

The Municipal Infrastructure Grant

mig | Municipal Infrastructure Grant 2004 - 2007

From programme to projects to sustainable services



dplg

Department of Provincial and Local Government

Purpose of this booklet

- This booklet is about the Municipal Infrastructure Grant (MIG), the project cycle and sustainability.
- The purpose of this booklet is to provide an overview of MIG as a programme and to outline critical steps in the cycle of a capital project towards ensuring sustainability. It also aims to highlight the role of municipalities in implementing the MIG programme.

This booklet is not intended to replace the MIG Policy Framework or other official guidelines about the MIG. It is intended to provide a user-friendly overview of the MIG and to highlight some important issues from a municipal perspective. For the detailed MIG policy refer to: Policy Framework for the Introduction of the Municipal Infrastructure Grant (MIG), Concise version – final, amended by the Municipal Infrastructure Task Team, 5 February 2004.

Who should read this booklet?

This booklet provides information that will be useful to:

- Those responsible for MIG programme / capital projects within municipalities
- Councillors
- All those providing support to municipalities in terms of the MIG and project implementation (Department of Provincial and Local Government, Sector Departments and the South African Local Government Association)
- Project planners (those undertaking project feasibility studies and those responsible for developing project business plans)
- Contractors, service providers, enterprises and all those contracted as part of implementing capital projects
- Community development workers, social and technical staff / practitioners
- Anyone who wants to know more about planning and implementing sustainable MIG projects.

For more detailed information on a specific topic you should contact the National or the nearest Provincial MIG Programme Management Unit Office. Contact details are listed on the back cover. A copy of the MIG Policy Framework and Operational Manual can be obtained from the web at www.dplg.gov.za

What information is covered in this booklet?

This booklet explains how the MIG works, including the purpose, objectives, conditions, funding arrangements, and approach of the programme. It provides an overview of roles and responsibilities of various stakeholders for MIG, in particular the role of local government in administering MIG funds and managing MIG projects.

It also provides an overview of the project cycle and sustainability. It does not attempt to provide details on how to plan and implement MIG projects. Detailed guidelines are available as part of dplg and sector departments' supporting tools and guidelines.

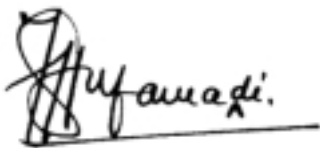
Foreword

Poverty eradication is still one of the biggest challenges facing our country. Within this context our government has committed itself to the World Summit on Sustainable Development Millennium Targets to eradicate poverty as well as accelerating service delivery. The most important step we have taken towards addressing these targets is the establishment of the Municipal Infrastructure Grant (MIG) Programme.

The programme is aimed at providing all South Africans with at least a basic level of service by the year 2013 through the provision of grant finance to cover the capital cost of basic infrastructure for the poor. It is part of government's overall strategy to eradicate poverty and to create conditions for local economic development. The programme will therefore maximise opportunities for employment creation and enterprise development. The MIG programme fits within the overall development framework of government, which is built on three cornerstones: basic services, food security, HIV/AIDS. Whilst the MIG programme directly addresses basic services, it also contributes to the other elements since access to basic services improves opportunities for communities to live healthier lives and to be more productive.

Being one of the biggest capital grants worldwide, the MIG is guided by clear policy principles, objectives and conditions for use. It has a clear framework, which outlines roles and responsibilities, cross-sector linkages, programme management, and mechanisms towards ensuring transparency, accountability and sustainability. This booklet has been developed to communicate information about the MIG programme in a user-friendly way. It also aims to encourage municipalities and other key stakeholders to utilise the programme to proactively address the basic service and other development needs of our communities.

The MIG programme provides the framework, the resources and the means to realise one of our 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. Let us work together to make this happen.



FHOLISANI SYDNEY MUFAMADI

Minister for Provincial and Local Government

Contents

Purpose of this booklet	2
Foreword	3
Part 1: Introducing MIG	6
What is MIG?	6
Why MIG?	7
What does MIG aim to achieve?	9
What is the MIG approach?	9
MIG and municipal services	10
MIG and municipal functions	10
MIG and other national allocations	11
The principles of MIG	12
The objectives of MIG	12
MIG Funding Arrangements	13
MIG fund split	13
How is the municipal allocation divided between municipalities?	14
What does the allocation to municipalities provide for?	15
How does a municipality access MIG funds?	15
What are the Conditions of MIG?	16
Conditions for the use of MIG funds	17
Financial, capacity and reporting conditions of MIG	18
How will compliance with the conditions be measured?	18
Roles and Responsibilities	19
Department of Provincial and Local Government (DPLG)	19
Other National Departments	22
Responsibilities of Provinces	24
Part 2: Managing MIG at Municipal Level	25
The role of municipalities in the MIG programme	25
Project Management Unit (PMU)	26
Municipal capacity to implement MIG	28
Capacity building to fulfil MIG functions	30
Managing MIG as a Programme	31
MIG programme and project linkages	32
MIG and Infrastructure Planning	33
The MIG and Integrated Development Planning	33
MIG and sector plans	36
IDP and Project Feasibility Studies	36
Alignment of MIG projects with MIG allocation	37
Three-year Capital Plan and Operating Budget	37
Three-year Capital Plan	37
Operation and maintenance costs	38
Project Management	38
Information management	38
Monitoring	38
Reporting and accountability	38

Contents

Part 3: MIG Projects through the Project Cycle .39

Key elements of the project cycle .....	.39
Project Planning Phase .....	.40
Feasibility Study .....	.40
Project Business Plan .....	.41
Project Registration .....	.42
Purpose of project registration .....	.42
What information must be registered? .....	.43
Design Phase .....	.43
Project design .....	.44
Procurement documentation and the procurement process .....	.44
Implementation Phase .....	.44
Construction .....	.45
Community participation, awareness, and facilitation .....	.45
Training .....	.46
Certificate of Compliance .....	.46
Operation, Maintenance, Mentoring Phase .....	.46
Monitoring and Evaluation Phase .....	.46

Part 4: MIG and Sustainability .47

What is Sustainability? .....	.47
Sustainability starts with proper planning .....	.47
Key elements of sustainability .....	.47
Role of Community development workers .....	.48
Mechanisms for participation .....	.48
Important functions for community development workers .....	.48
Sustainable Infrastructure and Services .....	.49
Infrastructure design .....	.49
Effective operations and maintenance .....	.49
Community participation and decision making .....	.49
People-centered approach .....	.49
Involvement of women and youth .....	.50
Financial sustainability .....	.50
Communication .....	.50
Environmental integrity .....	.50
Economic development and sustainable livelihoods .....	.50
Integrated development and sustainability .....	.50
Monitoring and evaluation for sustainability .....	.51
Factors for sustainability .....	.51

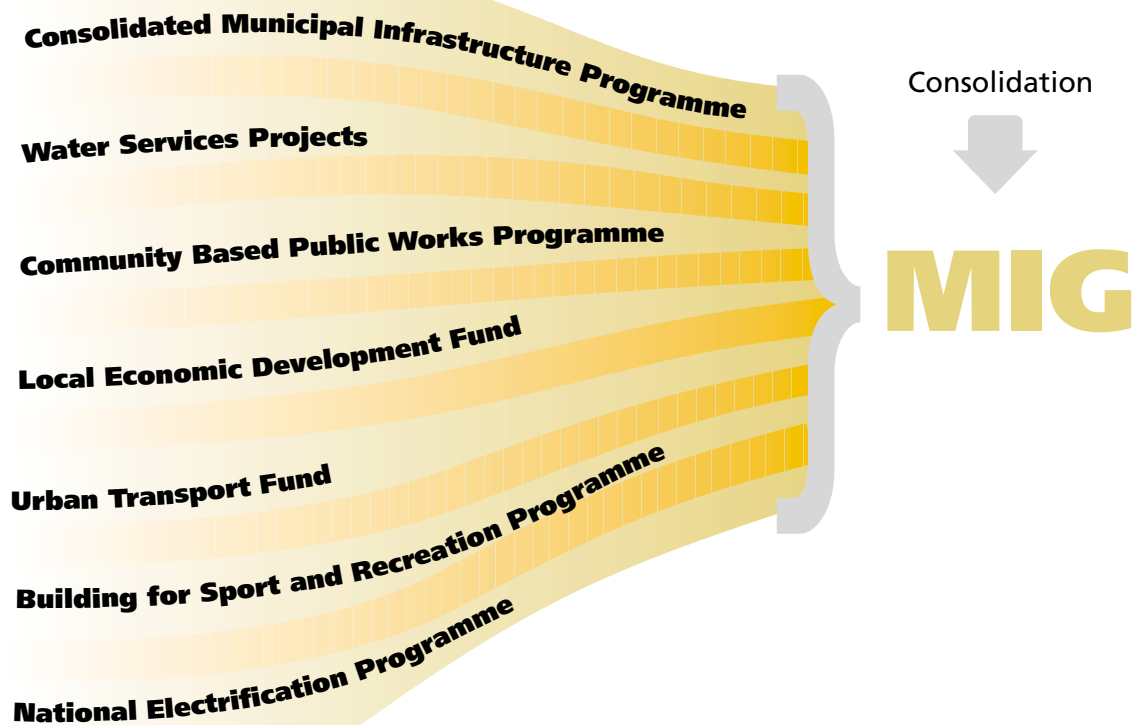
Part 1

Introducing MIG



WHAT IS MIG?

The Municipal Infrastructure Grant (MIG) is a new municipal infrastructure funding arrangement. It combines all the existing capital grants for municipal infrastructure into a single consolidated grant.



Why MIG?

Infrastructure grants were managed by different departments in the past. They were uncoordinated and fragmented. Municipalities were often not in control of infrastructure projects within their area of jurisdiction. This defeated the purpose of cost effective planning and integrated service delivery.

MIG is designed to overcome these challenges.

What categories of infrastructure can MIG support?

Since MIG is aimed at assisting the poor to gain access to infrastructure, MIG funds can only be used for infrastructure for basic levels of service. For example, 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).

MIG funds may be used to build new infrastructure and to rehabilitate existing infrastructure, so long as the infrastructure is for basic services for the poor.

There are different categories of infrastructure that MIG funds can be used for.

Category 1: Households

MIG can be used for infrastructure for basic household (residential) services. This includes:

- Electricity
- Water supply
- Sanitation
- Storm water management
- Municipal roads
- Refuse removal
- Street lighting

Only those households with an expenditure of below R1 100 per month qualify for MIG support. The amount of R1 100 may be changed from time to time based on poverty measurements.

Where the infrastructure is used by both poor and non-poor households, the municipality must find other capital funds (not MIG funds) to cover the cost of providing the service to the non-poor households.

National and provincial infrastructure, and housing related infrastructure are excluded from MIG.

What about infrastructure on private land?

Usually municipal infrastructure is not installed on private land unless a servitude is established. However in order to address the needs of farm dwellers, MIG funding can be used to provide basic services to poor households living on private land, without servitudes, subject to certain conditions. One of these conditions is that the landowner must make an appropriate contribution to the capital cost.

Category 2: Public municipal services

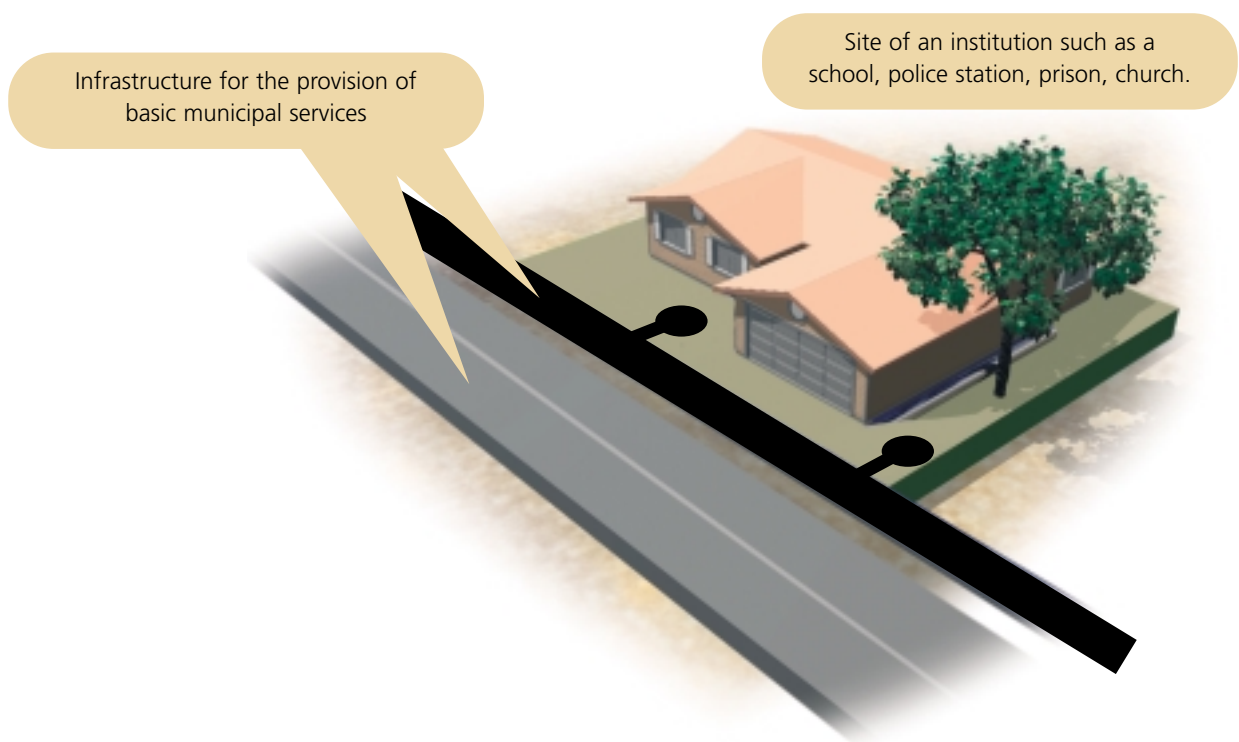
MIG funds may be used for the following public municipal services:

- Public transport such as municipal public transport, municipal airports and pontoons, ferries and harbours
- Emergency services such as fire stations
- Community services 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 3: Institutions other than public municipal services

MIG funds may be used for infrastructure to provide services to institutions such as schools, clinics, police stations, prisons, churches and recreational facilities. However, only services or institutions which are used extensively by the poor may be included.

These services include electricity, water supply, sanitation, storm water management, municipal roads, refuse removal and street lighting. MIG funds may be used to bring the infrastructure up to the border of the site of the institution.



What does MIG aim to achieve?

The vision for the MIG programme is to provide all South Africans with at least a basic level of service by the year 2013 through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor.

The MIG programme has been designed to achieve the following:



What is the MIG approach?

The MIG approach is to simplify the system of transfers to municipalities.

The system is designed to:

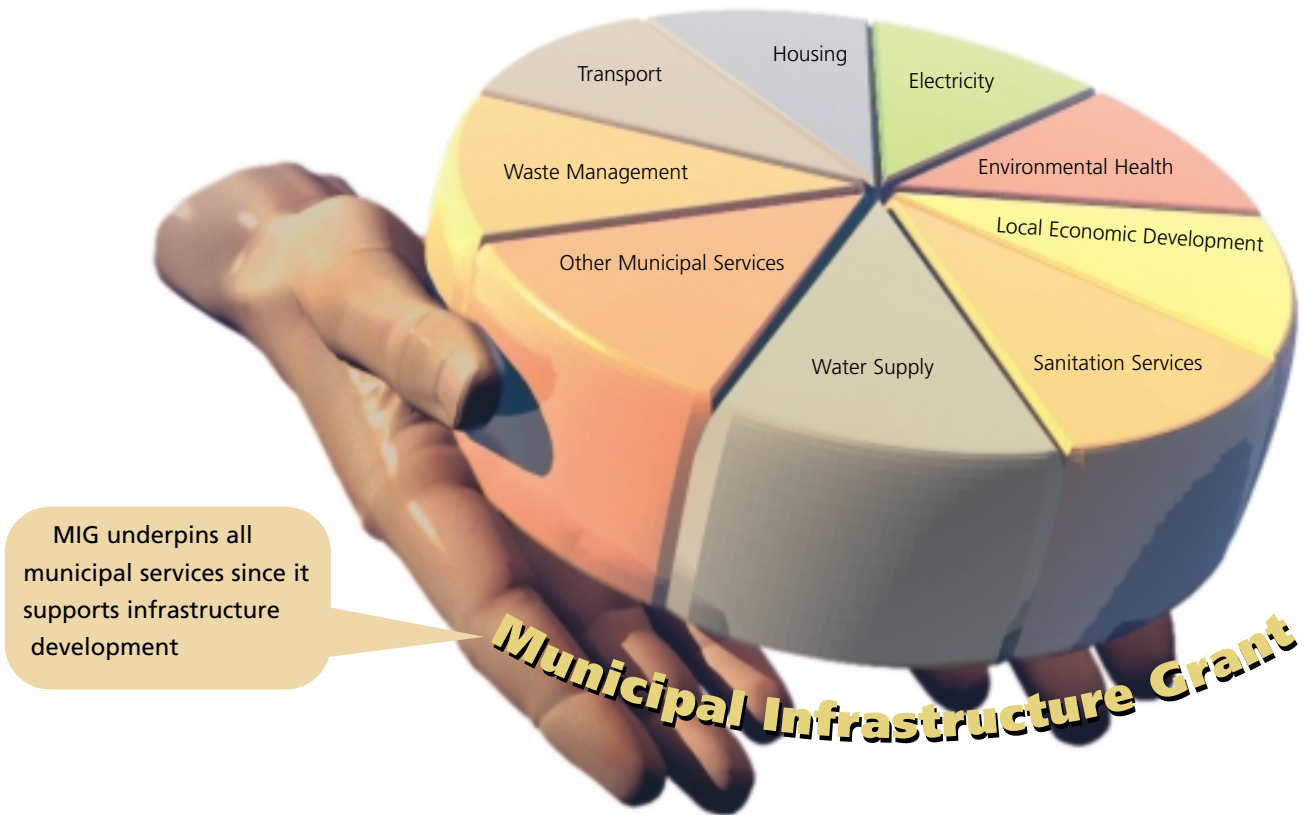
- support the capital budgets of municipalities
- facilitate integrated development planning
- allow flexibility in budget programming

MIG is based on a *demand driven* approach where:

- All infrastructure grants are integrated into one
- Infrastructure planning is done by municipalities themselves
- Municipalities play a central role in co-ordinating development activity and the delivery of municipal infrastructure in their jurisdictions
- Funding allocations are linked to Integrated Development Plans (IDPs)
- Communities participate in identifying projects
- Capital grant allocations are predictable
- Service delivery is decentralised to municipalities
- Programme co-ordination takes place through one national structure, called the MIG Unit.

MIG and municipal services

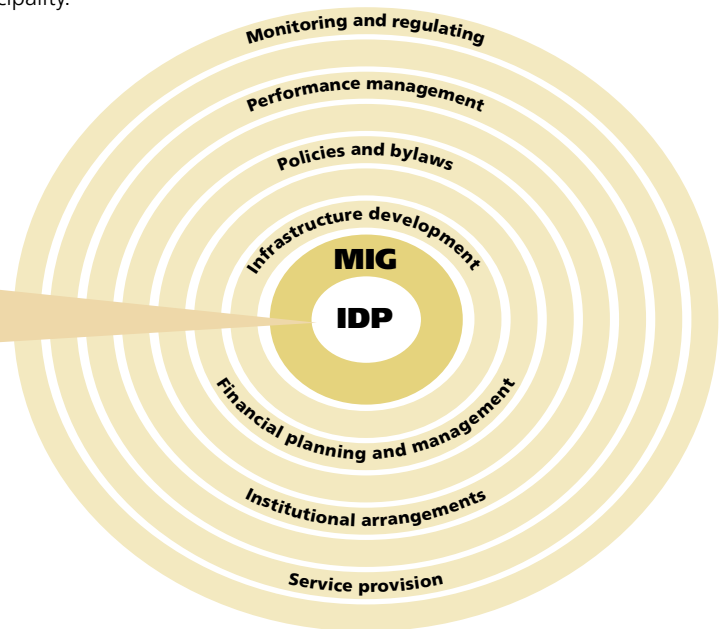
The MIG programme is an integral part of providing municipal services. The provision of municipal services is in most cases dependent on infrastructure. Part of planning municipal services is therefore planning for infrastructure. The MIG programme should be viewed from a holistic perspective where it supports all municipal services.



MIG and municipal functions

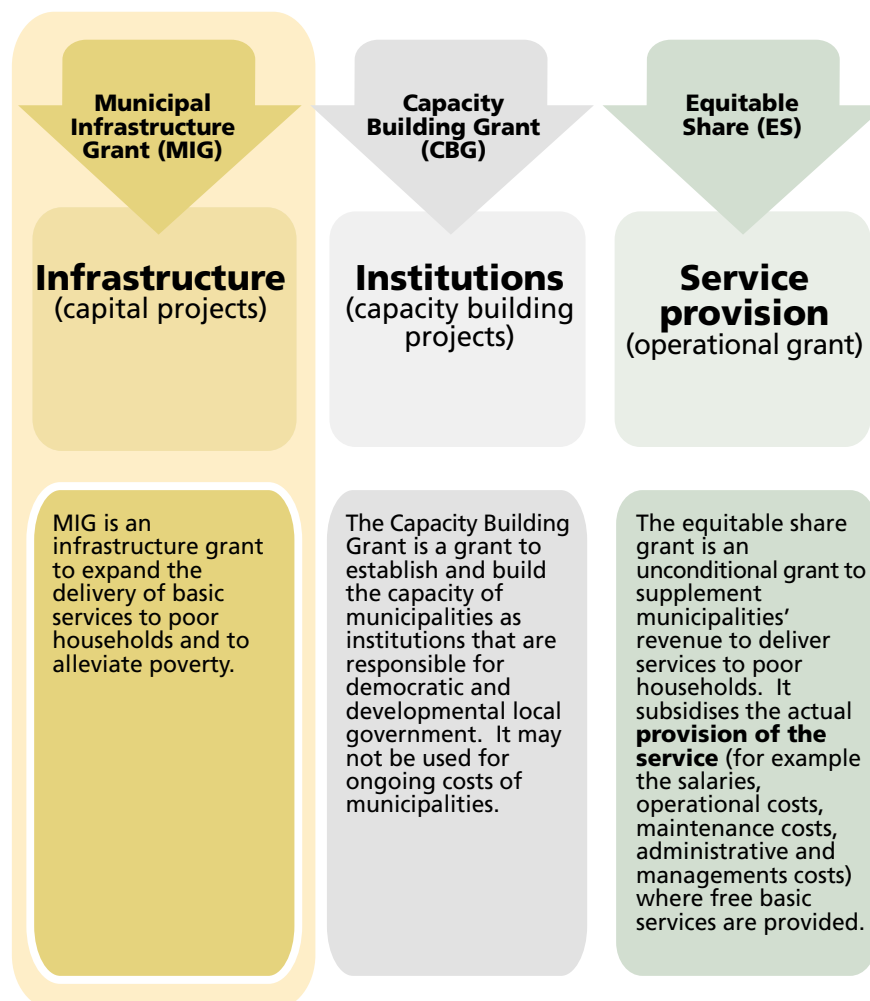
MIG is about planning and delivering municipal infrastructure basic services. It is an integral part of the infrastructure development function of a municipality.

Infrastructure development is one municipal function amongst many other municipal functions. It should not be addressed as a 'separate function' but should be integrated into other municipal functions. For example, it should be integrated into the IDP process as well as the municipal monitoring and performance management systems. The financial management and planning systems of the municipality should incorporate MIG budgeting and financial reporting, and so on. This will ensure a holistic approach to the MIG programme.



MIG and other national allocations

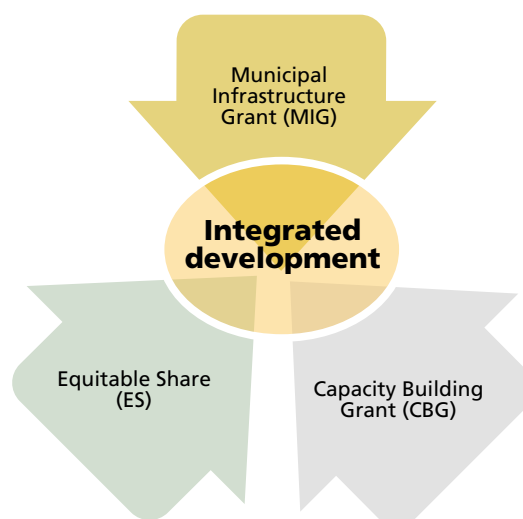
There are three major categories of national allocations to local government plus the Sector Education and Training Authority (SETA) mechanism to access resources :



All three grants are aimed at supporting the delivery of basic services and to alleviate poverty:

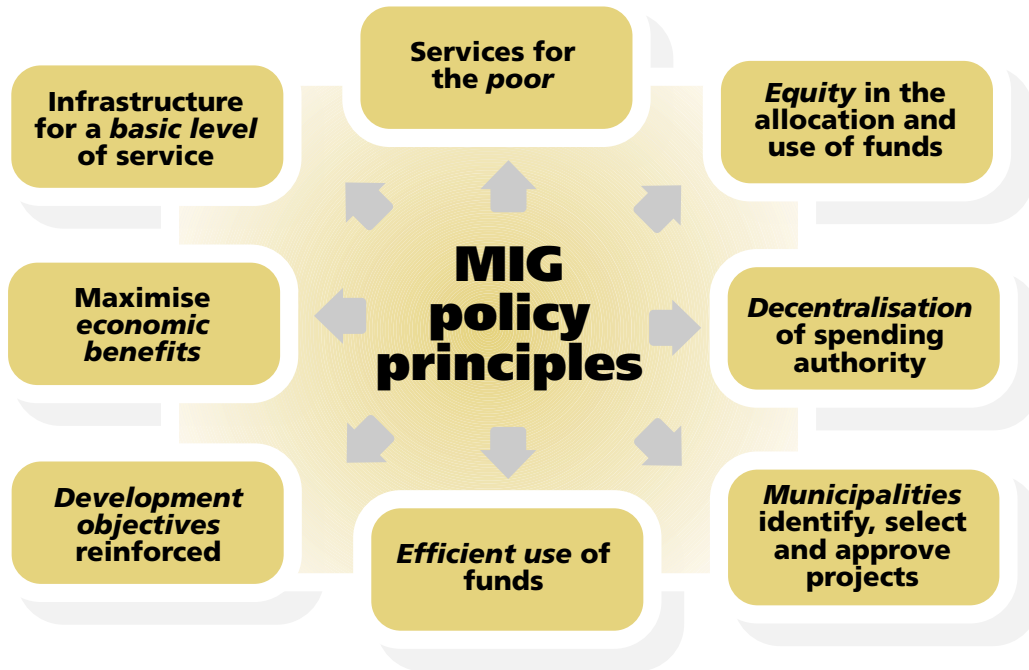
- Without infrastructure there can be no service provision
- Without institutional capacity, municipalities will not be able to plan and implement infrastructure projects, and they will not be able to provide services
- Without the equitable share grant, municipalities may not be able to provide free basic services to poor households.

The grants are therefore complementary and the successful use of one grant impacts on the successful use of another grant.



The principles of MIG

The key principles that govern the implementation of the MIG programme are as follows:



The objectives of MIG

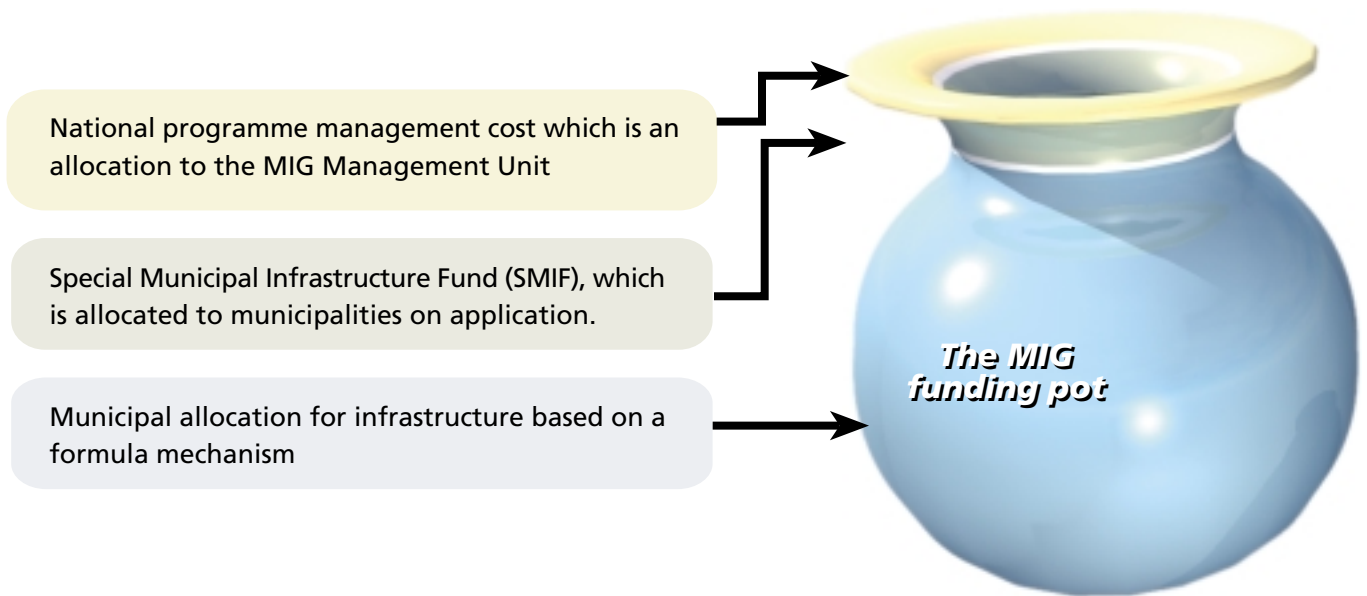
In the context of the above principles, the key objectives of the MIG are to:

- Fully subsidise the capital costs of providing basic services to poor households. This means that priority must be given to meeting the basic infrastructure needs of poor households, through the provision of appropriate bulk, connector and internal infrastructure in municipal services
- Distribute funding for municipal infrastructure in an equitable, transparent and efficient manner which supports a co-ordinated approach to local development and maximises developmental outcomes
- Assist in enhancing the developmental capacity of municipalities, through supporting multi-year planning and budgeting systems
- Provide a mechanism for the co-ordinated pursuit of national policy priorities with regard to basic municipal infrastructure programmes, while avoiding the duplication and inefficiency associated with sectorally fragmented grants.

MIG FUNDING ARRANGEMENTS

MIG fund split

The MIG policy provides for the following key elements within the MIG fund:



What is the Special Municipal Infrastructure Fund?

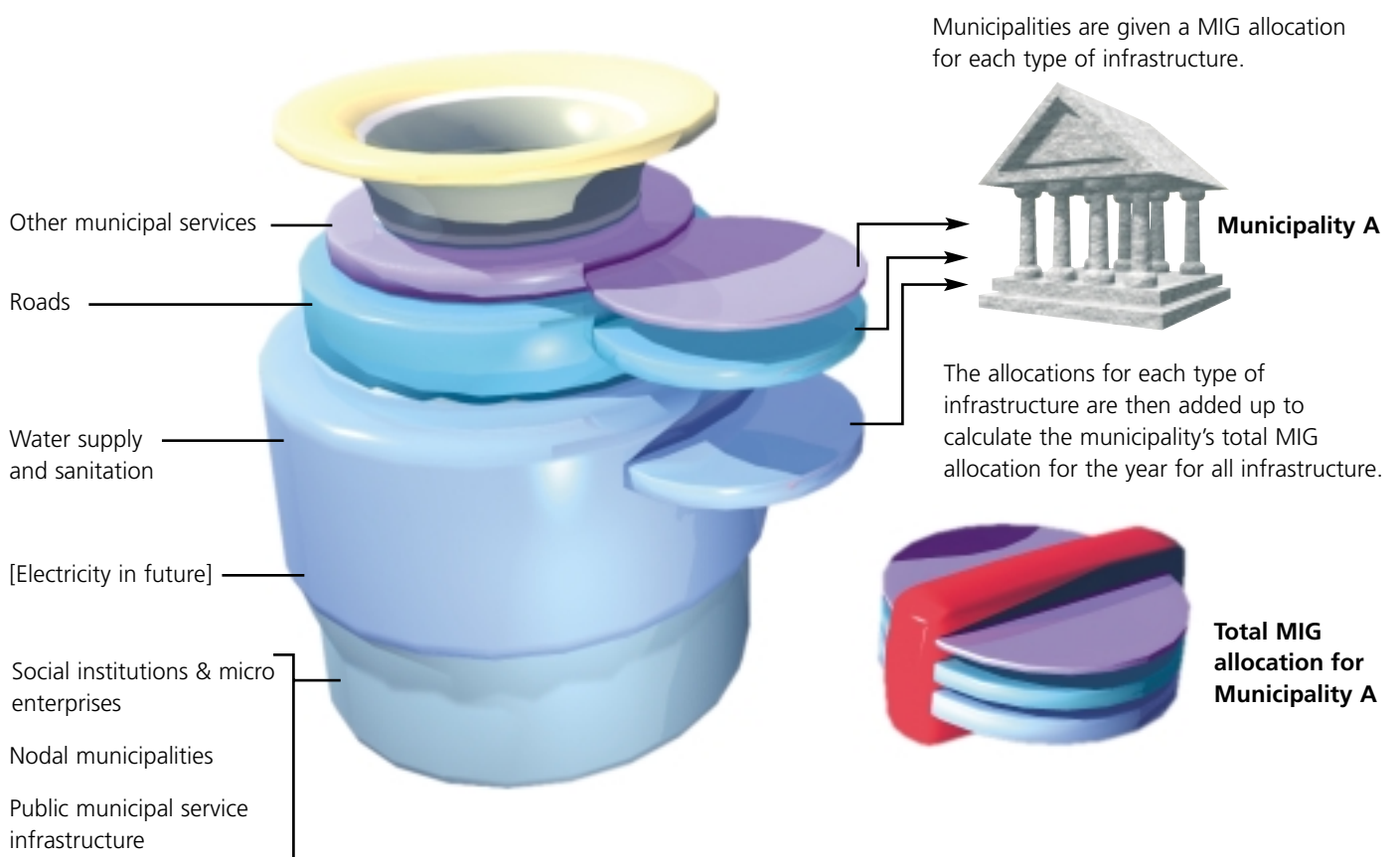


The **Special Municipal Infrastructure Fund** is a fund earmarked for special innovative and regional investment projects including:

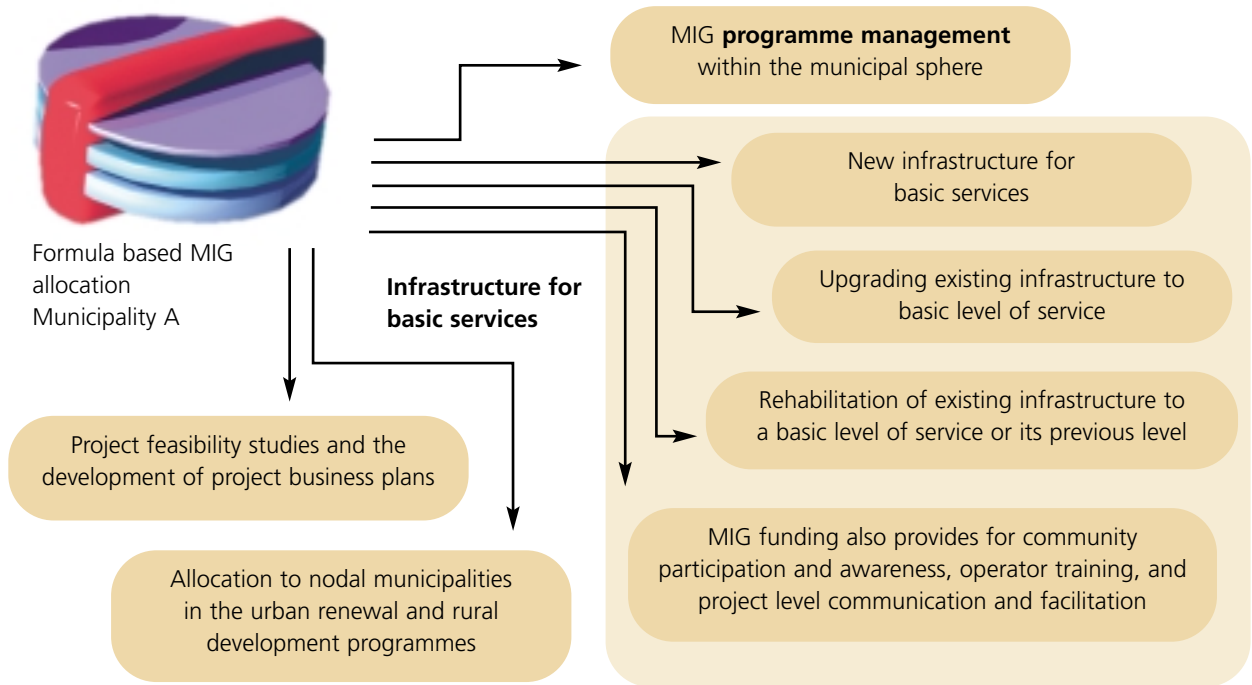
- Projects that address new solutions to infrastructure problems
- Large scale municipal infrastructure which crosses municipal boundaries.

How is the municipal allocation divided between municipalities?

- The municipal allocation is first split into each type of infrastructure. So, a 'pot' is created for water supply and sanitation, and another pot is created for roads, and so on.
- Each pot is then divided between municipalities based on their backlogs. For example the pot for water and sanitation will be divided between those municipalities that have water supply and sanitation backlogs. Municipalities with bigger water and sanitation backlogs will get more MIG funding out of the water and sanitation pot than those with smaller backlogs.



What does the allocation to municipalities provide for?



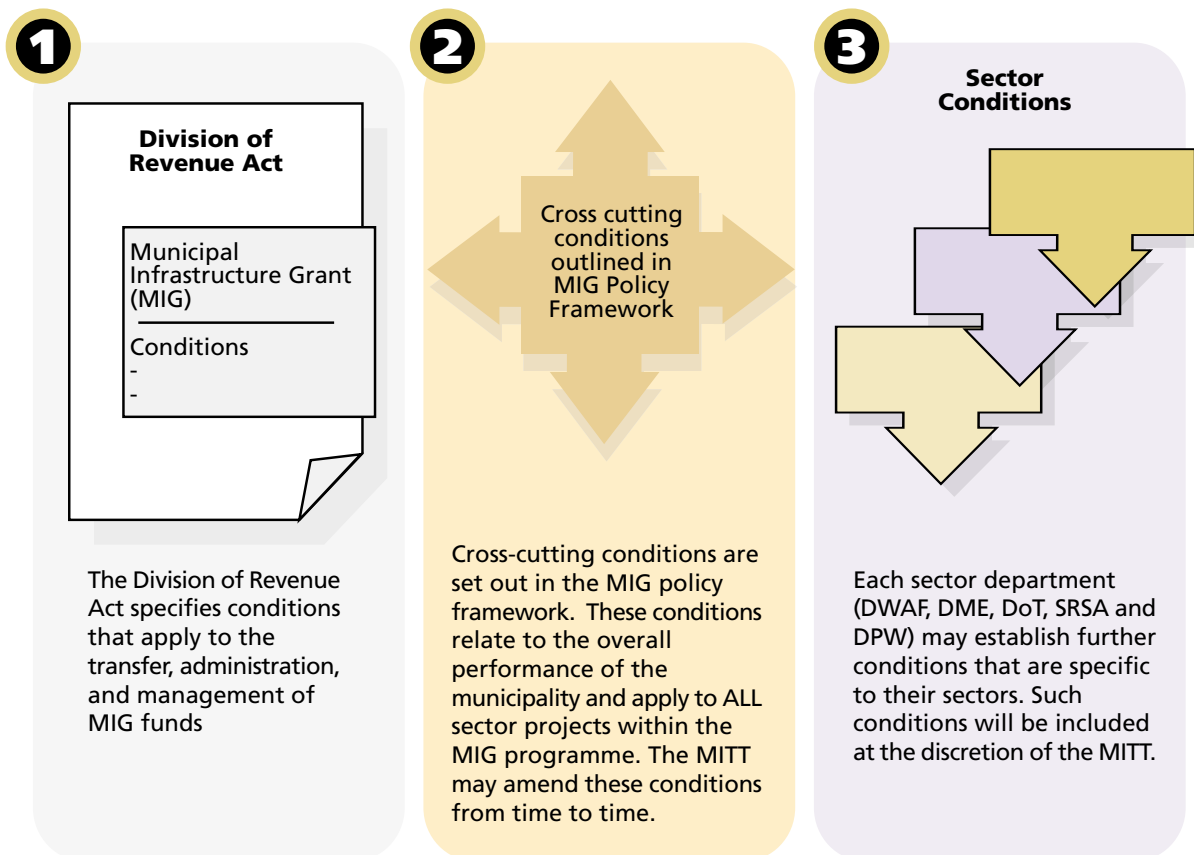
How does a municipality access MIG funds?

A municipality is not required to make an application for the funds. The funds are determined by formula and are paid into the bank account of the municipality according to a MIG schedule, that is agreed to with the municipality. The amount that the municipality will receive from MIG is published in the Division of Revenue Act. However, the municipality must have complied with the conditions of MIG, which are described on the next page.



WHAT ARE THE CONDITIONS OF MIG?

MIG is a conditional grant. Municipalities must therefore conform to the conditions laid down by the Municipal Infrastructure Task Team (MITT) and administered by **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.



The Division of Revenue Act deals with conditions such as:

- prioritising residential infrastructure in line with MIG and sector policies
- the requirement for three year capital and operational budgets from municipalities
- reporting requirements, and
- the need to adhere to labour-intensive construction methods.

The economic spin-offs of infrastructure delivery must be maximised in line with the government's 'Expanded Public Works Programme'.

The cross-cutting conditions within the MIG policy framework include issues such as:

- the use of MIG funds within the framework of the IDP and its approved budget
- the type of infrastructure and levels of service for which the funds can be used
- the need to achieve basic service coverage targets
- the need to maximize economic spin-offs from infrastructure delivery through job creation
- requirements in terms of MIG funds and municipal budgets, as well as project registration and reporting requirements.

Conditions for the use of MIG funds

What can MIG funds be used for?

MIG funds may be used for:

- capital investment - including project management costs
- *basic infrastructure which is used by the poor*
- *building new infrastructure and rehabilitating existing infrastructure (i.e reconstruction of infrastructure which has reached the end of its life)*
- project feasibility studies and project business plans
- ensuring sound operational arrangements for the infrastructure.

The MIG programme will define 'basic infrastructure for the different types of infrastructure

A limit on capital spending per household will be set. The amount of spending on particular types of infrastructure may also be limited.

The municipality must invest an appropriate proportion of the funds on rehabilitating existing infrastructure.

What can MIG funds not be used for?

MIG funds cannot be used for:

- The internal services that are provided as part of a housing package because these are funded by a separate housing subsidy
- Infrastructure that is used by communities that are not poor (the municipality must use other capital funds for this infrastructure)
- Institutional capacity building of the municipality (capacity building grants must be used for this purpose)
- The costs of operating the infrastructure
- Pledging of funds to secure loan finance
- Any projects that are outside the framework of the municipality's IDP
- Any projects that are not included in the municipality's approved budget.

Financial, capacity and reporting conditions of MIG

A municipality must also comply with the following conditions. It must:

- submit its financial statements to the Auditor-General on time
- demonstrate that it has the capacity to manage the infrastructure investment programme
- prepare and submit all monthly reports on how it has used the grant in a prescribed format by a specified time
- allocate MIG funds in the municipal budget
- prepare a project business plan for each project (which conforms with the requirements of the MIG programme)
- register projects on the national MIG database.

Further conditions may be established for individual sectors towards ensuring sustainability of projects.

How will compliance with the conditions be measured?

Some of the conditions relate to what MIG funds can be used for, others relate to how a municipality manages and reports on MIG funds. The MIG programme has indicators for each condition so that it is easy to measure performance in relation to the conditions. Municipalities will be required to provide information to the MIG MU about the indicators in their monthly and quarterly reports.

What happens if a municipality does not comply with the MIG conditions?

If a municipality does not comply with the MIG conditions, then MIG funding allocations can be reduced.

MIG is a conditional grant and if municipalities do not perform in terms of the conditions, then the grant amount in following years can be decreased. This is essential to prevent the misuse of national funds intended to support access to infrastructure by the poor.

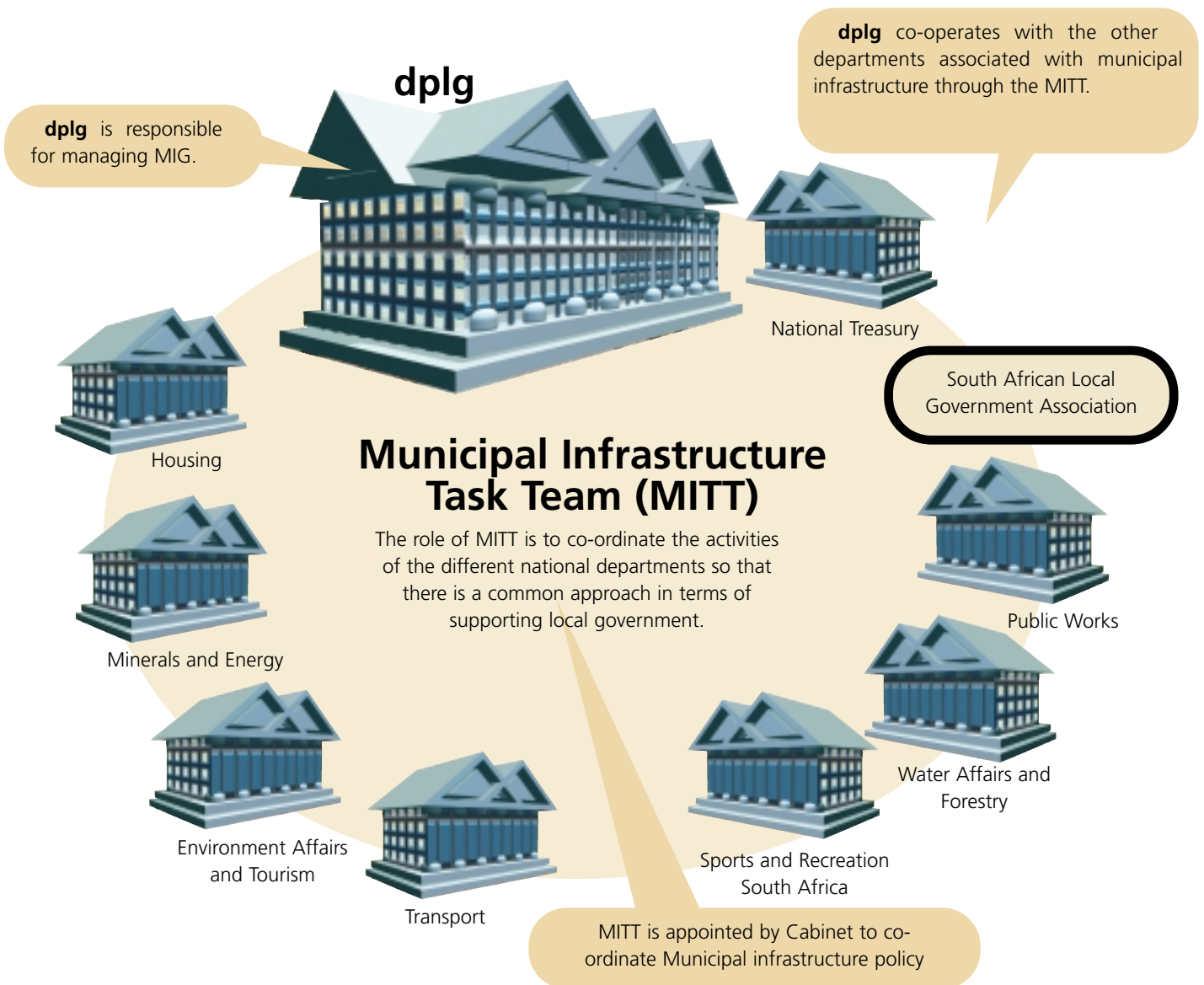
ROLES AND RESPONSIBILITIES

The role of national government in terms of MIG is to make policy, undertake macro-planning, provide support, monitor policy outcomes and regulate municipal infrastructure investments.

Department of Provincial and Local Government (dplg)

dplg is responsible for:

- Co-ordinating MIG policy on behalf of all departments
- Establishing MIG management and administrative structures
- Administering the transfer of funds to municipalities according to the Division of Revenue Act schedule
- Providing support to municipalities
- Monitoring performance of the overall MIG programme.



Municipal Infrastructure Task Team (MITT)

MITT has the responsibility to:

- Review municipal infrastructure policy to ensure efficiency, effectiveness and consistency in the delivery of infrastructure by municipalities
- Monitor progress and unblock any challenges that may emerge in the delivery of services
- Make policy decisions and decisions related to ensuring the delivery of services
- MITT is supported by a technical task team called the Municipal Infrastructure Technical Task Team (MIT3).

Municipal Infrastructure Technical Task Team (MIT3)

MIT3 comprises representatives from the same departments as the MITT, as well as representatives from SALGA and the national MIG programme manager. MIT3 reports directly to the MITT and has the responsibility to:

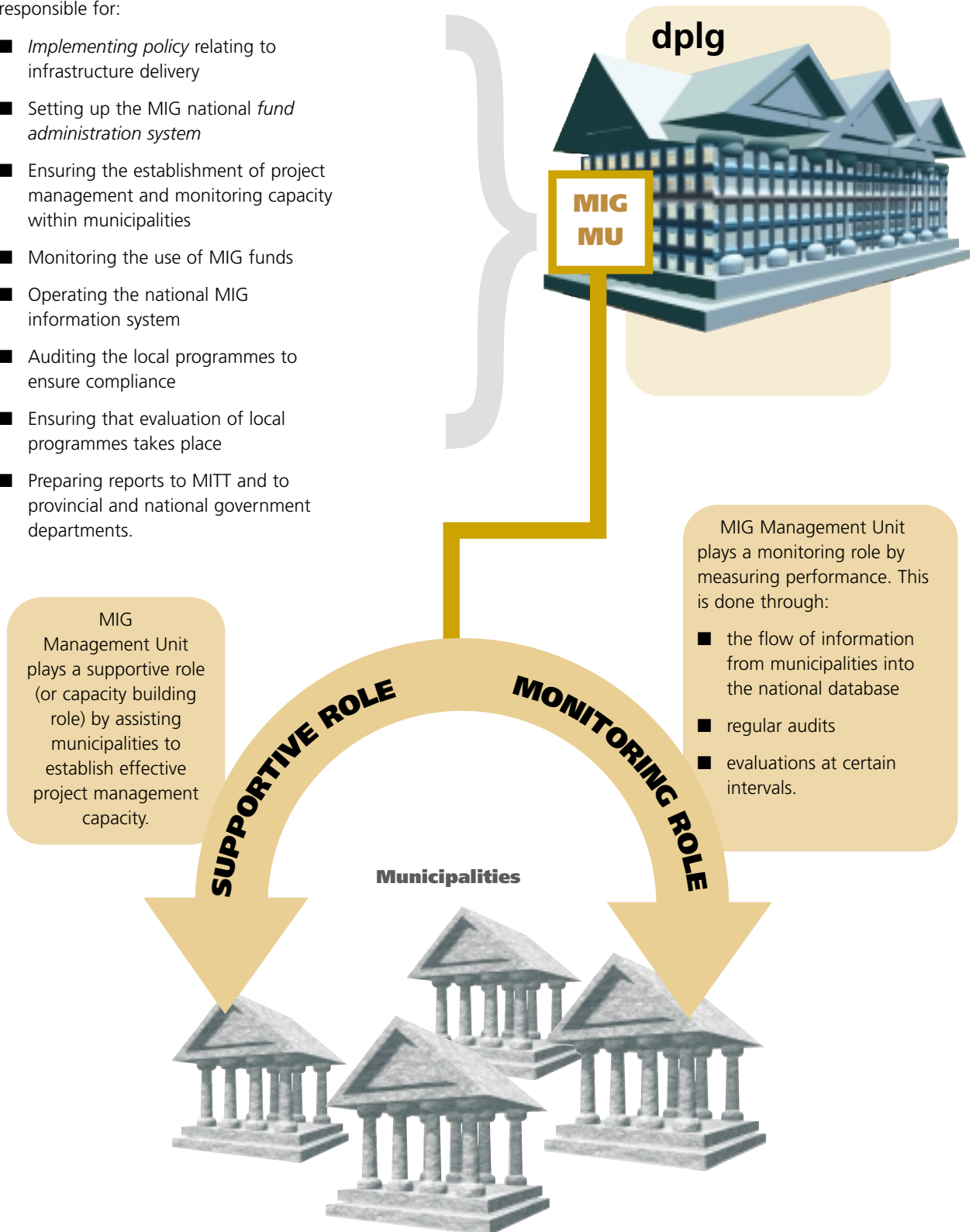
- Facilitate and co-ordinate implementation of MIG policy and the overall programme
- Promote financial, technical, social and environmental sustainability of municipal services through infrastructure programmes
- Monitor MIG implementation and progress of departments in implementing the MITT decisions
- Facilitate the establishment of the MIG Management Unit
- Recommend policy changes, draft policy amendments and provide expert advice to the MITT
- Coordinate impact studies on the MIG and review and correct blockages in process
- Determine sector priorities and ensure proper co-ordination between sector departments
- Review reports from municipalities and review sector reports.



National MIG Management Unit

The national MIG management unit (MIG MU), which is located within **dplg**, is responsible for:

- *Implementing policy* relating to infrastructure delivery
- Setting up the MIG national *fund administration system*
- Ensuring the establishment of project management and monitoring capacity within municipalities
- Monitoring the use of MIG funds
- Operating the national MIG information system
- Auditing the local programmes to ensure compliance
- Ensuring that evaluation of local programmes takes place
- Preparing reports to MITT and to provincial and national government departments.



Other National Departments

National departments (and their provincial counterparts) retain their policy making and regulatory functions in terms of municipalities. They also retain their constitutional rights to intervene and support municipalities. In addition, each department has specific responsibilities in terms of MIG.



National Treasury

Overall allocation of MIG funds through DoRA

Determine specific MIG conditions

Monitor financial reporting, revenue related criteria and spending trends

Ensure that municipalities operate within the macroeconomic framework driven by national government

On the advice of MITT, can make an adjustment to the funds to be received by municipalities



Department of Public Works

Set criteria related to poverty alleviation and employment generation

Advise municipalities on labour based construction, systems, procurement, techniques and approaches

Provide training to municipalities on the conditions of the 'Expanded Public Works Programme (EPWP)' and how to comply with these conditions

Monitor poverty alleviation and employment generation conditions

Monitor municipal performance in terms of labour based technology, SMME involvement and compliance with the EPWP conditions



Department of Water Affairs and Forestry

Policy making, including the setting of norms and standards for water services infrastructure

Support municipalities to prepare and implement Water Services Development Plan (WSDPs)

Monitor water sector related conditions and progress in meeting targets for water and sanitation

Provide support to municipalities in terms of feasibility studies, business plans and implementing water services capital projects

Initiate intervention related to water services activities



Department of Transport



Department of Sport and Recreation South Africa



Department of Minerals and Energy

Policy making including the setting of norms and standards for the sector

Provide sector planning support to municipalities

Monitor the performance of municipalities in the provision of sector infrastructure and compliance with sector conditions

Ensure that funds allocated for sector infrastructure are properly spent

Once the Integrated National Electrification Programme (INEP), has been incorporated into the MIG programme DME will fulfil similar responsibilities to those identified for DWAF (planning support to municipalities, support to designing and implementing projects, monitoring)



Department of Housing

Coordinate policy and planning of housing development and the provision of infrastructure through the MIG programme

Ensure co-ordination between the MIG programme and the Housing Fund

- The introduction of MIG does not reduce the work of sector departments. Sector departments have an increasing responsibility to *support* municipalities in planning and implementing their infrastructure programmes. Sector departments must also oversee compliance on standards and norms in terms of their regulatory responsibilities.
- Sector departments also need to assist municipalities to achieve *sustainable services*.

Responsibilities of Provinces

The role of provincial departments in terms of the MIG programme is to:

- Ensure that IDPs are properly prepared
- Develop the capacity of municipalities to effectively manage the infrastructure provided using MIG funds
- Monitor the financial performance of municipalities
- Provide technical advice on the MIG programme related to infrastructure for which provinces have responsibility (for example, roads)
- Undertake MIG monitoring and capacity building on behalf of the national MIG MU (This may be delegated to specific provincial administrations by **dplg**).

The whole of Part 2 is dedicated to the role of municipalities in the MIG programme since it requires a more detailed explanation.



Part 2

Managing MIG at Municipal Level



THE ROLE OF MUNICIPALITIES IN THE MIG PROGRAMME

The entire approach of MIG is focused on improving the capacity, efficiency, effectiveness, sustainability and accountability of local government. Whilst national and provincial government are responsible for creating an enabling policy, financial and institutional (support) environment for MIG, municipalities are responsible for planning municipal infrastructure and for utilising MIG to deliver the infrastructure. This is reflected in the MIG policy framework, which supports the devolution of responsibility for municipal infrastructure development to the lowest possible level.

National Sphere

Overall enabling environment for MIG

- Policy development
- Macro planning
- Funding
- Support (capacity building)
- Monitoring
- Regulation



Provincial Sphere

- Support and advice
- Capacity building
- Monitoring
- Regulation of some services



Municipalities

Overall planning and implementation of infrastructure development within local government sphere

- Infrastructure development planning
- Project identification
- Financial planning and management of MIG funds
- Project feasibilities
- Project planning
- Project implementation (community participation and awareness, construction, project level capacity building, mentoring support)
- Project management
- MIG programme and project monitoring
- MIG programme reporting



Project Management Unit (PMU)

Municipalities must establish project management units (PMUs) to take responsibility for managing MIG projects. However, if a municipality has other personnel that can fulfill the project management functions and the municipality can demonstrate to the MIG MU that they are able to effectively manage the MIG without a PMU, then they do not need to establish a PMU. What is important is that the municipality is able to address MIG challenges as well as effectively and efficiently manage and be accountable for their MIG programme.

Responsibilities of the PMU

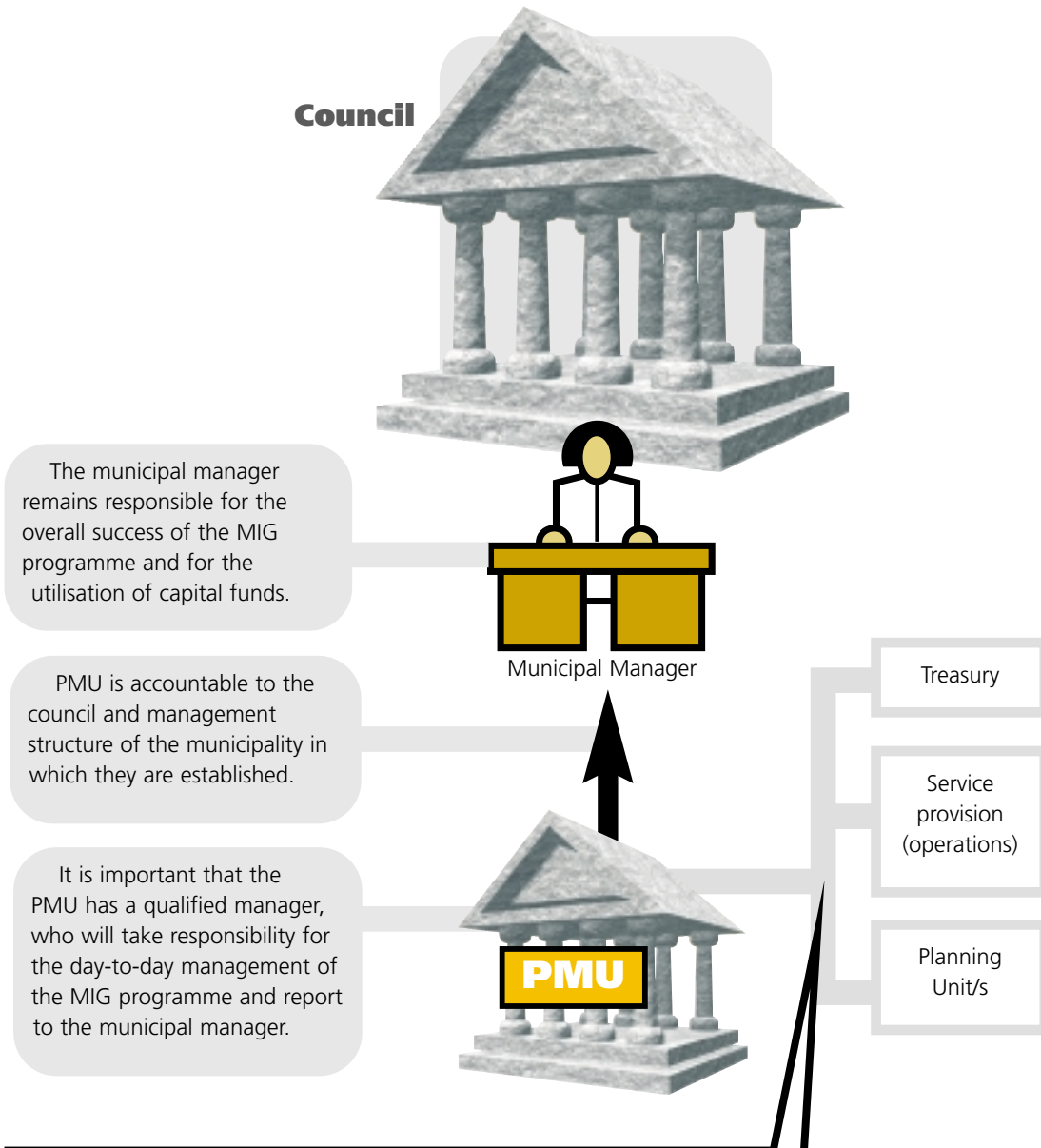


The project management function for MIG includes the following.

- **Managing MIG funding:** This includes managing *MIG funding* within the municipal accounting system, for infrastructure projects using MIG funds.
- **Co-ordination** of all projects serviced by the PMU. The PMU is not responsible for identifying projects in the IDP *planning process*, but should liaise closely with municipal planning departments and the PIMSS centre.
- **Project feasibility studies and business plans:** This includes commissioning and managing project feasibility studies and the development of project business plans. Where appropriate the PMU should facilitate the involvement of other municipal departments in these processes.
- **Contract management:** The PMU is responsible for establishing and approving *contracts* with contractors and consultants for each project, including contracts for feasibility studies.
- **Project management:** This includes all activities to ensure that projects meet planning objectives and targets.
- **Project related capacity building:** The PMU is responsible for ensuring that project-related capacity building and development objectives are met. Where economies of scale can be achieved through capacity building initiatives across a range of projects, the PMU should facilitate a programmatic approach.
- **Monitoring and reporting:** This includes management of a *monitoring* database and preparation of all necessary reports to both the Council and to the MIGMU.

The municipality may decide that the PMU should take responsibility for **all** infrastructure projects managed by the municipality, in other words, not just MIG projects. The municipality must decide how to establish, staff and resource its PMU. MIG funds may be used for project management, but only for MIG projects.

PMU within the overall structure of the Municipality



There needs to be a close working relationship between the MIG PMU and other units in the municipality:

- The municipal treasury, which is responsible for disbursing funds based on certification by the PMU.
- The unit responsible for planning in order to ensure that infrastructure projects in the IDP will flow into the MIG implementation process.
- The units responsible for operating the infrastructure, such as water services, electricity, roads or other services. These operational units must play a major part in project business plans, as they will be responsible for taking the infrastructure over once completed.

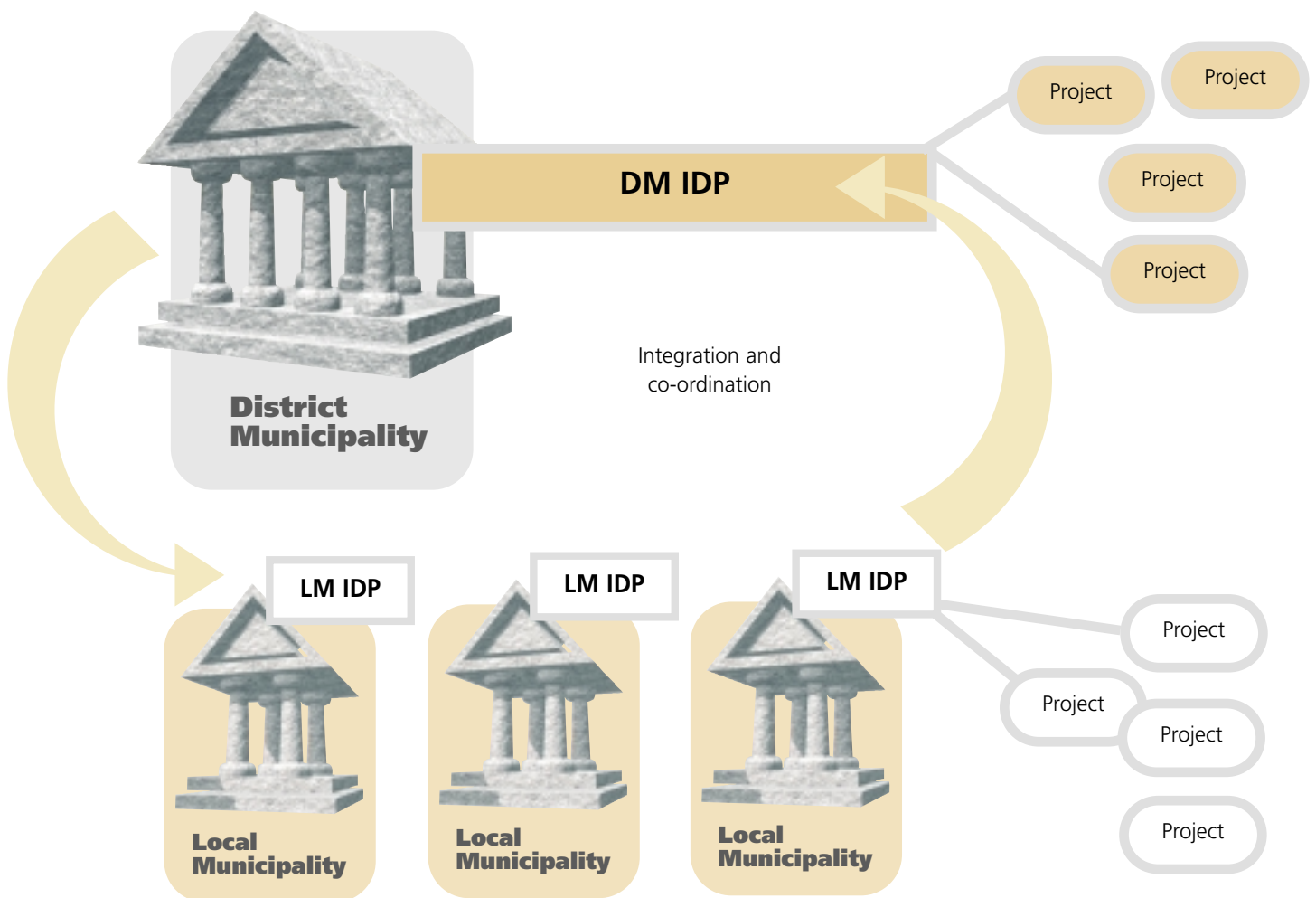
Municipal capacity to implement MIG

Municipalities need capacity to:

- identify infrastructure projects within their IDP
- prepare capital and operating budgets and receive and administer MIG funds
- manage and report on MIG projects.

IDP and project identification capacity

All municipalities are responsible for planning their IDPs and identifying infrastructure projects for the municipal services for which they have the powers and functions. District and local municipalities need to ensure that there is integration and co-ordination of their IDP processes so that the IDPs are aligned.

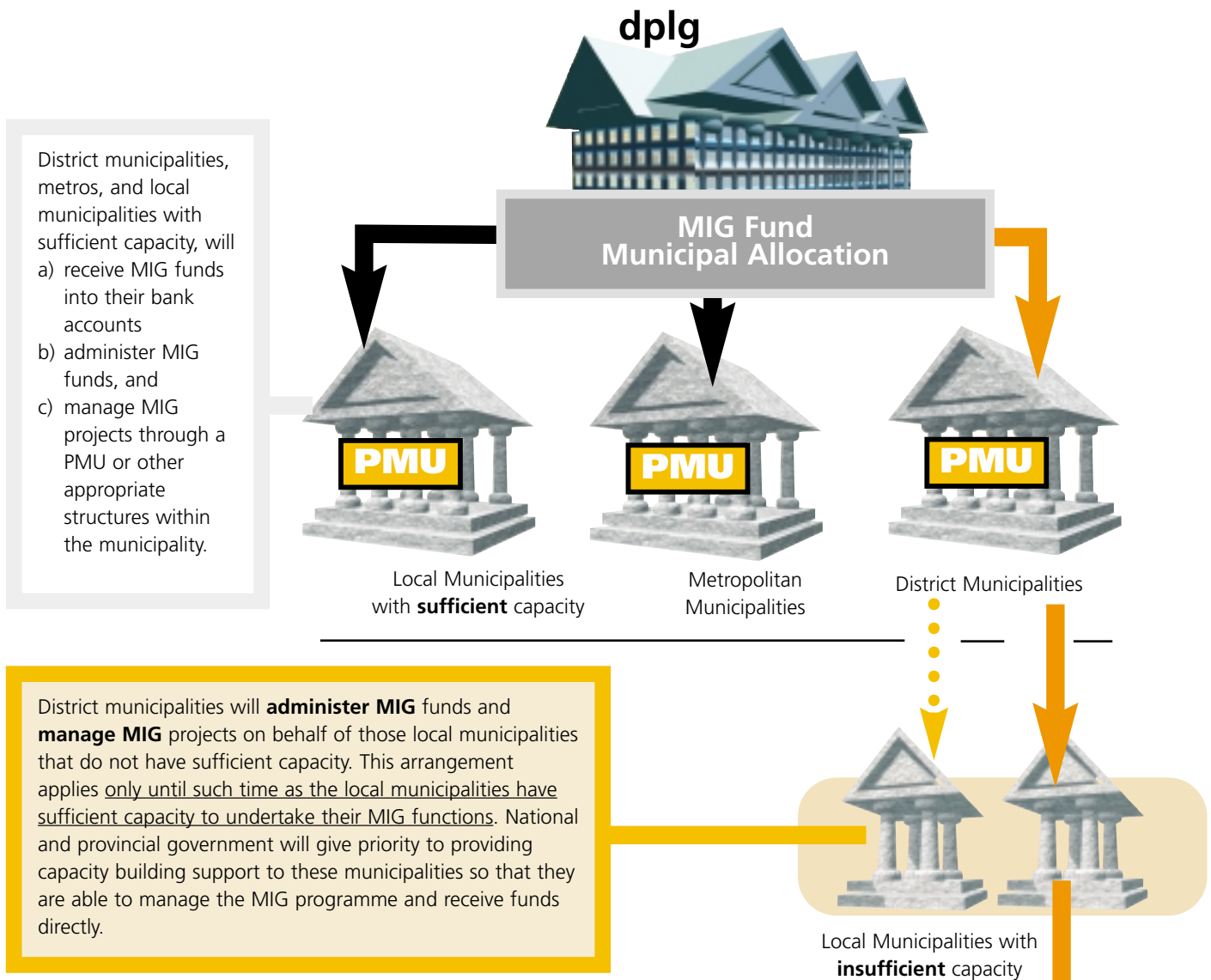


! If a municipality is unable to adequately prepare its IDP, it will not be able to identify and prioritise MIG projects. This is a serious capacity constraint, which must receive urgent attention. The **Capacity Building Grant** from **dplg** provides funding support for municipalities to address their institutional and planning capacity. Municipalities can submit a Capacity Building Business Plan to **dplg** to receive capacity building funding support.

MIG funding flow and project management capacity

All municipalities need to develop capacity to administer MIG funds and manage infrastructure projects, since all municipalities have to address infrastructure backlogs of one type or another. The aim therefore is to establish project management capacity in all municipalities. However, currently some local municipalities do not have the necessary capacity to implement the MIG programme and it will take time to develop this capacity. In these cases, the approach is for district municipalities to administer MIG funds and provide project management capacity until the local municipalities are able to fulfil these functions themselves. Metropolitan municipalities already have the necessary project management capacity and are therefore responsible for receiving their MIG funding allocations and managing MIG projects.

The diagram below illustrates the funding flow from the MIG fund within **dplg** to metros, district and local municipalities with sufficient capacity, and local municipalities that still need to develop capacity to administer and manage the MIG programme.



Where a local municipality is able to produce medium term capital plans and operational budgets, which reflect projects to be funded in each sector (roads, water, sanitation, and so on), the municipality qualifies to receive its MIG allocation from the district municipality. The district will still fulfil project management functions until the local municipality has the capacity to do so.

What defines a municipality as having sufficient capacity to fulfil their MIG functions?

A municipality must, amongst other tasks, be able to:

- Produce medium term capital plans and operational budgets which reflect projects to be funded in each sector (roads, water, sanitation, and so on) as required by the Division of Revenue Act
- Fulfil all the financial functions to administer MIG funds, such as budgeting, financial management and financial reporting
- Manage MIG projects, including:
 - ✿ commissioning and assessing feasibility studies
 - ✿ ensuring the development of project business plans and appraisal thereof and
 - ✿ making recommendations concerning projects to be approved
 - ✿ registering MIG projects on the national data base
 - ✿ managing MIG projects through the project cycle
 - ✿ developing terms of reference and contracting and managing technical and social practitioners / consultants as required
 - ✿ contracting and managing implementing agents if projects are to be implemented by an agent outside of the municipality
 - ✿ ensuring that projects address sustainability issues
 - ✿ co-ordinating capacity building at project level to ensure a programmatic approach where appropriate
 - ✿ project monitoring and intervention where necessary to keep projects on track
 - ✿ MIG programme and project reporting.

Capacity building to fulfil MIG functions

National and provincial government will provide support to municipalities relating to the MIG programme. This will be aimed specifically at:

- Establishing MIG systems
- Establishing MIG programme management capacity.

While this capacity building is aimed specifically at the MIG programme it will link with other capacity building initiatives of government. Municipalities can also apply to **dplg** for capacity building funds to address their institutional capacity building requirements, for example: integrated develop planning capacity; financial management capacity; capacity to manage capital projects, including MIG projects; capacity to select and appoint service providers; regulatory capacity; reporting capacity; and so on.

MANAGING MIG AS A PROGRAMME

The MIG is a grant to municipalities, and thus the management of the grant at municipal level must occur within the planning, budgeting, financial management and operational arrangements in this sphere. Effective management and utilisation of capital funding is the responsibility of the municipal manager.

The MIG programme is not simply a set of capital projects that can be dealt with on a project-by-project basis. It is a programme to expand the delivery of basic services to poor households and to alleviate poverty. This approach is reinforced in the Division of Revenue Act: "MIG will not fund specific projects, but is designed to complement the capital budgets of municipalities."



The planning and reporting requirements of MIG support a programmatic approach in line with integrated development planning as the central planning instrument of municipalities.

MIG programme processes

IDP Projects identified in the IDP

PMU organises Feasibility Studies for all projects

PMU aligns approved MIG projects with MIG funding allocation

Municipality (including PMU) translates MIG project capital investment requirements into three-year Capital Plan

Three-year capital plan

Three-year operation and maintenance costs

MIG funds allocated to the project in the municipal budget

PMU fulfils project management and monitoring role for all MIG project that are implemented

MIG Quarterly Report

Programme Planning

At a programme level, the MIG planning requirements include the following:

1. Projects identified in the IDP including the development of MIG project proposals
2. Checking the feasibility of projects before they can be approved for MIG funding
3. Ensuring alignment between the project budgets and the MIG allocation
4. Preparing a three year capital plan (which is part of the IDP Financial Plan)
5. Preparing a three year operational plan (also part of the IDP Financial Plan) which has to illustrate that there is sufficient operational budget in the future to fund the ongoing operation and maintenance of the infrastructure.

Programme Management

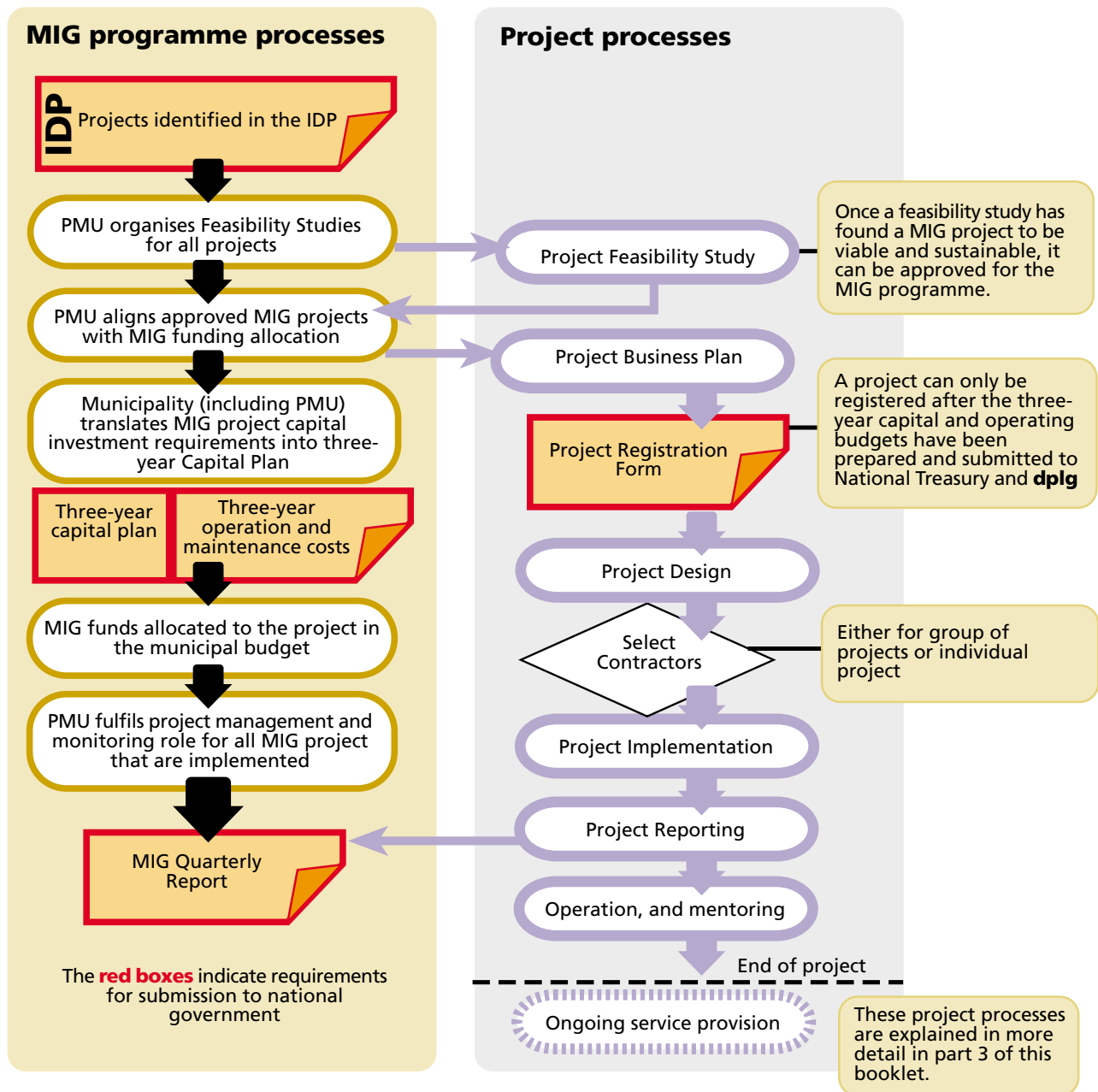
This involves project management and monitoring for all MIG projects through the project cycle. This role is undertaken by the PMU, or other appropriate structures within the municipality, if there is no PMU.

Programme Reporting

Reporting to national government on spending is against the entire MIG capital budget of the municipality and not against individual projects. Municipalities are also required to report on a quarterly basis on project implementation and progress towards achieving their infrastructure targets.

MIG Programme and Project Linkages

Within the MIG programme, there are planning and reporting requirements from both a programmatic and a project perspective. In addition there are important linkages between MIG programme processes and MIG project processes. For example, a MIG project cannot be registered unless it has been included in the three-year capital plan. The three-year capital plan cannot be prepared without referring to the MIG allocation in the Division of Revenue Act since this allocation defines the percentage of funds that the municipality can spend on different types of infrastructure (water, sanitation, roads, and so on).



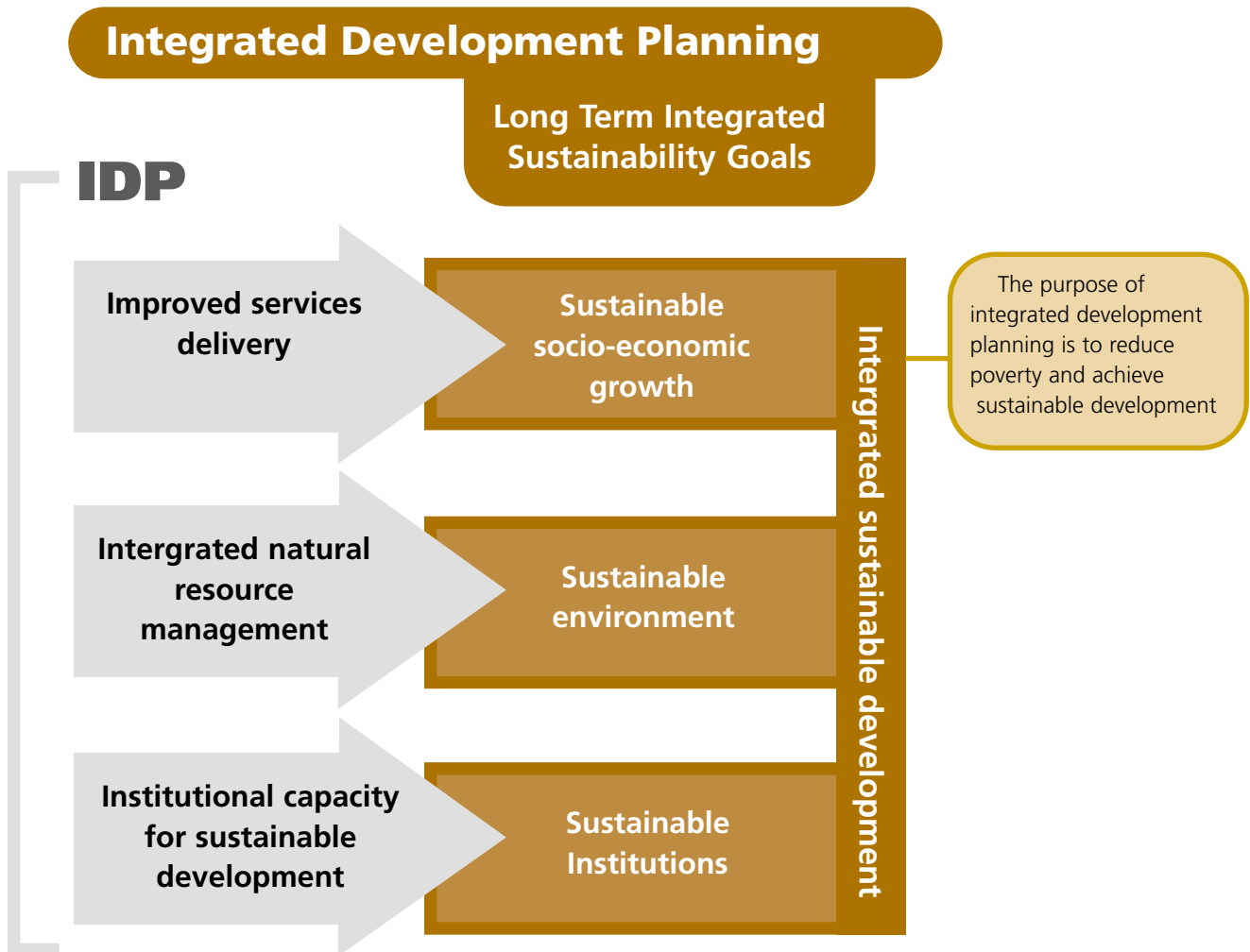
The different processes that need to take place from a **MIG programme perspective** are unpacked below.

MIG AND INFRASTRUCTURE PLANNING

Managing MIG is about managing infrastructure development for basic services. The starting point for any infrastructure development programme is planning. Integrated development planning is the starting point for all MIG projects.

The MIG and Integrated Development Planning

Integrated development planning is a process through which municipalities prepare a strategic development plan for a five-year period. The IDP is a product of the integrated development planning process. The IDP is the principal strategic planning instrument, which guides and informs all planning, budgeting, management and decision-making in a municipality.



The IDP is the process through which infrastructure projects are identified and prioritised. **All MIG projects must be identified in the municipality's IDP.**

How does the MIG programme link to the IDP process?

The IDP process consists of a number of phases: Analysis; Strategies; Projects; Integration; and Approval.

The **Analysis phase** is where the municipality and key stakeholders identify the needs and priorities of communities. The gaps in infrastructure required for the provision of basic services are identified during this phase. From a MIG point of view it is therefore very important that from the start of the IDP process, basic infrastructure needs and plans are properly addressed.



What information must be addressed in the IDP for MIG?

In order to comply with MIG conditions, the following information must be addressed in the IDP for basic infrastructure development:

- A five-year infrastructure (capital) plan which illustrates the total amount of capital grant funds including the MIG fund allocation in terms of the Division of Revenue Act.
- The rate at which the overall infrastructure backlog is to be reduced
- List of the projects to be funded by MIG
- Details of the level of service that will be provided by the infrastructure
- An assessment of the operating expenditure of all infrastructure under the control of the municipality
- An assessment of the operating revenue which will be raised to cover operating expenditure.

Municipality A: IDP

5-year Infrastructure / Capital Plan

Capital Grants	Year 1	Year 2	Year 3	Year 4	Year 5
MIG Funds	R xxx	R xxx	R xxx	R xxx	R xxx
Other Capital Grant Funds	R xxx	R xxx	R xxx	R xxx	R xxx
Total	R xxx	R xxx	R xxx	R xxx	R xxx

R XXX

The total amount of the capital grant funds for the first three years must equal the medium term allocation given to the municipality in the Division of Revenue Act (DoRA).

Division of Revenue Act

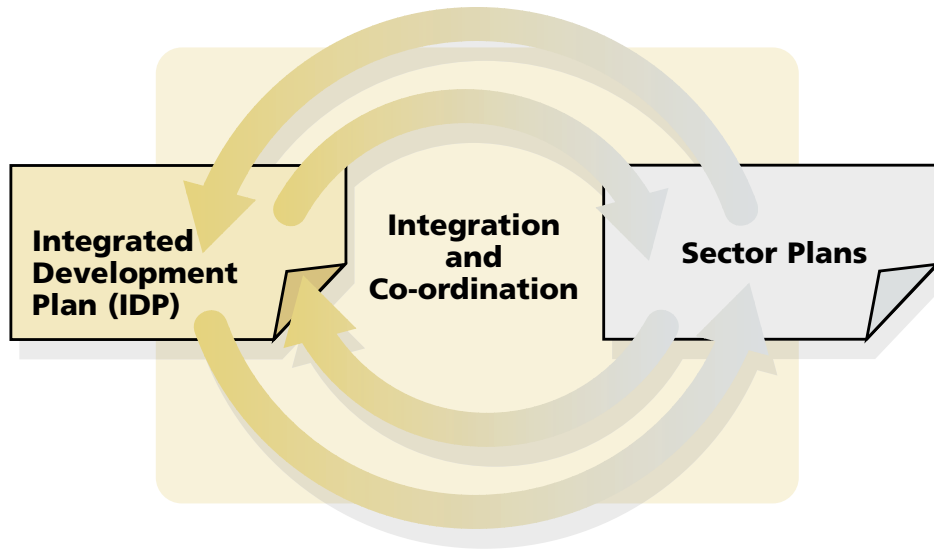
Infrastructure Grants to Municipalities

	National financial year			Municipal financial year		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Municipality A	R 000	R 000	R 000	R 000	R 000	R 000
MIG	xxx	xxx	xxx	xxx	xxx	xxx
Other Capital Grants	xxx	xxx	xxx	xxx	xxx	xxx
Total Capital Grant	xxx	xxx	xxx	xxx	xxx	xxx

R XXX

MIG and sector plans

Integrated development planning is an **inter-sectoral** planning process. Sector plans such as Water Services Development Plans (WSDPs), Integrated Transport Plans (ITPs) and Integrated Waste Management Plans feed into the IDP process, and IDP decisions feed into the sector plans. Sector plans need to provide technical input to the IDP process and the IDP process needs to guide the identification of priorities and targets in sector plans. There is therefore an iterative process between the IDP and sector plans. Basic services projects identified in sector plans must be integrated into the IDP in order to qualify for MIG funding.



IDP AND PROJECT FEASIBILITY STUDIES

The projects identified as part of the IDP process are 'provisional projects' until they have been through a project feasibility study.

MIG funds can be used to undertake project feasibility studies for MIG projects (in other words infrastructure for basic services only). The PMU together with other appropriate structures within the municipality must decide on the extent of the feasibility study for each project. For example, a very big project is likely to require an extensive feasibility study, whilst a small project is unlikely to require an extensive study. However there are other factors that influence the extent of a project feasibility study, for example environmental factors, financial viability, institutional considerations, and so on.

Depending upon how the project feasibility study is prepared, it may also include a business plan for the project. In such cases it is not necessary to prepare a separate business plan.

Once a project feasibility study has found a project to be viable and sustainable, the project can be approved by Municipal Council. This means that the project can be included in the MIG programme.

ALIGNMENT OF MIG PROJECTS WITH MIG ALLOCATION

The investment requirement for all MIG projects over the next three years must be calculated to ensure that the total amount required from the MIG does not exceed the amount allocated to the municipality within the Division of Revenue Act.

In addition, the MIG funding allocation to each municipality comprises funds for different types of infrastructure such as water, sanitation, roads, and so on, based on the municipality's backlogs. The PMU needs to align the different types of MIG projects with the different infrastructure allocations within the Division of Revenue Act.

THREE-YEAR CAPITAL PLAN AND OPERATING BUDGET

The Division of Revenue Act requires that a municipal council must approve "a three-year capital plan linked to its IDP and budget no later than 30 June of each year". It also states that "the approved budget must reflect operational and maintenance costs for the three years and beyond".

Three-year Capital Plan

The investment requirement for *all* the infrastructure the municipality plans to deliver, must be translated into a Capital Plan for a three-year period, starting with the current year. The IDP (together with project feasibility studies where appropriate) provides the necessary information to prepare the Capital Plan. This Capital Plan must also show the total amount that will be funded by MIG, which amount must correspond with the allocation in the Division of Revenue Act. The Capital Plan is the total spending target for infrastructure delivery. Submission of the Capital Plan to national government is a condition of MIG.

INTEGRATED DEVELOPMENT PLAN CAPITAL PLAN

Infrastructure Projects	Funded by	Year 1	Year 2	Year 3	Year 4	Year 5
Water:						
MIG projects						
Other projects						
Total						
Sanitation:						
MIG projects						
Other projects						
Total						
Roads:						
MIG projects						
Other projects						
Total						
Other infrastructure:						
TOTAL						

5-year window for planning capital projects

This is the three-year Capital Plan that must be submitted to National Treasury and **dplg**

Capital plan is reviewed on an annual basis by National Government. It must therefore be submitted each year.

The Capital Plan must show all the sources of capital funding such as grants, allocations, loans and own revenue.

Operation and Maintenance Costs

The municipality's budget must make provision for the ongoing operation and maintenance costs of the infrastructure. This is also a condition MIG. This condition is designed to ensure that all infrastructure that is funded by MIG is sustainable in terms of the ongoing operating and maintenance costs. The operation and maintenance costs must either be covered by revenue collected from consumers, and/ or by equitable share.

PROJECT MANAGEMENT

Once a project has been approved, the PMU is responsible for overseeing the process to ensure that the project is delivered effectively. This means that the PMU must take responsibility for the overall management of the project through the project cycle. The project cycle includes the following phases: planning (or design) phase; construction phase; and operations and mentoring phase.

The project management responsibilities will depend upon who implements the project. The project may either be implemented by a department or unit within the municipality, or it may be implemented by an external implementing agent, for example private sector firms, or non-governmental organisations, or other consultants and contractors. If an external implementing agent is contracted to implement the project, the PMU is responsible for all the work to select and appoint the contractor, as well as manage the contract and monitor implementation.

Information Management

The PMU must set up an effective project information system so that it can:

- track the progress of each project
- provide management information about the MIG programme and project implementation for monitoring and reporting purposes
- provide information to the national MIG MU on progress and performance relating to MIG conditions so that this information can be entered into the national MIG information management system.

Monitoring

The PMU is responsible for monitoring project implementation within the objectives and conditions of MIG. Monitoring of projects must be against the 'national' indicators of effective performance that have been consolidated as a set of conditions for the programme. The PMU must make the necessary arrangements to measure project performance and progress and to record this information into a monitoring system so that it can be easily reported. The municipality together with its PMU are responsible for ensuring that the MIG conditions are met.

Reporting and Accountability

Municipalities are required to report to national government on MIG spending and on progress in implementing projects on a monthly basis. The Division of Revenue Act states that reporting should focus on "priority areas, such as water and sanitation, refuse removal, roads and community facilities as well as reporting on labour utilization". Quarterly reports against the MIG indicators should also be submitted.

Intervention

The PMU will be required to intervene when the performance of projects does not conform to requirements. Generally, this will be related to non-performance under a contract with a contractor, consultant or 'in-house' construction unit. The PMU, in consultation with the responsible municipality, must decide on action to be taken to get the consultant or contractor to improve performance. If necessary this could mean the termination of the contract and the appointment of other contractors. The PMU will be responsible for ensuring that the actions agreed to are implemented.

Part 3

MIG Projects through the Project Cycle

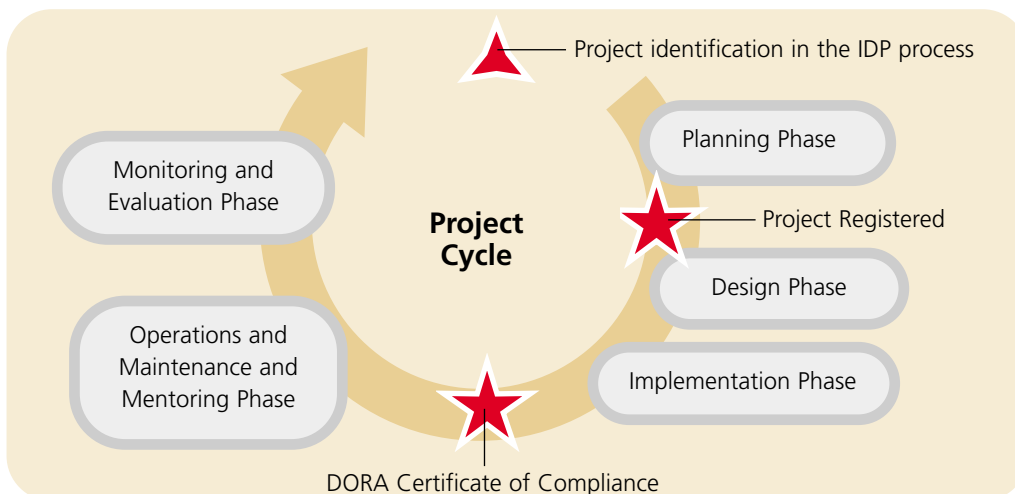


KEY ELEMENTS OF THE PROJECT CYCLE

This part provides an overview of the project cycle. The purpose of this section is to provide an overall picture of the work that needs to be done through the different phases of the project cycle towards ensuring sustainable services. It also outlines some of the key performance indicators that should be achieved through the project cycle.

To ensure effective implementation and management of capital projects, all projects should go through the following phases:

- Planning Phase (which includes a feasibility study and project business plan)
- Design Phase
- Implementation Phase (which includes construction plus project based capacity building)
- Operation and Maintenance and Mentorship Phase
- Monitoring and Evaluation Phase.

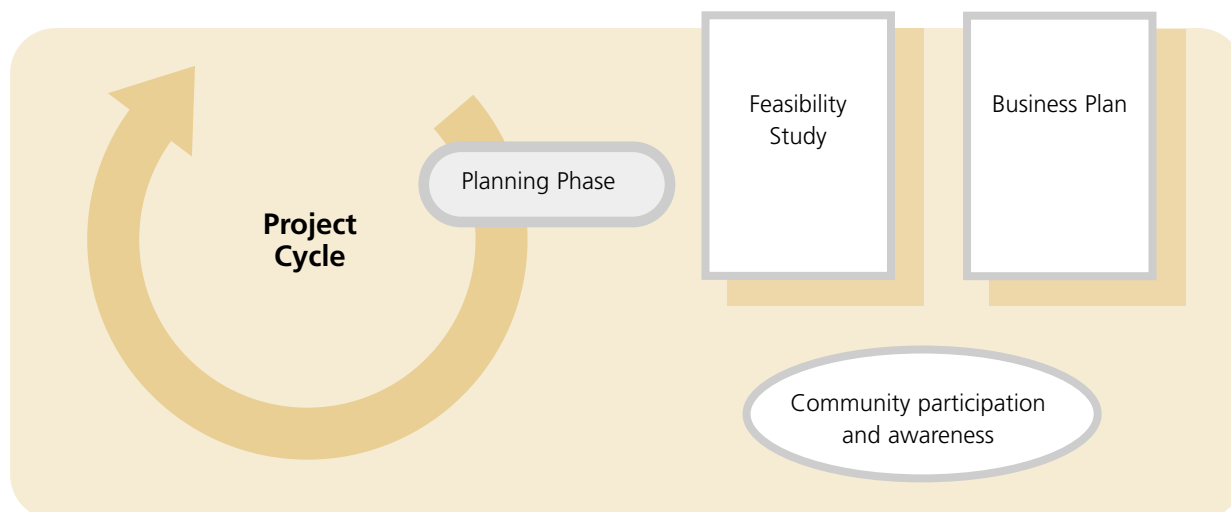


A key challenge throughout the project cycle is to ensure that the services provided by the infrastructure are sustainable following the completion of the project.

PROJECT PLANNING PHASE

The purpose of the planning phase is to assess the feasibility of the project. The feasibility study will form the basis for the preparation of a business plan for the project. The planning phase normally comprises two major outputs:

- Feasibility Study
- Business Plan.



It is very important that community participation and good communication takes place during the planning phase because this is the phase where all the important decisions are made about the project.

Feasibility Study

The purpose of the feasibility study is to assess the current situation (status quo) and identify the most appropriate solutions to provide sustainable services to the project area.

For example, the feasibility study for a water supply project would need to assess the following:

- Existing water sources and the quality thereof
- Existing water balance (water abstracted and water returned to a water source)
- Existing water services infrastructure
- Existing service levels
- Socio-economic status quo (consumer profile, affordability)
- Sanitation, health and hygiene status quo and needs
- Water services provider arrangements (who is providing services in the area, is there a service provider for the project, etc.)
- Environmental factors
- Financial feasibility.

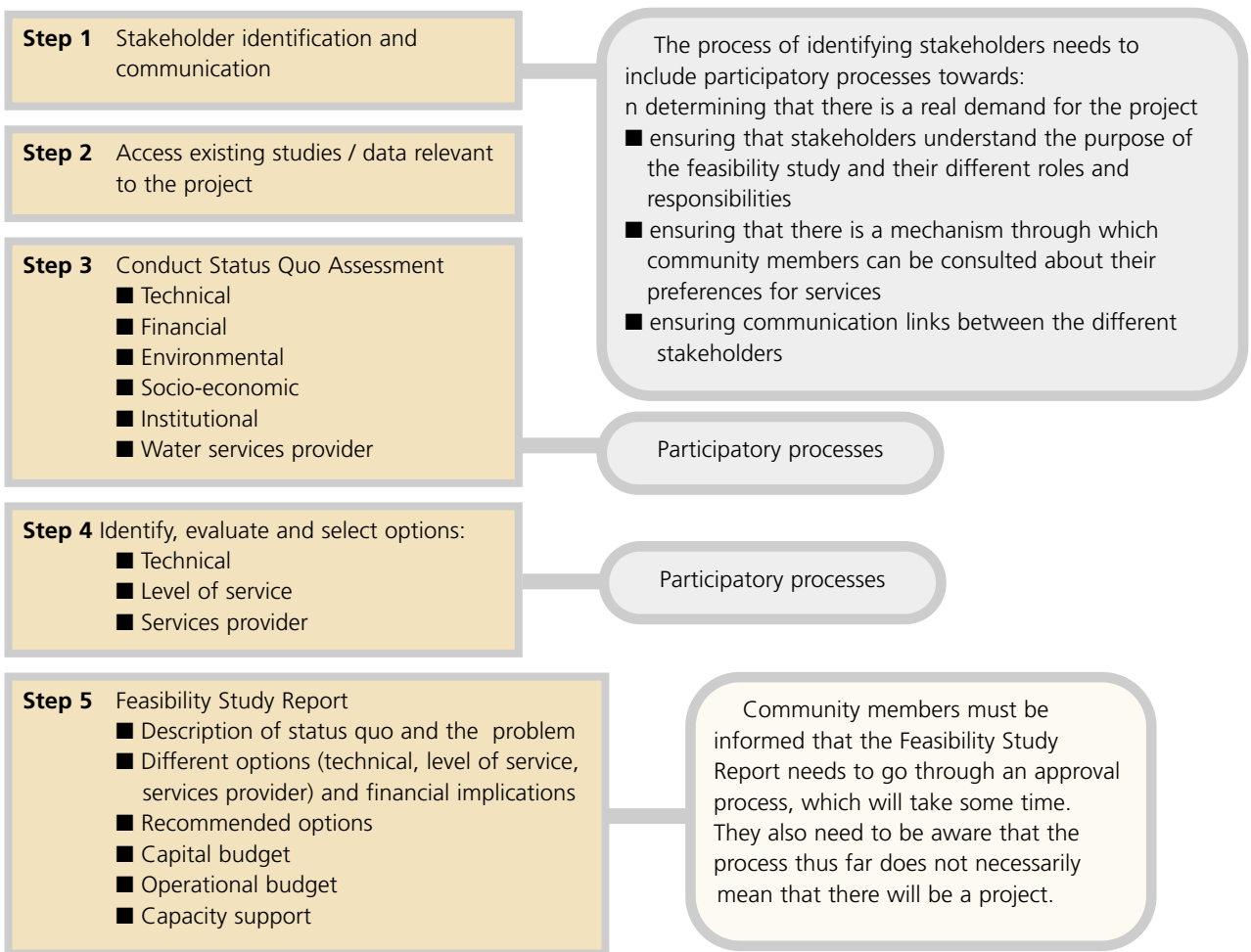
Following an assessment of all of the above components, the feasibility study needs to examine different options towards making the most appropriate recommendations and decisions for the project in terms of:

- technical option
- level of service
- services provider option
- financial arrangements
- and training and capacity building support to ensure sustainable services.

The Feasibility Study is the mechanism through which all the major decisions concerning the project are made. It is therefore critical that all key stakeholders participate in the Feasibility Study process, particularly the community that is to benefit from the project.

The steps to undertake a feasibility study and to develop a business plan for a project are addressed below.

Steps in the Project Feasibility Study



Project Business Plan

The Business Plan serves three purposes:

- a) it is the formal mechanism through which infrastructure projects should be approved by the Council
- b) it is a description of the project (based on the recommended best option from the Feasibility Study) including the type of infrastructure, the capital budget required, cash flow, outputs and targets and implementation
- c) it provides the information to register the project on the national MIG Information System (MIS).

As a formal mechanism, the Business Plan must ensure that:

- expenditure is in accordance with the conditions of MIG as outlined in the Division of Revenue Act and MIG policy
- all major capital projects are properly evaluated before a decision to commence is taken
- resources are used in an effective, efficient, equitable economical and transparent manner
- unauthorised expenditure is prevented.

Format of the Project Business Plan

The **dplg** has developed a **MIG Project Registration Form**, which must be used to register *ALL* projects. This form can also be used as the business plan format.

However for some very large or complex projects, municipalities may require a more detailed business plan than the information that is included in the Project Registration Form. In such cases municipalities can use any of the following:

- their own business plan format
- 'best practice' model formats available from sector departments
- any other business plan format that is appropriate for the project.

However, the municipality must still complete the official MIG Project Registration Form for the project.

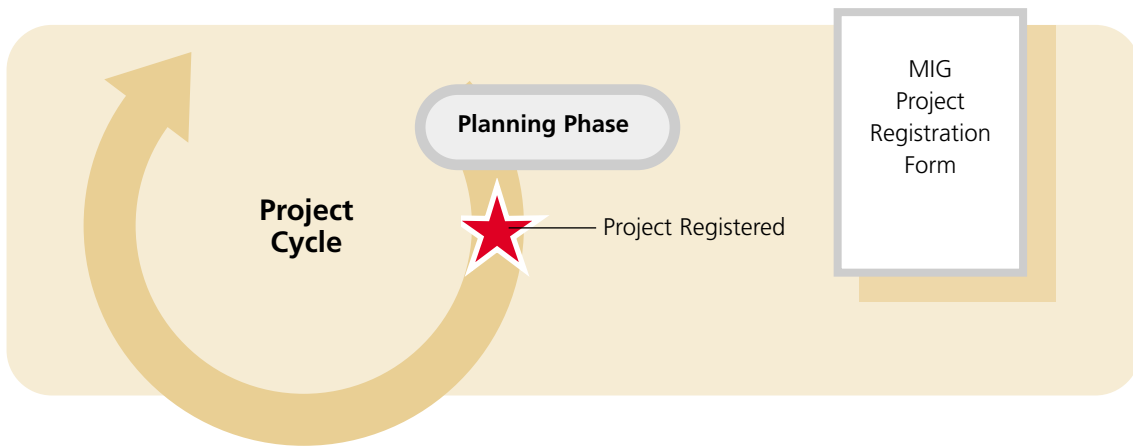
The scope and detail of the Project Business Plan is also at the discretion of the municipality, so long as it is based on the feasibility study and addresses sustainability issues.

PROJECT REGISTRATION

Purpose of Project Registration

The purpose of project registration is to:

- provide information to national government about the MIG project
- provide a means of assessing compliance with MIG conditions
- provide information against which the project reports and is monitored
- provide a means for the municipal manager to certify the project.



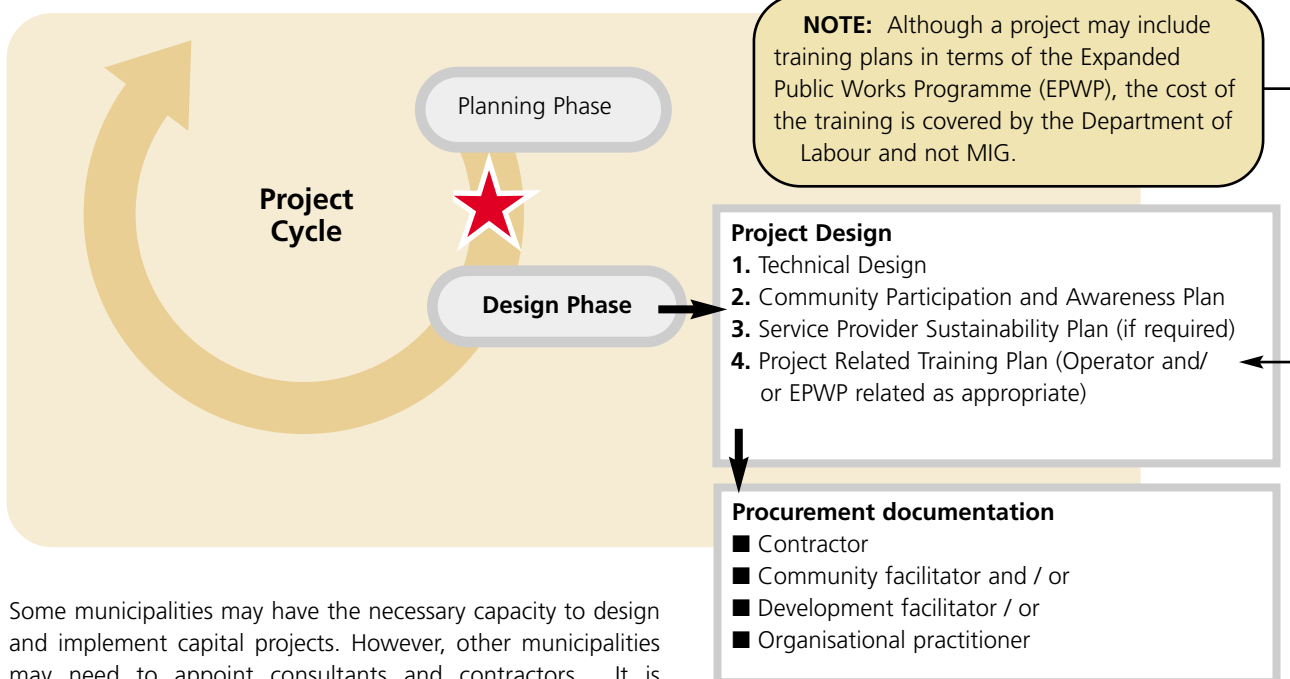
What information must be registered?

The MIG Project Registration Form requires a description of the project, and its budget plus information to ensure that the project complies with the Division of Revenue Act conditions, MIG policy conditions and sector conditions as well as information to check that the project is sustainable.

DESIGN PHASE

The purpose of the design phase is to:

- complete the design reports for the project
- prepare the procurement documentation for the work to implement the project
- appoint contractors and service providers as appropriate.



Some municipalities may have the necessary capacity to design and implement capital projects. However, other municipalities may need to appoint consultants and contractors. It is important to note that the type of capacity required to implement capital projects is *not* only engineers and building contractors. In order to ensure the sustainability of projects, projects also require the services of a community facilitator and / or development facilitator. In some cases a project may require the services of someone who understands organisations, systems and procedures in order to ensure service provider sustainability. This is generally only required where the service provider is a community based organisation.

Project design

During the design phase the different design alternatives are identified for the project. These alternatives look at issues such as technology and the associated operation and maintenance costs. For example, some designs may be more expensive to build but are cheaper to operate over the longer term. The potential to employ labour on a project is often influenced by decisions that are taken during the design phase. For example, to tar a road or to pave it by hand with concrete paving bricks. In the case of the Expanded Public Works Programme (EPWP) a guideline has been developed to provide municipalities with guidance on how to make optimal use of labour intensive methods. Because job creation is one of the conditions of the EPWP, and poverty alleviation is a condition of the MIG programme, opportunities for using labour intensive methods must be maximised.

The design alternatives that are selected during the design phase have long-term implications for the municipality. It is therefore important that the municipality endorses the project design.

Once all the project surveys are completed and the preliminary design report is endorsed, a detailed design is completed for the project.

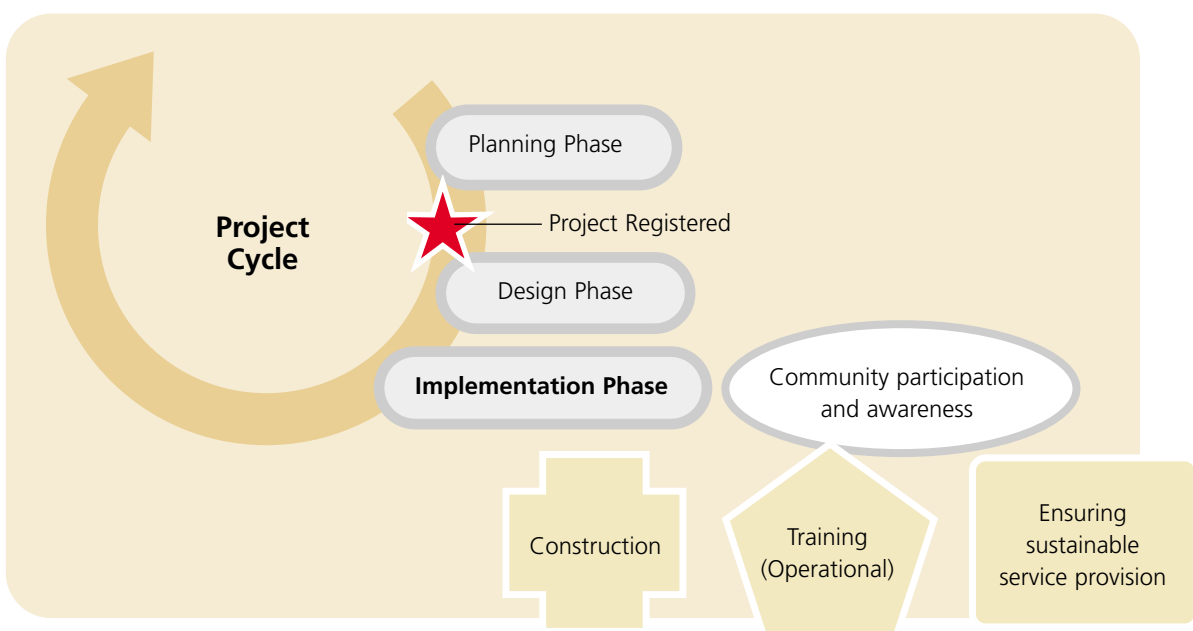
Procurement documentation and the procurement process

The schedule of quantities and procurement documentation is based on the final design for the project. Depending upon the needs of the project, the procurement documentation will be for a building contractor and for community facilitation and communication support. The procurement documentation must state what criteria will be used to evaluate proposals and tenders, for example preferential procurement procedures, cost, past track record, and so on. The municipality must also endorse the procurement documentation.

The procurement process should be undertaken according to the municipality's procurement policies and procedures.

IMPLEMENTATION PHASE

The purpose of the implementation phase is to achieve the outputs and targets of the project.



Construction

Construction of the infrastructure commences during the implementation phase of the project. The engineer from the municipality or a consulting engineer (that represents the municipality) will supervise the work carried out by the contractor. However, the contractor is responsible for the quality and standards of the work done.

Community participation, awareness, and facilitation

During this phase it is important that there is community participation and awareness around the project, particularly in terms of how the project will provide long-term benefits to the community, and the community's role in ensuring that the services are sustainable.

Municipalities should decide how they want to ensure community participation in MIG projects. They may decide to establish participatory structures at project level or they may use Ward Committees or other existing structures.

The role of the structure or 'community participation and awareness' (CPA) mechanism can be all or any of the following:

- provide a link between the project implementation team and the community
- act as a channel for meaningful community participation, communication and involvement throughout the project
- recruit local labour by means of sub committees or work groups
- advise and assist in the management of labour intensive aspects of project implementation
- make recommendations to Ward Committees for the approval of implementation plans
- participate in monitoring, evaluating and reporting throughout project implementation
- oversee or undertake health and hygiene promotion, with support from community health workers or environmental health officers, as well as local health or sanitation committees.

It is also an important structure to ensure that the community's needs are represented in the implementation of the project. Community members are more likely to play an active role in the long-term sustainability of the project if their needs have been properly addressed.

Ensuring sustainable service provision

There are a range of different service delivery mechanisms that a municipality can select to operate and maintain the infrastructure. The selection of service delivery mechanisms should ideally take place as part of the IDP planning process, rather than on a project by project basis.

The capacity of the service provider is critical to the sustainability of the ongoing municipal services that are provided by a project. Where the service provider is the municipality, sustainability concerns should be raised with the relevant department / unit within the municipality and plans developed to address the challenges. If there are institutional or capacity constraints that will impact on the sustainability of the services, funds from the capacity building grant should be used to address these constraints.

Some projects may require the infrastructure to be operated by a CBO, for example infrastructure in remote rural areas. In such cases it may be necessary to establish a CBO to fulfil the service provider functions, for example to operate and maintain a water scheme. The CBO must be established before the project is completed so that it can fulfil the operations function.

Project Related Training

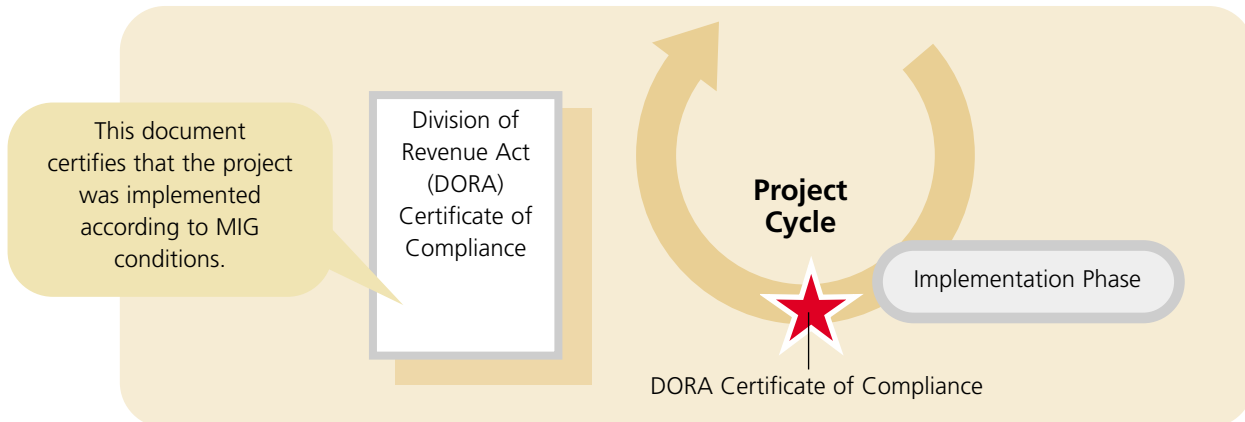
Project related training will mainly be operational training so that those responsible for operating the infrastructure are able to do so. This applies to staff within the municipality, or operators from the community where the service provider is a CBO. There may also be other types of training through the project cycle to ensure the sustainability of services where the service provider is a CBO, for example training on how to read meters, conflict resolution, monitoring and reporting, communication skills, and so on.

Formal training for Local Government is funded through the Local Government and Water Sector Education and Training Authority (LGWSETA). It should therefore not be funded through MIG.

The EPWP requires that consultants and contractors working on EPWP projects complete skill programmes in labour intensive construction. This is to ensure the quality of work delivered by the contractors and consultants. The training takes place through the EPWP Contractor Learnership Programme with the SETA providing training to contractors. Municipalities provide practical experience and opportunities to emerging contractors through MIG projects.

Certificate of Compliance

On completion of the project, a Division of Revenue Act (DORA) Certificate of Compliance must be completed by the municipality and submitted to the Provincial and National MIG Management Units.



OPERATION, MAINTENANCE, MENTORING PHASE

The purpose of the operation, maintenance and mentoring phase is for the project to commence operating so that any problems can be identified. It is during this phase that the service provider (who will be responsible for the ongoing provision of services) receives mentorship from the contractor on how to operate and maintain the infrastructure. After completion of the project the contractor is still responsible to repair any defects that arise for a certain period as stated in the contract.

MONITORING AND EVALUATION PHASE

Monitoring should take place throughout the implementation of the project cycle. Projects must be monitored against the MIG indicators so that it is easy to check whether the project is complying with all the MIG conditions. In addition it is important to monitor implementation of the project and the ongoing operation of the service to ensure sustainability. Some projects may be evaluated to learn lessons, identify best practice, and inform further policy development.

In conclusion, the purpose of each phase of the project cycle is to ensure that projects are properly planned, properly implemented and properly operated and maintained so that they are sustainable. This is dealt with in part 4 of this booklet.

Part 4

MIG and Sustainability



WHAT IS SUSTAINABILITY?

Sustainability means ensuring that services continue to operate effectively and generate benefits over the planned life of the constructed infrastructure. From a MIG perspective, sustainability starts with the IDP process. Sustainability will be compromised if the IDP process is not properly undertaken. Sustainability starts with ensuring that a project is feasible. This is why MIG requires project feasibility studies.

Municipal services are sustainable if:

- the infrastructure operates and is used efficiently and effectively
- the benefits of the services continue to be realised over a long period of time where the quality, quantity, convenience, and level of service do not decrease with time
- the infrastructure is maintained in a condition which ensures a reliable service
- all operational, maintenance and replacement costs are covered
- associated natural resources (for example water) are not over-exploited but are developed in a sustainable way
- the management of the services is institutionalised
- there is access to sufficient support
- there are no negative effects to the environment
- there are no unplanned external interventions.

Sustainability starts with proper planning

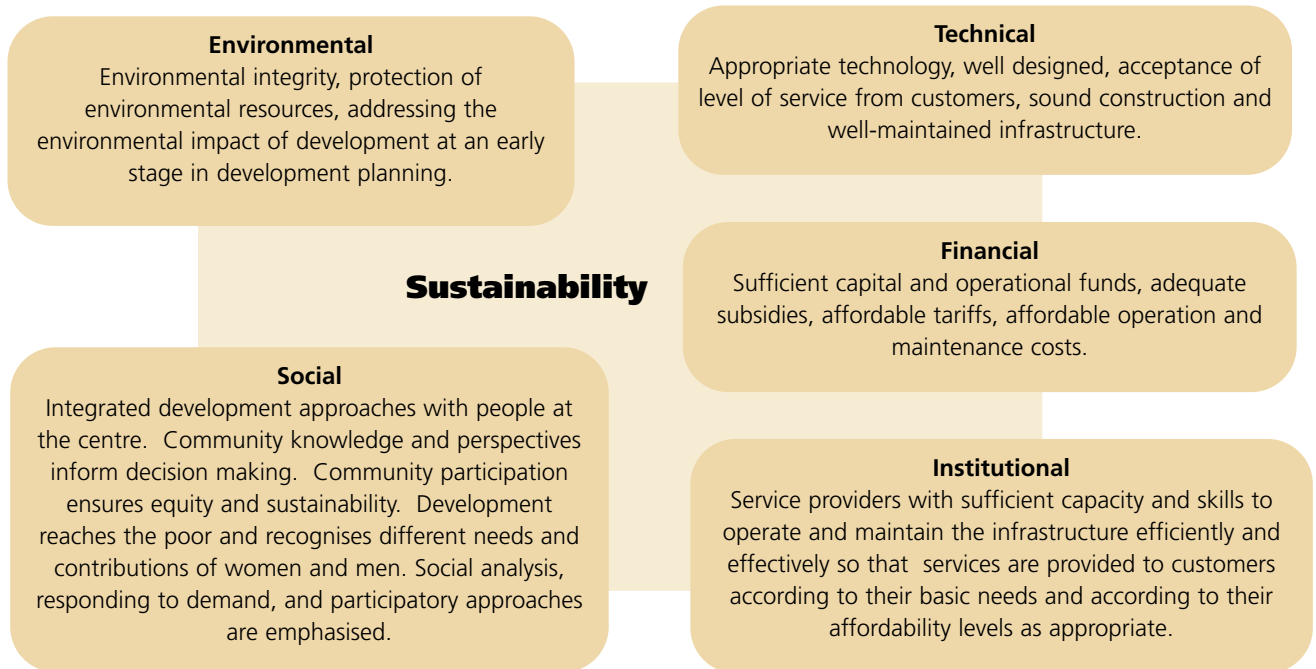
Because sustainability has environmental, technical, financial, social, and institutional dimensions, MIG projects must be properly planned and must involve all relevant stakeholders, particularly community members who are the users of the services.

In order to ensure sustainability, it is important to ensure that there is a real demand for the project and that the benefits of the project are maximised. In this way the community will appreciate the value of the services offered by the project.

Sustainability of services also requires gender-sensitive health and hygiene education so that the provision of services results in improvements in health. This is particularly important in the context of vulnerabilities arising from HIV/Aids. Community participation must make provision for health awareness towards contributing to sustainability.

Key elements of sustainability

There are a number of elements that need to be addressed to ensure long term sustainable provision of services. These elements should be addressed as an integrated whole:



ROLE OF COMMUNITY DEVELOPMENT WORKERS

Service provision must reflect the needs and preferences of the community. If the community does not participate in the planning of the project, the services may not be responsive to the community's real needs. However community participation does not simply happen, it needs to be promoted and facilitated. Community Development Workers have a key role to play in this regard.

Mechanisms for Participation

They need to encourage mechanisms for participation and consultation throughout the project cycle. They also have a key role to ensure that the preferences of the community are reflected in the project feasibility study, project business plan and all major decisions that affect the project and the services it will deliver.

Community Development Workers (CDWs) are defined as community-based resource persons who collaborate with other cadres to help fellow community members progressively meet their needs, achieve goals, realize their aspirations and maintain well-being. They are participatory change agents working within communities from where they are selected, where they live, and to whom they are answerable for their activities.

Important functions for Community Development Workers

Other important functions that Community Development Workers can fulfil through the project cycle include: support to conducting participatory assessments, identify gaps in the community's awareness concerning the provision of basic services and related health issues, facilitate communication between the community and other stakeholders, serve as a link between the ward committee, community and other project stakeholders, monitor the implementation of community awareness initiatives and community participation, collaborate with community health workers, provide support to the selection of local labour for the project and serve as a mechanism through which the community can raise their concerns and issues.

SUSTAINABLE INFRASTRUCTURE AND SERVICES

Infrastructure design

Infrastructure design contributes to sustainability if it:

- is based on customer choices
- is technically feasible for maximum coverage
- is upgradable for higher levels of service
- allows for mixed levels of service
- is easy to operate and maintain at local level
- is affordable to customers
- protects the health of users
- takes spares and energy requirements into account
- ensures effective waste-management systems.

Effective operations and maintenance

The lack of adequate operation and maintenance is often a major reason why services are not sustainable.

Operations and maintenance (O&M) of a service will be sustainable if:

- the O&M personnel are trained, skilled and available
- problems are responded to promptly
- spares and energy requirements are accessible
- there are efficient communication channels between O&M personnel and the community
- the community is aware of the O&M system (who, how and where to report problems)
- there are sufficient funds for O&M
- O&M is located at the lowest appropriate level
- O&M promotes job creation
- there is an O&M plan and it is understood and adhered to
- a user friendly O&M manual is available
- O&M mentoring is provided
- O&M personnel have access to maintenance support.

It is essential that municipalities protect their assets

by ensuring that an appropriate **maintenance and rehabilitation plan** is developed and implemented. This plan must be based on preventative maintenance to ensure that damage is prevented before it occurs. Assets should be rehabilitated and/or replaced before the end of their economic life and the necessary capital funds must be allocated for this purpose.

Community participation and decision making

Community participation and responding to community demand ensures:

- User satisfaction
- Community empowerment
- Community self-reliance, advancement and sense of ownership
- Strengthening of community organisational and management skills which can be transferred to other development activities/ needs
- Sustainability.

People-centred approach

A people-centered approach ensures that:

- the needs and realities of people are at the centre of all planning and implementation activities
- skills, motivation, confidence building and increased awareness are developed in the community and in local service institutions
- people are empowered through access to information
- people are able to make informed decisions
- local knowledge and experience is recognised as the basis upon which to build capacity.
- people have a sense of ownership for services and thus take greater responsibility for the services.

Involvement of women and youth

Women and youth must be involved in all phases of the project because:

- they are the principal users of basic services
- they are the most likely group within the community to take responsibility for the ongoing operation of basic services
- they are the main beneficiaries of basic services
- higher levels of women's participation increases the effectiveness of community managed projects.

Financial sustainability

Financial sustainability requires that the capital, operating and maintenance costs are covered. Whilst MIG funding covers the capital costs for infrastructure providers basic services to the poor, the municipality must ensure that it also has sufficient equitable share or other revenue to pay for the operating costs of the basic services. If the operating costs are not sufficiently covered, the services will not be sustainable. It is for this reason that the MIG policy requires a three-year Operational Budget to be prepared as part of the IDP.

Communication

Communication within projects is effective when:

- it ensures participation and shared decision making at all levels
- many channels and mechanisms are used (such as ward committees to block committees to households, mass meetings, billboards, radio, participatory workshops)
- it facilitates receiving and giving information (two way process)
- the municipality, the community development workers, the technical and social agents and the project committees know what information the community wants to know and when they want to know it
- role players know who to communicate with around which issues
- the messages are understandable, relevant and clear
- it engages all role players, including households.

Environmental integrity

Environmental integrity can be ensured if:

- the environmental consequences of the infrastructure are taken into account and addressed (for example protection measures are incorporated into the infrastructure design)
- an environmental impact assessment has been conducted where appropriate
- polluting activities are prevented as far as possible
- environmental assumptions are monitored throughout the project cycle
- conservation and demand management measures are considered and implemented where appropriate.

Economic development and sustainable livelihoods

The MIG programme has significant potential to alleviate poverty through the creation of jobs, use of local resources, improvement of nutrition and health, development of skills, and provision of a long-term livelihood for many households. MIG projects should be designed to support sustainable livelihoods and local economic development.

Integrated development and sustainability

Integrated development means bringing together all sectors, issues and concerns into a whole rather than considering just one sector in isolation of other sectors. Although the purpose of the Integrated Development Plan (IDP) is to ensure sustainability, too often projects are addressed separately and then implemented separately. Infrastructure on its own cannot bring about socio-economic development. Hence, there needs to be a holistic approach to development which takes into account institutional, social, financial, environmental and technical components. It is important that the IDP process is participatory and deals with basic service needs in an integrated manner so that MIG projects are sustainable in the long term.

Monitoring and evaluation for sustainability

Monitoring and evaluation promotes sustainability when it:

- responds quickly to challenges, problems and opportunities at project level by providing feedback to project management at all levels
- assesses the impact, effectiveness and efficiency of projects
- improves policy development, future planning, programming and decision making for basic services
- empowers communities to solve problems
- focuses on issues of sustainability such as operations, maintenance and repair, financial viability, involvement of women, health and other community benefits, and local economic and development spin-offs
- involves users in data collection, analysis and taking corrective action as needed
- is a process rather than a once-off event, and is supported by systems that are simple and easy to implement
- uses both quantitative and qualitative methodologies.

Factors for sustainability

Sustainability is dependent upon:

- A **policy and legal framework** which supports sustainable services
- **Capable, strong service providers** which effectively and efficiently fulfil their functions

- **Informed communities** that understand the value of improved services and the associated benefits
- A **real demand** within the community for improved services
- **Strong partnerships** between the community and services providers where all parties accept responsibility for the sustainability of the services
- An **appropriate tariff structure**
- **Community participation** in planning and all key decision making processes
- Good, efficient, effective, reliable, **service delivery**
- **Appropriate level(s) of service** which have been agreed to by the community and which are technically, socially and economically appropriate
- Effective and appropriate **revenue collection systems and systems for ensuring** payment for services
- **Skills and expertise** to operate, maintain, and manage the services
- **Access to support** such as specialist expertise, communication, training, major maintenance
- **Collaboration and co-operation** of all relevant stakeholders.

In conclusion, MIG is about basic services to the poor, sustainability, skills development, job creation, local economic development, collaboration and co-ordination between sectors, community participation and poverty alleviation. Whilst municipalities are the leaders in service delivery and are supported by other spheres of government and the various sectors, the participation by *everyone* is crucial for the achievement of universal access to sustainable basic services.

DISCLAIMER

This booklet is a tool designed to communicate the Municipal Infrastructure Grant to key stakeholders. In all instances, regard must be had to the Division of Revenue Act, the Municipal Infrastructure Grant Policy Framework, and other relevant policies and legislation. National Government is not liable for damages or any nature arising from reliance on this booklet.

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