	Matric	4	26.7%
	National Diploma	8	53.3%
	Postgraduate Degree	3	20%
	Total	15	100%

Source: Estimates from survey data, 2018.

Table 4.2 indicates that 12 (80%) of the 15 respondents that took part in the study were males, while three (20%) were females. In relation to their age, the findings in Table 4.2 indicate that the majority of respondents that participated in this study were in the age category of 30-39 years, followed by 40-49 and 50-above, while the minority were in the age category of 20-29. From these data, it can be assumed that the majority of municipal officials and community representatives are the age of 30 and above. It is interesting that the respondents in the age category of 20-29 were in the minority, which reflects the unemployment rate reality in South Africa among young people aged 15-34, which was 52.8% in the third quarter of 2018 (October-November) of the 27.5% unemployed for young and old in the third quarter of 2018 (Stats SA, 2018).

The results in Table 4.2 above with regards to the roles/category indicate that the majority (66.7%) of the respondents that took part in this study were community representatives, followed by the municipal officials (26.6%), while the minority of the respondents were provincial officials (6.7%).

With regards to the positions, Table 4.2 indicates that five of the 15 respondents respectively were CDWs (33%) and Councillors (33%), while two respondents were Chief Financial Officer and Senior Manager Finance (13.3%) in their municipalities respectively. Furthermore, the last respondents were the technician (6%) and project manager in the PMU for the municipality and lastly the manager at the MIG unit at the Provincial department. The findings of this study show

that there was a fair representation from both municipalities for the finance, engineering positions and the community representatives to express their insight and views in relation to the MIG.

In relation to education, the above table indicates that the majority of the respondents that took part in the study had a national diploma (53.3%), followed by those with matric (26.7%) and the minority were those with a postgraduate degree (20%). This finding indicates that most of the respondents possess the academic capacity that would enable them to comprehend the municipal strategic documents; however, it is important to note that education without being exposed to work in practice is not enough.

4.3 Factors influencing compliance with MIG conditions

This section presents the discussion on the the Theewaterskloof and Overstrand Municipalities' compliance with the MIG conditions. The findings highlight a challenge that impedes the compliance with the MIG conditions and factors that enhance the compliance. The main challenge to compliance with the MIG conditions was identified as spending challenges. The factors that enhance the compliance to MIG were identified as accountability in terms of administration of MIG by the municipalities, mechanisms to monitor the MIG implementation, adequate capacity to administer MIG funds and level of understanding MIG processes by community representatives.

4.3.1 MIG spending challenges

There were a number of challenges to the spending of MIG. The first was to reach the spending targets as stated by the MIG conditions. The municipal official response was that:

“The MIG conditions state that that municipalities must spend 60% of their first transfer before subsequent transfers are made and must spend 40% of their total allocation by 31 December. It is not always possible to reach targets due to delays in procurement processes, construction related delays etc...” (Interviewee No. 3)

In support of this finding of this study, according to Matabane (2017), one of the causes of the municipalities to underspend was the tendency to begin spending at the fourth month (October) of the financial year, rather than the first month (July) of the financial year, meaning that the supply chain management (SCM) processes for that financial year were initiated in the first quarter of the new financial year, rather than in the last quarter of the previous year. This tendency of not

initiating SCM processes earlier perpetuates underspending of the MIG in overall allocation, while at project level the outcomes show some over-spending tendencies (Matabane, 2017). This view is also shared by Singo (2014) who argued that SCM problems were one of the causes that delays service delivery to communities.

The second challenge was for both municipalities to spend their MIG allocation while there was politically civil unrest that was interrupting the progress of the infrastructure projects. The following response from the municipal official illustrates the finding:

“In the 2017/2018 financial year civil unrest occurred in the latter half of the year, causing projects not to be completed by year end, resulting in an under spending of 22% of the allocation. An application was lodged to roll over the unspent fund as the projects were already in progress.” (Interviewee No. 4)

The last challenge to spending the MIG, according to the Theewaterskloof Municipality respondent, was as a result of the inadequate funding provided to the municipality. The response:

“Inadequate funding to address backlogs was one of the problematic issues that was plunging the municipality. Firstly, the municipality was forced to utilize portion of funds that was originally budgeted for sport development into indigent communities elsewhere to address backlogs to areas that mostly needed the funds. Secondly, the issue of co- funding is a problematic area for the municipality. Lastly, the future replacement cost of MIG funded assets and, repairs and maintenance cost of these assets are problematic and cannot be paid for from municipal own revenue.” (Interviewee No. 2)

This quote highlights how it is challenging for municipalities that do not have the financial muscle to maximise the use of grant funding, as they lack alternative and co-funding to implement and accelerate old and new backlogs of infrastructure projects in their region. In addition, it also indicates how inadequate the MIG allocation was in resolving the development of infrastructure in the areas of poor communities.

Common themes emerging from the data were that the causes of underspending in MIG projects were: (1) The delay in appointing the contractor due to the tedious and problematic supply chain processes; (2) Non-performance from the contractor; (3) Circumstances that are beyond the control of the municipality and contractor, such as the service delivery strike, in the case of Theewaterskloof and Overstrand Municipalities.

To support the above-mentioned finding, AGSA (2016) in their 2014/15 municipal audit findings indicated that spending in MIG projects was one of the problematic areas that municipalities in South Africa were battling with. In addition, the AGSA (2018) findings of 2016/17 were that, due to municipalities not always applying the principles of sound project planning and management, the spending on key projects relating to water and sanitation was riddled with inadequacies, resulting in poor quality workmanship and delays in the completion of projects. Subsequently, key performance targets were not always achieved or were not accurately reported (Auditor-General of South Africa, 2018)

4.3.2 Accountability demonstrated by municipalities

In general, the responses from the municipal officials and provincial responses indicated that both municipalities (Theewaterskloof and Overstrand) comply with the accountability cycle in terms of the administration of the MIG. The following statement from the respondent from DPLG supports this finding:

“The Theewaterskloof and Overstrand Municipalities do submit the monthly reports to the National and Provincial department as required by section 71 of the MFMA and DORA. Also the annual reports which include the financial statements” (Interviewee No. 5)

According to the DPLG (2007), municipalities must comply with the conditions put down by the Municipal Infrastructure Task Team (MITT) and managed by the DPLG through the MIG Unit. The purpose of the conditions is to ensure that municipalities address the objectives outlined in the MIG policy. In this finding of this study, the data shows that Theewaterskloof and Overstrand Municipalities do comply with the accountability cycle in terms of the MIG framework, as the respondent from the DPLG confirmed. The provincial department is responsible to ensure that the municipalities comply with the MIG policy.

4.3.3 Municipalities’ mechanisms for monitoring MIG implementation

Another theme which emerged from the compliance results was the effectiveness of the monitoring mechanism which facilitated the compliance with the MIG conditions. The number of respondents explained that the both municipalities comply with the MIG conditions as required by DORA, which is commendable. One of the interviewees’ response was that:

“Regular monthly MIG meetings between DCOG, DPLG, municipalities and other sector departments dealing with financial management, communication, capacity building, reporting and project registration issues. Submission of monthly reports, DCOG and DPLG visits to municipalities and attendance of project site meetings”. (Interviewee No. 3)

While the second respondent indicated:

“From a financial point of view the following mechanisms are in place: Monthly submission of the Appendix B: MIG return. Quarterly verification of grant spending with a sign-off by the Chief Financial Officer & Municipal Manager.” (Interviewee No. 4)

In addition, the provincial official’s response was as follows:

“The DPLG do have a mechanism to monitor MIG such as the database called AURECOM, the database is utilized to monitor project registration, monthly expenditure (budget implementation) and non-financial outputs of the MIG projects. Annual reports and detailed project implementation plan. The Database is updated daily. Also the DCOG provides frameworks of what can be used by provincial department to monitor the MIG implementation.” (Interviewee No. 5)

The three quotes above all indicate that National and Provincial Government work hand in hand with both municipalities through their intergovernmental platform to enhance their capacity to develop a mechanism for monitoring the MIG implementation. A common theme emerging from this finding is that both municipalities have mechanisms in place to monitor and ensure compliance with the relevant legislations and policies.

4.3.4 Municipalities’ capacity to administer MIG funds

For the municipality to be able to perform their responsibilities of the administration of the MIG, they may establish the project management units (PMU) to take responsibility for managing MIG projects. The PMU is a ring-fenced unit within the municipality that is dedicated to manage infrastructure (capital) projects (DPLG, 2007).

Based on the interviewees’ responses, both municipalities have a Project Management Unit, which is staffed with adequately skilled and experience personnel in dealing with MIG projects. This is supported by the quote below from the respondent from the DPLG:

“Both municipalities have PMU unit that have chief engineers, Municipal Managers, CFOs and administrative people”. (Interviewee No. 5)

According to the AGSA (2018) 2016/17 financial report, due to municipalities not always applying the principles of sound project planning and management, the spending on key projects relating to water and sanitation was riddled with inadequacies, resulting in poor quality workmanship and delays in the completion of projects. Subsequently, key performance targets were not always achieved or were not accurately reported. However, from the above-mentioned findings, it is noted that the both municipalities have capacity to administer the MIG.

4.3.5 Community representatives' level of understanding MIG processes

The data highlighted the community representatives' levels of knowledge and understanding of the MIG, decisions about projects and their budget allocation. It was important to ask the respondents to rate the level of their understanding of the MIG processes, as some of them such as councillors are part of the oversight and the structure that approves policies and budget in the municipality, which in this instance is a municipal council. The municipal council represents the needs of the community and ensures that the municipality performs its functions according to the IDP.

This finding was interesting, as the general response from the respondents was that they had an average knowledge and understanding of the MIG, the decisions about the projects and budgets. Furthermore, the respondents from both municipalities mentioned that decision making for the planning of budget and the projects in relation to MIG was mostly done by the administration of the municipality, and that the council or community representatives are not involved, hence some of them have a poor knowledge and understanding of the value chain of the MIG process. To support the finding is the response from the community representative:

“I would say my knowledge of MIG and how the budget decisions are made, it is average as normally the municipal officials after they are done compiling the budget they would bring it to us for approval”.
(Interviewee No 6).

The above-mentioned findings were also alluded to by Matabane (2017) in his research, which discovered that the community representative does not have a sound knowledge of how the projects that were funded through MIG were budgeted for. This shows that the municipal administration does not train the community representative in how the grant process works, especially the MIG for the context of the study, which is unfortunate as enabling the community

representative would improve transparency and give them the power to hold the municipality to account.

4.4 Status of basic service delivery

This section presents the respondents' responses regarding the status of basic services in Theewaterskloof and Overstrand Municipalities, Overberg region, Western Cape. The issues in relation to the delivery of basic services were identified as community satisfaction with service delivery, municipal challenges in providing basic services, and adequacy of basic services to communities.

4.4.1 Lack of community satisfaction with service delivery

In relation to this theme, the respondents (community representatives) were asked to indicate how satisfied the communities were with the provision of service. For the most part, respondents indicated that the communities were not satisfied with the service delivery. One respondent explained:

“No, the communities that live in the established informal settlement are not satisfied as well with the municipality services”. (Interviewee No. 6)

While another said:

“No, because the municipality drag their feet in relation to tackling issues that deals with providing basic services to the informal settlement and township, especially black areas to be specific such as Zwelitsha. They always come up with excuses such as the budget is limited. The Zwelitsha taxi rank is not user friendly. The service delivery protest that took place at Zwelitsha destroyed a lot of infrastructure that was around in the township such as the building that was made for the small business to have a platform to sell their product to the market. Government infrastructure was destroyed as well. The reason for the protest was due to lack of housing programme taking place in the area, for those people who are back yarders at Zwelitsha.” (Interviewee No. 7)

Lastly, the other response that indicated disapproval of municipality service:

“The informal settlement communities at ward 5,6 and 12 (Zwelihle) are not satisfied with the service rendered by the Overstrand Municipality as their prices of electricity and waters are expensive, the units tend to finish quick. The other issue is the problem of the storm water management system that does not seem to work properly as the roads are always full and damp with water when it is raining, to the level

whereby cars are unable to drive. And also lastly, the sewerage Pipes that are broken and leaking, the municipal response in this regard was slowly”. (Interviewee No. 8)

What these three quotes indicate is that the communities that live in informal settlements and townships are not satisfied with both municipalities.

These findings are in line with what the annual report of Theewaterskloof Municipality (2017) indicated, namely that the municipality was faced with the challenge of the capacity to deal with the expectations and frustrations of the poor communities. Furthermore, the frustration was escalating day by day and the municipality was not able to respond to the demands due to lack of funding. This in turn transcended to service protests as a result of the widening gap between the institutional capacity and expectations from the community.

The following response from the community representative from Overstrand Municipality seems to indicate that the community from this ward were somewhat satisfied with the service delivery, however with challenges:

“The community are satisfied with the services rendered by the municipality, however, every now and again people complain about it such as when there is a burst water pipe, it’s a front news. The other issue that we as the community representative notices is that people in ward 9 don’t complain much about the basic services, they much complain about functions that are not the municipality responsibility such as policing by SAPS and national and provincial functions.” (Interviewee No. 9)

This quote shows that many of the communities, especially the poor communities where informal settlements are prevalent, are not satisfied with the service delivery of the municipality, whereas the formal communities such as the middle class areas are satisfied. The other issue that the respondents from both communities, formal and informal, mentioned was that they do not really know the municipal core functions as anything that they complain about that is government related is blamed on the municipality. Maybe it would help the municipalities to do roadshows to educate the customers about the functions of the local government, as that might reduce the service delivery protests.

4.4.2 Municipal challenges in providing basic services

This theme discusses the challenges that were faced by Theewaterskloof and Overstrand Municipalities in providing service delivery. The questionnaire was aimed at the municipal officials and a provincial official. All the respondents that participated in this study indicated that their municipalities do face challenges in providing basic services. To expand on this finding, the respondents from Theewaterskloof Municipality argued that, firstly, the challenge the municipality was faced with in its provision of basic services was the ageing infrastructure which was exacerbated by the migration phenomena taking place in the municipality areas, which in turn put the infrastructure under pressure. Secondly, the upgrading of this ageing infrastructure was a huge problem for the municipality, as it causes the repair costs to spiral out of control. Thirdly, the fleet, tools and equipment are inadequate. Fourthly, no provision had been made for the rehabilitation of the landfill site. Lastly, the municipality was faced with the ongoing challenges of providing basic services to the poorest of the poor who reside in informal settlements. The population and size of such informal settlements grow continually, exacerbating these challenges.

According to the respondents from Overstrand Municipality, firstly, the demand for basic services outstrips the supply in relation to the provision of low-cost housing where the MIG allocation was essentially used to provide bulk infrastructure and other services. Secondly, all the urban and informal settlement areas in Overstrand have access to basic services such as water, sanitation and refuse removal. Thirdly, there was no refuse removal in rural and farming communities at the time of the study. The backlogs for housing would be addressed in the Municipality's five-year housing pipeline and through MIG funding. To support the aforementioned findings, the following response applies:

“Both municipalities, Theewaterskloof and Overstrand, do face challenges in providing basic service. Theewaterskloof Municipality, faces a major challenge, as each month there are new shacks in the area. Also Overstrand is facing that as well. Further challenges are when these municipalities are building their bulk infrastructure, to build a reservoir is a challenge, hence they always need more funding from national and provincial government. So the limited funding/budget is the major challenge that municipalities have. The municipalities were forced to postpone other project in anticipating of the new financial year funding. The landfall site is another challenge that municipalities are dealing with and the MIG at this point in time is not dealing with that.” (Interviewee No. 5)

It is evident from this finding that MIG funds were not enough to cover the old and new infrastructure backlogs in the municipalities. In support of the above-mentioned findings, Van der Waldt's (2014) view was that there was a disparity between the municipal demands and MIG allocation. According to Matabane (2017), the MIG funds were limited and therefore not adequate to address all the infrastructure backlogs in the community such as roads and bulk infrastructure – which led to the community representative not being satisfied with the municipality. Kopung (2017) further mentioned that the total spending of MIG funds does not necessarily mean the backlog has been eradicated. The implementation of a proper framework will assist in proper expenditure of MIG funds. Secondly, it will eradicate service backlogs and minimise service delivery protests.

4.4.3 Inadequate basic service to communities

This section presents some contrasting responses from the respondents. The Overstrand Municipality respondents indicated that in their wards the municipality does provide adequate basic services. The following are their responses:

“The community do have basic service such as water and sanitation, roads, electricity recreational packs and refusal. The only issue in the ward is that they are few community halls been built by the municipality”. (Interviewee No. 7)

“The formal settlements do have basic services. The area that don't have adequate service are the new informal settlement that come about as a results of land invasion/grab. The issuance of housing is one of the issues that is causing the conflict between the municipality and the community”. (Interviewee No. 8)

Whereas the respondents from Theewaterskloof Municipality disagreed. Their responses to support their findings are as follows:

“In ward 8, the informal settlement called siyanyanzela (taken by force) do not have the adequate basic service such as water taps, toilets and refuse removal are not there, as they taken the vacant land by force.” (interviewee No 6).

“Ward 12 does not have adequate service. This area receives the supply of electricity from Eskom. There are areas where there is no electricity and such area receive the electricity by connecting from the areas that have electricity and some people use illegal connection. It's difficult for the area to receive community

halls from the municipality. Illegal dumping is prevalent in the area, as there is no central dumping bin and the municipal law enforcement officials to insure that bio-laws are followed by the community”. (Interviewee No.10)

The above findings indicate that the services that are provided by Theewaterskloof Municipality to its community, especially the informal settlements, are not adequate, whereas Overstrand Municipality seems to offer services that are adequate to their communities (formal and informal).

However, it should be noted that this response excludes the communities who are occupying the land illegally for both municipalities, as in many instance those lands are not developed and do not have basic infrastructure such as water and electricity, to name the few.

4.5 The MIG and basic service delivery

This section explores the role, assistance, benefits to the community and impact of the MIG in improving service delivery in Theewaterskloof and Overstrand Municipalities in the Overberg region of the Western Cape. In addition, it also looks at the question of how often the municipality maintains the MIG projects from the perspective of the community. The discussions focus on municipal and provincial officials and community representatives.

4.5.1 Municipal and provincial officials’ experiences of the role of MIG

This section reports the findings of data collected from the municipal officials from the above-mentioned municipalities and a provincial official from DPLG. The study found, as indicated by the respondents, that the MIG role as defined in the MIG framework in the DORA was to provide basic services to the previously disadvantaged communities, to eradicate poverty and address infrastructure backlogs (old and new), to ensure access to services such as water, sewerage and roads, and sports facilities. To support this finding, one interviewee said:

“MIG is designed to assist municipalities with infrastructure development and to ensure access to services such as water, sewerage and roads. Sport facilities as well as waste transfer stations / drop off sites are also funded through MIG allocation.” (Interviewee No. 2)

Another perspective was:

“Supports the capital budget of the municipality for the delivery of basic services i.e. Upgrading, rehabilitating or building of new infrastructure in poor communities. Emphasis is on basic services for the poor”. (Interviewee No. 3)

In addition, another interviewee stated:

“The MIG allocation is crucial to basic service delivery especially in low cost housing development. Not enough funds can be generated from surpluses to fund these projects.” (Interviewee No. 4)

In support of the aforementioned findings, Van der Waldt (2014) stated that the “MIG programme is the most prominent programme to direct the development of municipal infrastructures as it plays the crucial role in social and economic development. It provides services that create employment opportunities and provides basic services to the urban poor”.

4.5.2 MIG assistance in improving service delivery – municipal officials’ and provincial official’s perspective

There was unanimous agreement from the respondents that took part in the study in relation to the question of whether the MIG assists Theewaterskloof and Overstrand Municipalities in improving service delivery. However, as much as the respondent from Theewaterskloof Municipality agreed about the MIG assistance for improving service delivery, the respondent argued that this grant is not enough. The respondent’s response was as follows:

“Theewaterskloof municipality does not have the ability to co-finance MIG projects where 100% of MIG is not provided for particular project, as a result some project may never be implemented or the implementation must be delayed causing frustration and protest among the communities.” (Interviewee No. 2)

Furthermore, the respondents from Overstrand Municipality mentioned that their municipality has received substantial MIG funding since 2005 and has achieved excellent results in providing basic services to the poor, job creation, poverty alleviation, and local economic development. Moreover, as a result of the MIG, Overstrand Municipality was able to do infrastructure projects that included, but were not limited to, upgrading of waste water treatment plant, rehabilitation of roads, construction of reservoir, installation of storm-water, upgrading of sewer systems and water, upgrading of sports facilities and provision of bulk civil services to new housing developments.

One of the respondents from Theewaterskloof Municipality disagreed that the MIG has assisted the municipality to improve service delivery. The respondent indicated that the funding was insufficient to assist Theewaterskloof Municipality given the existing infrastructure and said that more funding was required to upgrade the existing infrastructure. Currently, funding is mostly used to provide new infrastructure emanating from the housing need and the need to provide bulk services for low cost housing projects.

In support of the finding of this study, the MIG does assist municipalities in improving service delivery, however, in Van der Waldt's (2014) view, there is a disparity between the municipal demands and MIG allocation. This situation can at times present the impression of MIG not assisting the municipalities. According to Oosthuizen and Thornhill (2017), the municipalities should place a higher priority on the collection of the revenue owed to them for the service delivered by ensuring that their billing system is sound. That would enable the municipalities to become self-sustainable and able to appreciate the MIG, because they would be able to co-fund those projects that the MIG did not fully fund.

4.5.3 Impact of the MIG projects from the community representatives' perspectives

Community representatives were asked to rate the impact of the MIG projects on services such as water, sanitation, roads, electricity, community halls, recreational facilities (e.g. parks) and refuse removal in their wards in relation to improving the quality of life of their communities. The general consensus among the respondents was that the MIG projects for the above services had a high impact on communities of Theewaterskloof and Overstrand Municipalities. This finding was to be expected because one of the purposes and objective of the MIG is to develop the infrastructure in the poor communities and informal settlements. In reality, these areas are mostly under developed with no proper road networks and bulk infrastructure, for example. Therefore, developing them does improve the quality of life.

4.5.4 Maintenance of MIG projects from the communities' perspectives

From the interviews in Overstrand Municipality, it was observed that the municipality regularly maintains their infrastructure projects; however, a few of the respondents indicated otherwise, as follows:

“The municipality does not often maintain the infrastructure in township for example: the building that the municipality is leasing out to the small business, its condition is poor as it has broken windows, doors and electricity infrastructure. However, the taxi rank was upgraded before, but at this point in time, it need to be further upgraded as the community is growing each year and there are malls that are there.” (Interviewee No. 7)

“EPWP cleaning of the roads and social project” (Interviewee No. 8)

On the other hand, the respondents from Theewaterskloof Municipality indicated that the municipality was not regularly maintaining its infrastructure projects. The following responses came from the community representatives:

“The municipality is not pro-active in maintaining the ward 12 area of the municipality, as they always make excuses that the budget limited.” (Interviewee No. 10)

“Maintenance of roads in places such as Grabouw is a challenge for the municipality. The excuse the municipality like to put forwards, is that Grabouw is the wet area and the roads were not build for heavy traffic, as a result of that the road infrastructure is compromised quickly as compare to other areas of the Municipality. The roads where there’s low traffic the roads are good as compared to those places where there is a high traffic. The street lights are bad as well.” (Interviewee No. 8)

There seemed to be a general consensus from respondents of Overstrand that the municipality does maintain its infrastructure, while the respondents from Theewaterskloof Municipality disagreed and felt that the municipality does not maintain its infrastructure. This finding links to the response from respondents of Theewaterskloof Municipality in Section 4.5.2, where it was indicated that “the upgrading of this ageing infrastructure was a huge problem for the municipality, as it causes the repair costs to spiral out of control”

Due to the limited funds the municipalities generate and the grants provided by the national and provincial government versus the list of projects they must initiate, municipalities end up allocating fewer resources (budget) for operating and maintaining their infrastructure and service delivery. Provincial and national government are more willing to commit funds for capital projects through MIG funding, but reluctant to support municipalities to meet their operating and maintenance obligations, which leads to the municipal infrastructure being replaced before the end

of their useful life (Van der Waldt, 2017). The author further indicated that there is a direct link between operating and maintenance and the life cycle costs and that the status quo needs to be challenged

4.5.5 Community benefits from MIG projects

The respondents mentioned that the community benefitted by having access to the basic services and high quality of life, ownership of housing, employment of local people and transfer of skills by the private company. The public and personal transport benefit from the access to road infrastructure and the local economic development is a result of the basic service infrastructure. Furthermore, paving project benefits the community as is also provides easy accessibility for disabled people. Through the EPWP project, the cleaning of roads ensures that the area is clean and neat and such a project creates temporary employment for the local people and can be a stepping stone for other people to acquire skills transfers, and the experience gained can help them to access the job market elsewhere. The response from the following respondent was:

“the benefits are on the Local Economic Development of the towns, access to fresh water, employment of local people and transfer of skills by the private company.” (Interviewee No. 11)

Van der Waldt’s (2014) findings were in line with the above-mentioned findings of this study, namely that the “MIG programme is the most prominent programme to direct the development of municipal infrastructures, as it plays a crucial role in social and economic development. It provides services that create employment opportunities and provide basic services to the urban poor”.

4.6 Conclusion

This chapter presented the findings and data analysis of the study. Data was gathered from the municipality officials, a provincial official and community representative by employing interviews and semi-structured questionnaires. The findings from municipal officials, a provincial official and community representative were dealt with in this section. Three main findings emerged from the research: firstly, both municipalities do possess the capacity to implement the MIG. Secondly, the community representatives have an average knowledge and understanding of the MIG, its process and how the decisions are made by the administration in relation to its budget and projects. Lastly, while the MIG assists and impacts service delivery positively, there are still serious challenges that

need to be dealt with such as the inadequacy of budget allocation of this grant to deal with new and old backlogs and maintenance of the infrastructure. As a result of that, the municipal ability to resolve issues that are related to maintenance of infrastructure is compromised, which leads to the community not being satisfied with the service delivery and thus revolting.

The following chapter comprises the conclusion and recommendations for the study. The section includes the proposition of a conceivable answer to enhance the implementation of MIG with the end goal being that it does improve the delivery of basic services to the poor communities.

CHAPTER 5: CONCLUSION

5.1 Introduction

The chapter provides a summary of this research study and the conclusions. Furthermore, recommendations for the municipalities to adopt and implement to improve their efficiency and effectiveness are advanced and suggestions are indicated for further studies.

5.2 Summary and conclusions

This study explored MIG compliance in improving service delivery in Theewaterskloof and Overstrand Municipalities. Specifically, the study sought to provide an understanding of the challenges associated with the municipalities' compliance to MIG conditions and the challenges with basic service delivery before exploring the role of the MIG programme in service delivery. The study used semi-structured interviews to collect data from municipal and community representatives which were analysed within a qualitative thematic framework.

5.2.1 Key findings of the study

Question 1: What challenges are associated with the compliance to MIG conditions by the Theewaterskloof and Overstrand Municipalities?

The main challenges associated with compliance to the MIG conditions are that the community representative does not have the sound knowledge on how the projects funded from MIG are budgeted for, and that the MIG funding is only for the development of the poor areas. This finding was interesting, as the councillors' lack of sound knowledge about MIG and its budget process may simply compromise their ability to implement their oversight duties and to ensure that MIG funds are being utilised for their purposes. To improve transparency and accountability in the municipal budget process, national and provincial departments must do their utmost to ensure that community representatives such as councillors are informed about how the budget process of the municipality works, especially grant funding, as it is evident from the findings that the community representatives do not have thorough knowledge of this.

Question 2: What are the challenges to basic service delivery provided by the Theewaterskloof and Overstrand Municipalities?

The study found that the main challenge to basic service delivery in the two municipalities was that the municipalities were not regularly maintaining their infrastructure. It is a concern given the existing backlog of ageing infrastructure experienced by both municipalities. There is disparity between the municipal demands and MIG allocation for both municipalities. Provincial and National Government are willing to commit funds for capital projects through MIG funding, but reluctant to support municipalities to meet their operating and maintenance obligations, which leads to the municipal infrastructures being replaced before the end of their useful life.

Question 3: What is the role of the MIG programme in service delivery at the Theewaterskloof and Overstrand Municipalities?

The MIG plays a significant role in service delivery at Theewaterskloof and Overstrand Municipalities. This was evident from the respondents' responses indicating that the infrastructure projects implemented through MIG funds had a high impact on improving poor communities' access to basic services, which resulted in their quality of life being improved as well. Furthermore, when the infrastructure projects took place in the local community, this included employment and transfer of skills. Be that as it may, it is important to note that for both municipalities there is still much to be done and improved regarding how the funds are allocated to these infrastructure projects and how they are prioritised.

In conclusion, the purpose of the study was to explore the role of the MIG in improving service delivery by the Theewaterskloof and Overstrand Municipalities. The findings have pointed out the positive role the MIG plays in the development of infrastructure in the informal and formal settlements. The challenges that both municipalities are faced with stem from the ever increasing old and new infrastructure backlogs and the maintenance of the ageing infrastructure assets versus the limited funding. The findings also indicate that the MIG is inadequate to cover all the infrastructure-related issues mentioned in the study, as according to both municipalities, the funds provided by national government are not enough to meet their needs.

However, as much as the MIG is not enough to cover all the infrastructure-related needs of the municipalities, it is important to note that both municipalities must perform their role by maximising their revenue-generating potential of the existing revenue base. By doing that would

provide them with the ability to co-fund or self-fund the infrastructure-related projects that the MIG does not really cover and also to cut on those activities that are nice to have but are not their core function. Further, it would provide them with funds that can be utilised where they are better needed and would put them in a position of not being grant dependent as that is not sustainable.

5.3 Recommendations

The recommendations of the study are based on the key findings and the analysis drawn from the paper. The following recommendations suggest how the Theewaterskloof and Overstrand Municipalities can improve the implementation of the MIG in relation to service delivery:

- While the MIG does not cater much for the provision of operating and maintaining the infrastructure, both municipalities must make provision for operation and maintenance of infrastructure in their budget process.
- Municipalities are struggling to eradicate old and new backlogs due to limited resources such as funding – which in the case of this research to be specific, is limited MIG funding. It may be a good idea for both municipalities to explore the public-private partnership as that would alleviate the burden of capital requirements and speed up the reduction of service delivery backlogs.
- In the 2017/18 financial year, both municipalities under spent on their MIG budget and the reason stated was that the underspending was due to the non-performance of the service providers and the community service protest. Both municipalities should introduce stringent contract management measures that would protect them when service providers fail to deliver such as ‘punishing’ the service provider.
- To improve transparency and accountability in the municipal budget process, and ensure that oversight duties are done by the council, the national and provincial departments must do their utmost to ensure that community representatives such as councillors are fully informed on how the budget process of the municipality works, especially grant funding. This can be achieved through workshops and short courses, as it is evident from the findings that the community representatives do not have thorough knowledge of the MIG and other budget processes of the municipality.

5.4 Avenues for future research

The study was restricted to the Theewaterskloof and Overstrand Municipalities in the Overberg region of the Western Cape. In order to get a complete understanding of how the MIG impacts service delivery in municipalities, it would be appropriate for further research to be done at other municipalities. The number of projects implemented through the MIG needs to be verified to check if the funds are used only to develop poor communities and further to determine the effect of the grant on basic service delivery in municipalities. The researcher of this study also proposes that an examination should be conducted on the effects that projects implemented through MIG have on the community. Further understanding is required of how the projects change the lives of those in poor communities.

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APPENDICES

APPENDIX A

4th October 2018
The Municipal Manager
Overstrand Municipality
PO Box X20
HERMANUS
7200

For attention: Mr C Groenewald

Introductory Letter: Mr. Lifa Majali (MJLLIF001)

This letter serves to confirm that the above-mentioned student M Mr. Lifa Majali is a registered Master of Commerce in Development Finance student at the Development Finance Centre (DEFIC), Graduate School of Business, University of Cape Town and working towards the completion of his minor dissertation by the end of 2018.

He is developing the dissertation component of the programme under the title: **Municipal Infrastructure Grant and service delivery: A case of Theewatersloof and Overstrand Municipalities in Western Cape province**. As part of the data gathering process, he will have to interview the following individuals;

1. Municipal Manager (as the accounting officer of the municipality)
2. Municipal Member of the Council
3. the Technical Director
4. The Ward Councillors,
5. Ward Committees and Community Development Workers in the Selected Wards

Kindly accord him all the necessary support towards this objective. The minor dissertation is part of the requirements for the completion the degree. For any further information, please do not hesitate to contact the research co-ordinator at the development finance centre, Candice Marais at candice.marais@gsb.uct.ac.za/+27 21 406 1437.

Kind Regards,



Abdul Latif Alhassan (Ph.D.)

Lecturer in Development Finance & Head of Minor Dissertation,
Development Finance Centre (DEFIC), Graduate School of Business,
University of Cape Town, Breakwater Campus, 9 Portswood Road,
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APPENDICES

APPENDIX B

4th October 2018
The Municipal Manager
Theewaterskloof Municipality
PO Box 24
Caledon
7230

For attention: Mr G Matthyse

Introductory Letter: Mr. Lifa Majali (MJLLIF001)

This letter serves to confirm that the above-mentioned student M Mr. Lifa Majali is a registered Master of Commerce in Development Finance student at the Development Finance Centre (DEFIC), Graduate School of Business, University of Cape Town and working towards the completion of his minor dissertation by the end of 2018.

He is developing the dissertation component of the programme under the title **Municipal Infrastructure Grant and service delivery: A case of Theewatersloof and Overstrand Municipality in Western Cape province**. As part of the data gathering process, he will have to interview the following individuals;

1. Municipal Manager (as the accounting officer of the municipality)
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3. the Technical Director
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Kind Regards,



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ANNEXURE A: SEMI-STRUCTURED QUESTIONNAIRE FOR MUNICIPAL OFFICIALS

TITLE: ASSESSING THE EFFECT OF MUNICIPAL INFRASTRUCTURE GRANT IN IMPROVING SERVICE DELIVERY: A CASE THEWATERSLOOF AND OVERSTRAND MUNICIPALITY IN WESTERN CAPE PROVINCE

The purpose of this research is to assess the effect of Municipal Infrastructure Grant (MIG) on service delivery in the municipality.

Dear Sir/Madam

You are asked for to answer all inquiries sincerely. Your reactions are crucial for noting the examination questions and for guaranteeing the dependability for the exploration end. It would be ideal if you don't hesitate to partake or quit the meeting on the off chance that you are awkward with the data that is asked. Your name will stay mysterious in the report from this examination and the accumulated data may not be connected to you as a person.

A. Demographic Profile

1. Gender

01.Male	02.Female

2. Age

01. 20-29	02. 30-39	03. 40-49	04. 50 and above

3. What position do you hold within the municipality?

01. Project Manager	02. Chief Financial Officer	03. Head of Department(Director)	04. Other , specify

4. What is your highest level of education?

01. Matric	02. National Diploma	03. Junior Degree	04. Post graduate Degree	05. Master's Degree	06.Other, specify

B. Compliance to Municipal Infrastructure Grant (MIG) Conditions

5. What are the challenges facing your municipality in terms of MIG spending?

01. Overspending	02. Underspending	03. Others, specify

6. What are the causes of overspending or underspending?

Are there mechanisms to monitor MIG implementation?

01. Yes	02. No

Please explain:

7. How does the municipality demonstrate its accountability in terms of administration of MIG?

01. Submit monthly report to the national office through provincial office	YES	NO
02. Submit financial statements to Treasury		
03. Submit annual report to national office through provincial office		
04. Submit implementation plans to national office through provincial office		
05. Submit cash-flow budget to national office through provincial office		

8. Does your municipality have adequate capacity to administer MIG funds?

01. Yes	02. No

Please explain:

9. Please specify which type of capacity building, supports your municipality has received to improve its management of MIG?

01. Technical administrative skills	02. Project management skills	03. Financial management skills	04. Other , specify

10. What role has the provincial department of local government played in assisting your municipality to improve MIG management?

C. Status of basic service

11. Does the municipality face challenge in providing basic services?

01. Yes	02. No

Please explain:

12. How do you rate community satisfaction on service delivered by your municipality?

01. Not satisfies at all	02. Somehow not satisfied	03. Not sure	04. Somehow satisfied	05. Very satisfied

D. Municipal Infrastructure Grant (MIG) and basic service delivery

13. What is the role of the MIG in basic service delivery?

14. Does the MIG funding assist your municipality assist in improving service delivery as it is intended to?

01. Yes	02. No

Please explain:

Thank you in advance for participating in this research

ANNEXURE: INTERVIEW QUESTIONS FOR COMMUNITY REPRESENTATIVE

TITLE: ASSESSING THE EFFECT OF MUNICIPAL INFRASTRUCTURE GRANT IN IMPROVING SERVICE DELIVERY: A CASE ABOUT THEEWATERSLOOF AND OVERSTRAND MUNICIPALITY IN WESTERN CAPE PROVINCE

The purpose of this research is to assess the effect of Municipal Infrastructure Grant (MIG) on service delivery in the municipality.

Dear Sir/Madam

You are asked for to answer all inquiries sincerely. Your reactions are crucial for noting the examination questions and for guaranteeing the dependability for the exploration end. It would be ideal if you don't hesitate to partake or quit the meeting on the off chance that you are awkward with the data that is asked. Your name will stay mysterious in the report from this examination and the accumulated data may not be connected to you as a person.

A. Demographic Profile

15. Gender

01.Male	02.Female

16. Age

01. 20-29	02. 30-39	05. 40-49	06. 50 and above

17. Educational Level?

01. No formal education	02. Primary	03. Secondary	04. Tertiary education

18. Role

01. Councilor	02. CDW	03. Ward Committee

B. Compliance to Municipal Infrastructure Grant (MIG) Conditions

1. How would you rate your level of understanding?

	Very poor	poor	Average	Good	Excellent
01. Knowledge about MIG					
02. Decisions about projects					
03. Decisions about projects budgets					

C. Status of basic services

1. Do communities within your ward have adequate basic services?

2. Are the communities satisfied with the services rendered by the municipality?

D. Municipal Infrastructure Grant and basic service delivery

1. What types of infrastructural projects are delivered by the municipality in your ward?

2. Are the projects regularly maintained by the municipality?

3. How do these projects benefit communities within your ward?

4. How do you rate the impact of the projects in your ward in terms of improving basic services to the community?

	Very Low	Low	Average	High	Very High
11.1. Water					
11.2. Sanitation					
11.3. Roads					
11.4. Electricity					
11.5 Community Halls					
11.6 Recreational facilities(e.g. parks)					
11.7 Refuse removal					

Thank you in advance for participating in this research