



MONITORING SPENDING ON THE MUNICIPAL INFRASTRUCTURE GRANT (MIG)

FFC BRIEFING TO THE SELECT COMMITTEE ON APPROPRIATIONS

20 September 2016

For an Equitable Sharing of National Revenue

STRUCTURE OF PRESENTATION

- Objectives of the MIG
- MIG Funding and Performance
 - MIG Allocations and Spending (National)
 - MIG Allocations and Spending (Provinces)
 - Top ten underperformers (with the highest rollovers)
 - MIG and Backlogs (National and Provincial)
- FFC Recommendations
- Insights from LG Infrastructure Grant Review

OBJECTIVES OF THE MIG

- The main objective of the MIG is to:
 - provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities
- The expected output includes :
 - Improved number of poor households receiving basic water and sanitation services, development of municipal roads
 - Improved number of poor households serviced by solid waste disposal sites and transfer stations, sport and recreation facilities, street/community lighting, public facilities
 - Improved work opportunities created using Expanded Public Works Programme (EPWP) guidelines for above outputs



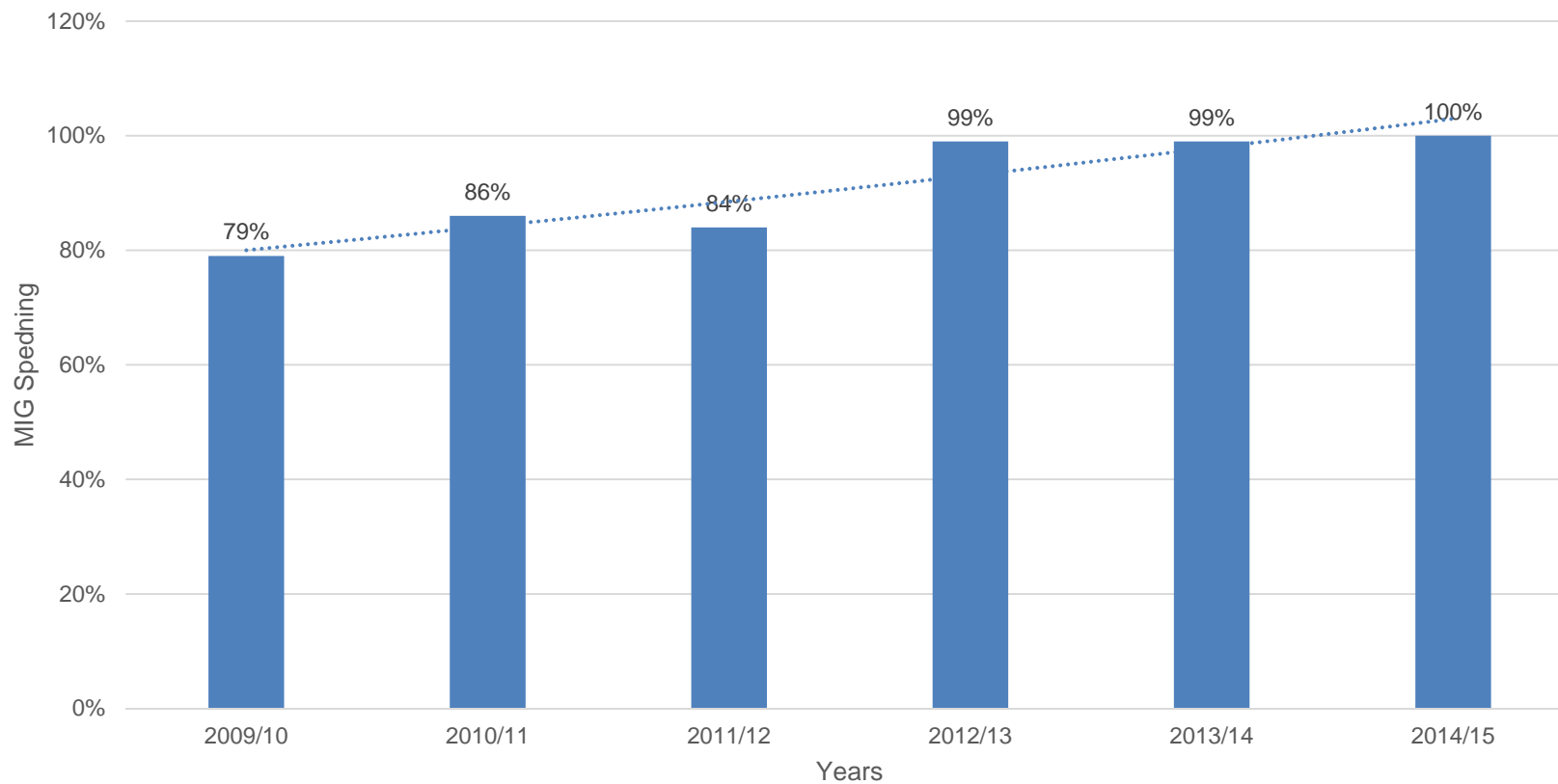
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MIG FUNDING AND PERFORMANCE

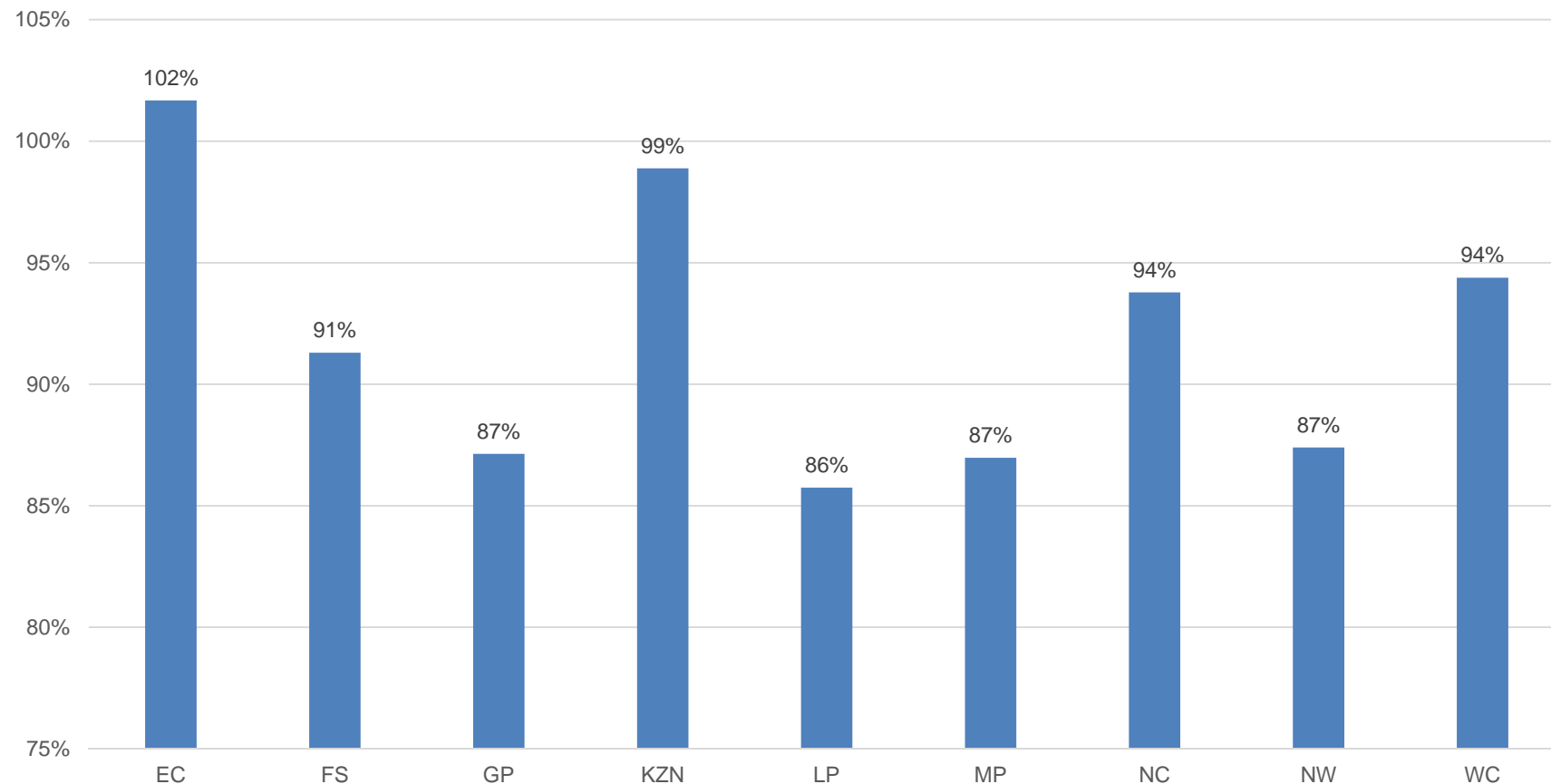
ALLOCATIONS AND SPENDING ON MIG

- At National level:
 - 2008/9 MIG allocation was R11 billion and in 2014/15 , it was R14.6 billion
 - 2008/9 spending was 86% and increased to 99.9% in 2014/15
- At Municipal level:
 - As at June 2015/16 the total available rollovers were R654 million

PERFORMANCE OF THE MIG : NATIONAL



PERFORMANCE OF THE MIG: BY PROVINCE 2015/16



REASONS FOR UNDERSPENDING

- In general:
 - Capacity in municipalities to translate expectations into technical infrastructural requirements is lacking
 - Capacity to monitor and report grant performance between sector departments varies and is sometimes weak
 - Priorities for projects change (i.e. constant reprioritisation) which sometimes slackens implementation. No legislation to limit municipalities to change commitments especially in the year of implementation
 - Poor capacity to plan.

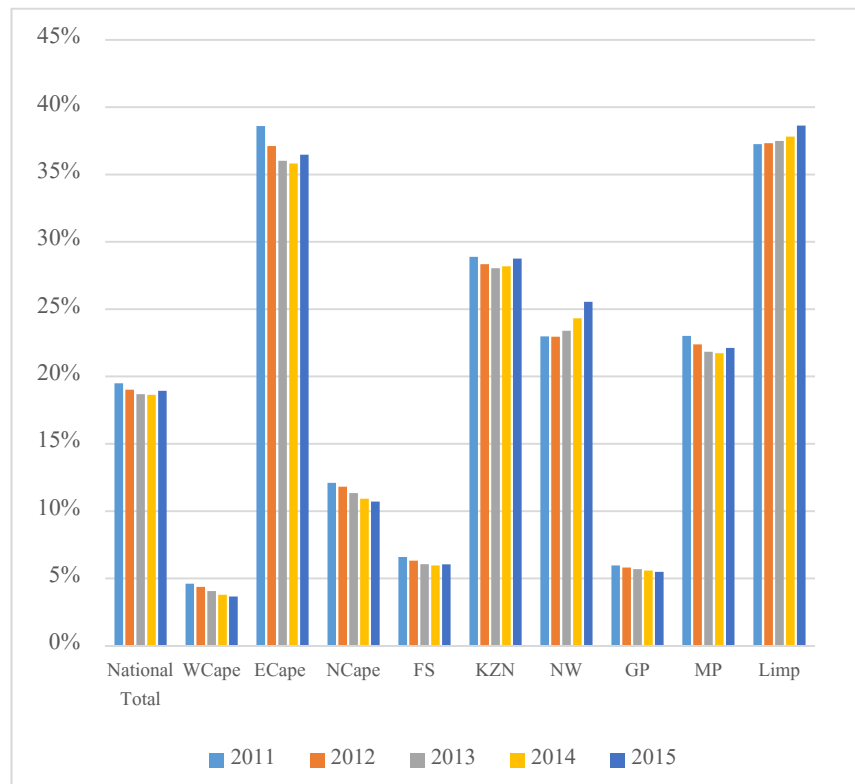


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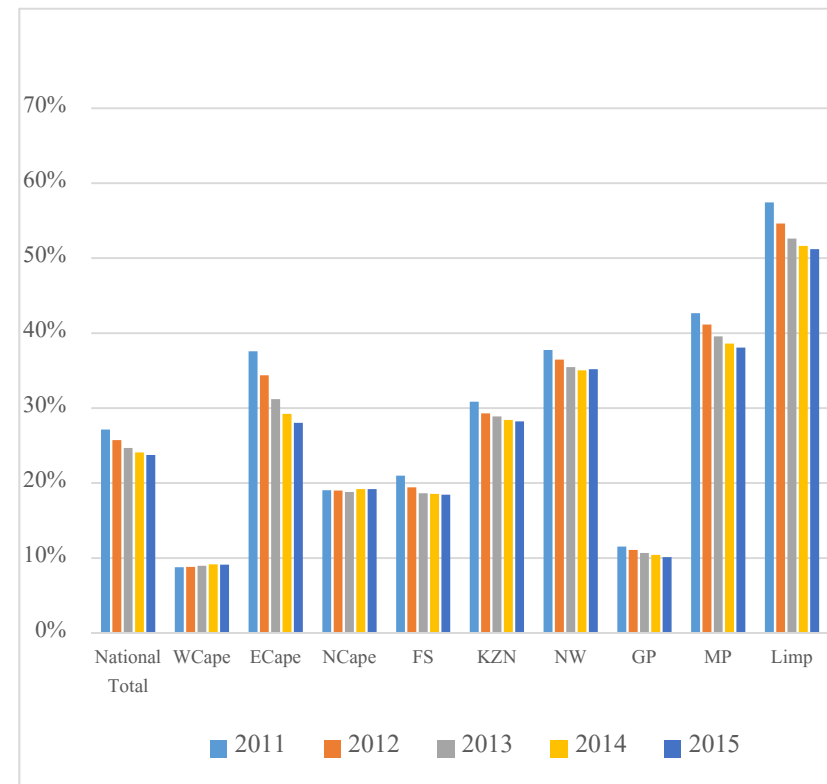
MIG BACKLOGS

MIG & BACKLOGS: WATER AND SANITATION

Backlogs on Water

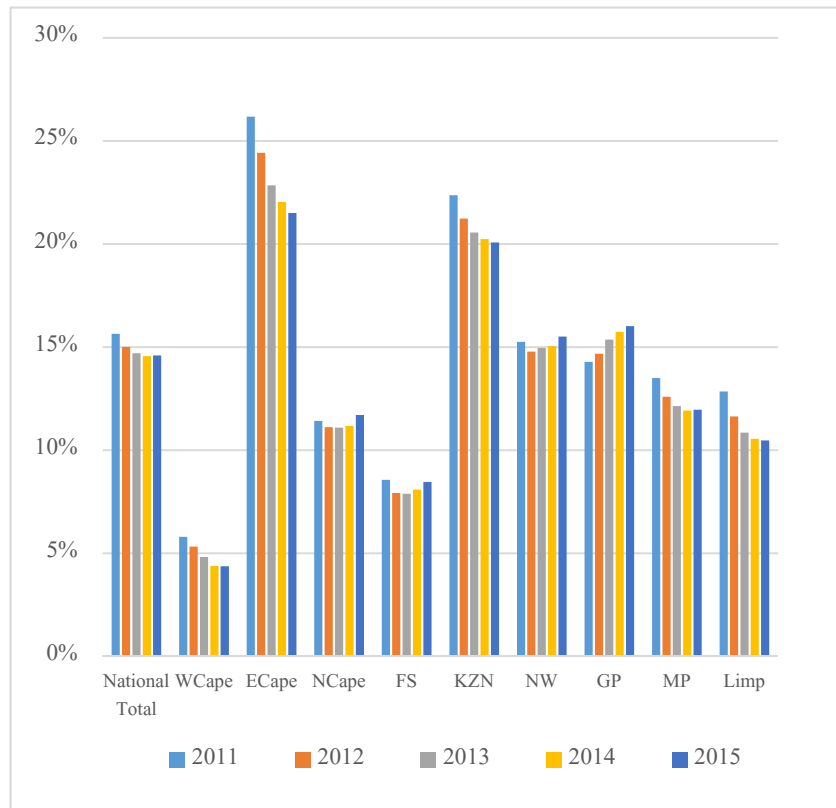


Backlogs on Sanitation

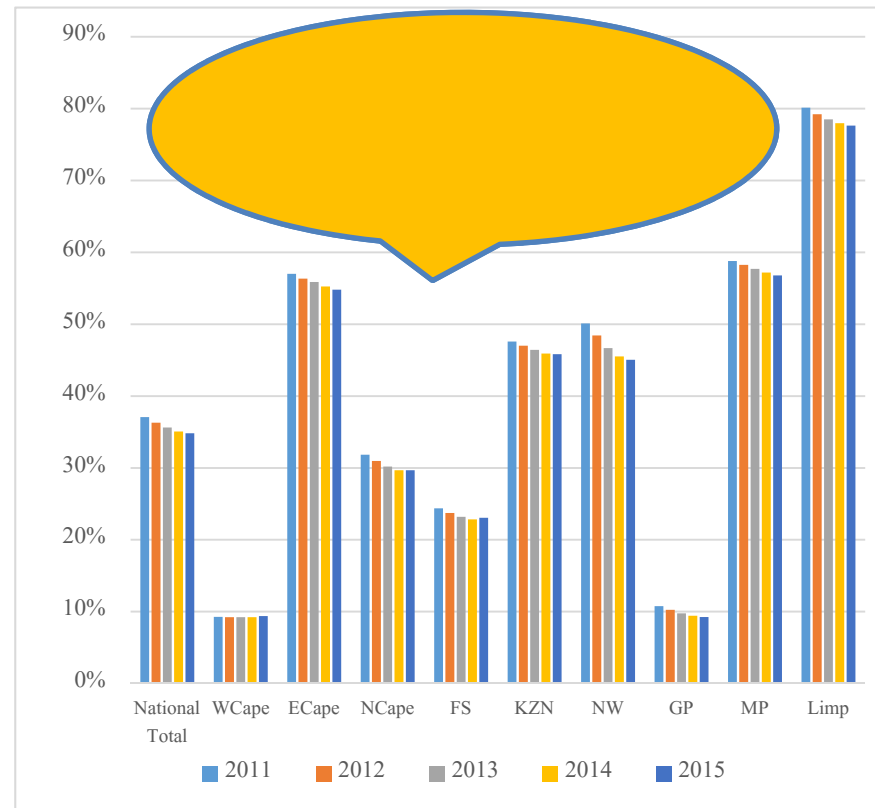


MIG & BACKLOGS: ELECTRICITY AND REFUSE

Backlogs on Electricity



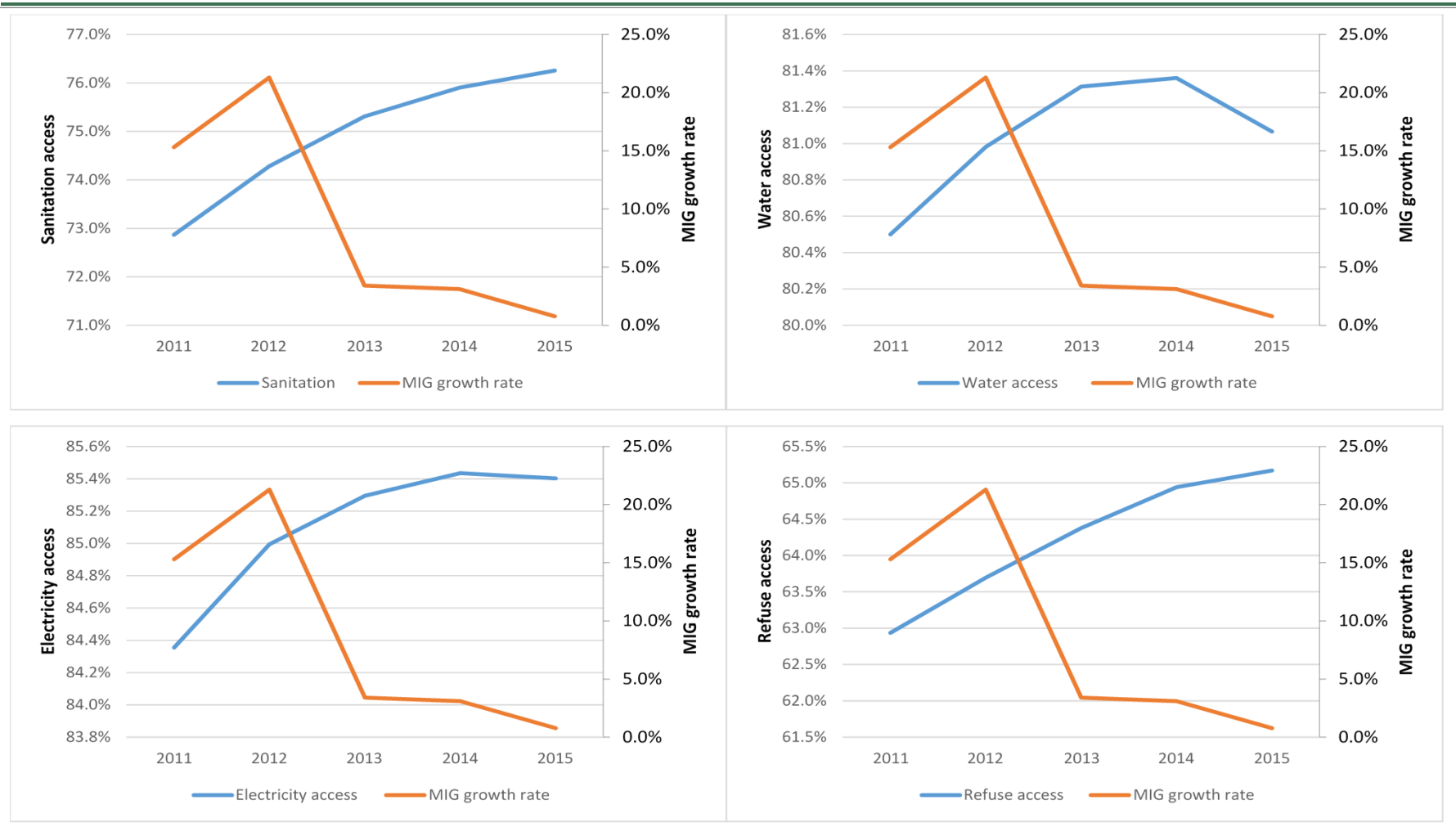
Backlogs on Refuse



MIG AND BACKLOGS

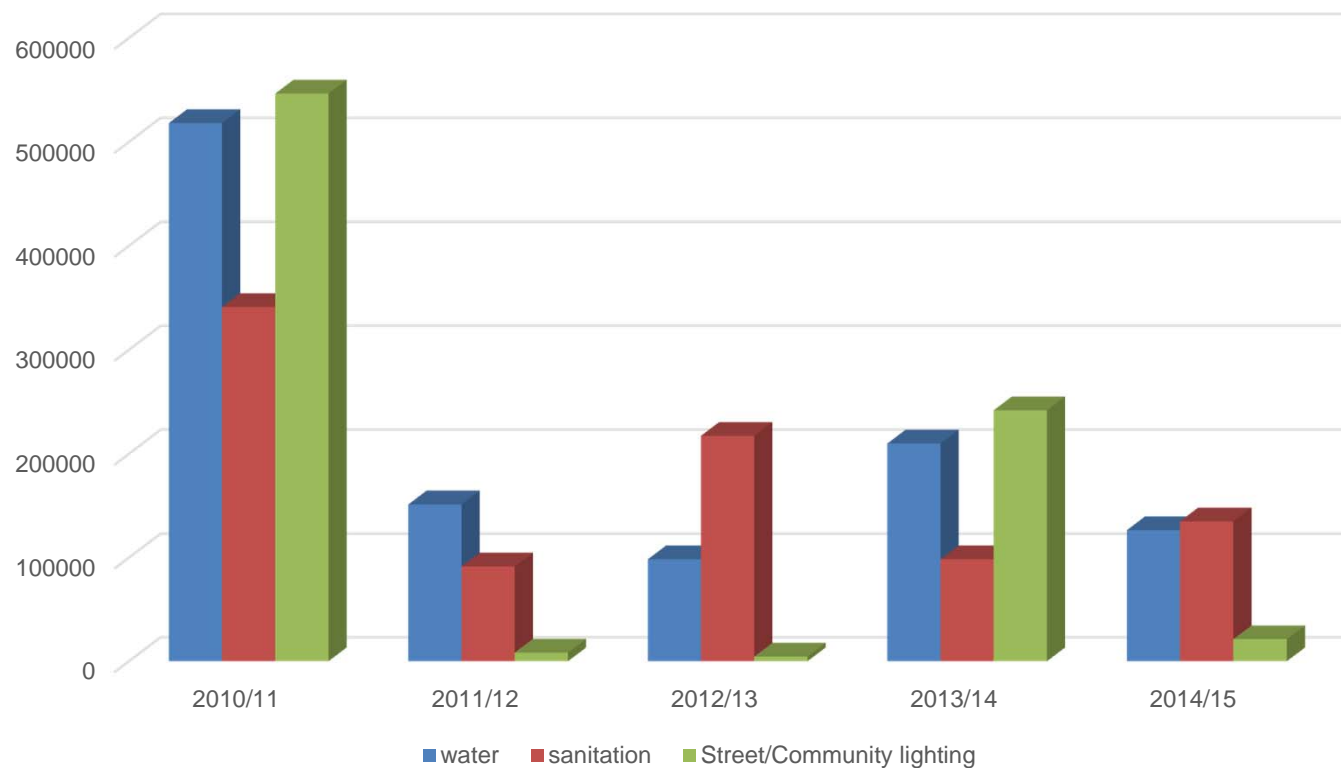
- MIG was introduced to improve service delivery by involving all government spheres
- MIG is supposed to assist in the eradication of backlogs as 75% of MIG allocations is for residential infrastructure
- Generally there has been a decline in service backlogs.
- Water and sanitation backlogs have been in decline from 2011 to 2015, so are backlogs in electricity and refuse removal for the same period.

MIG ALLOCATION GROWTH RATE VS ACCESS TO SERVICES



MIG DELIVERABLES (NATIONAL)

- Although overall backlogs are declining, the challenge is that MIG deliverables are erratic.





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MIG CUMULATIVE ROLL-OVERS

MIG SPENDING BY MUNICIPALITIES

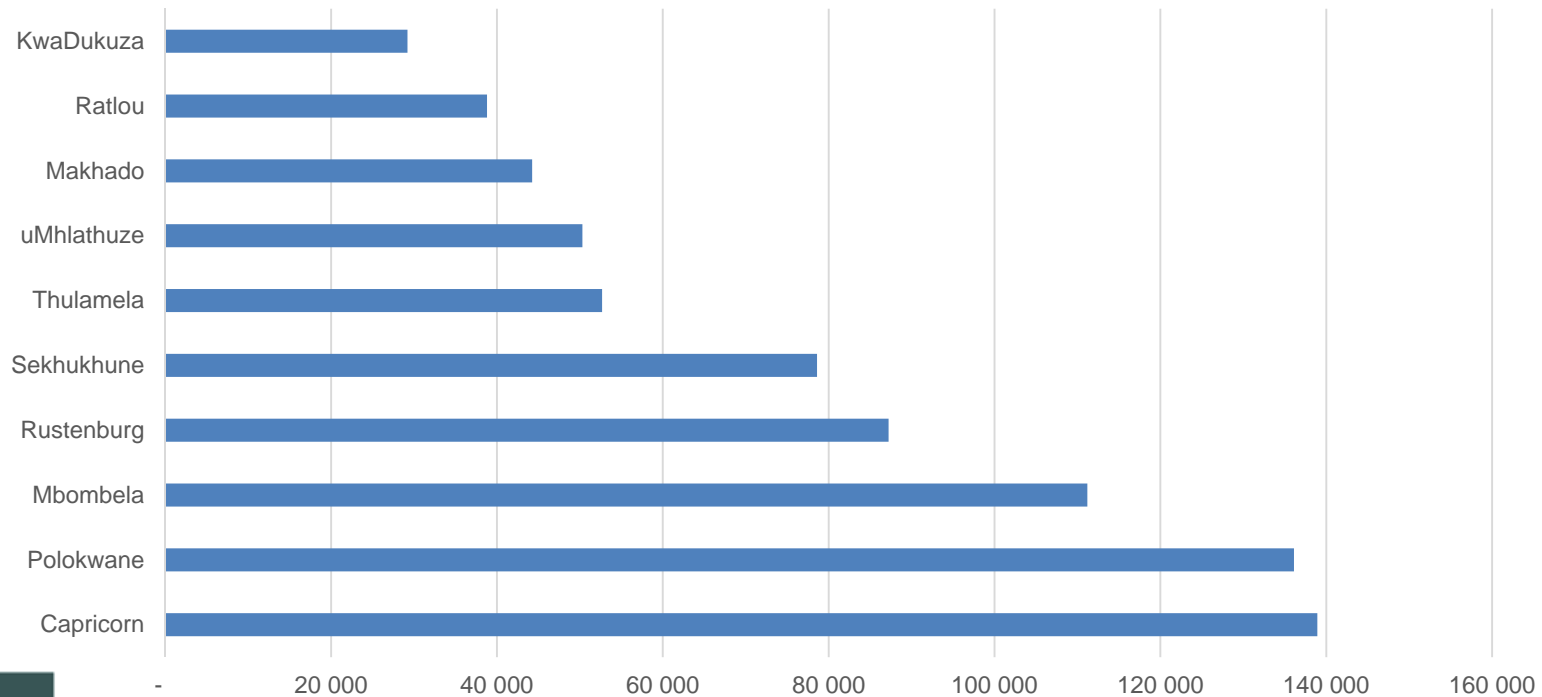
:2014/15

- Almost all (99.6%) the municipalities in 2014/15 were able to fully spend their MIG allocation
- Ditsobotla municipality was the only one that grossly under performed only spending 23% of its allocation
- uThungulu Municipality overspent by 0.02% on its allocation in 2014/15

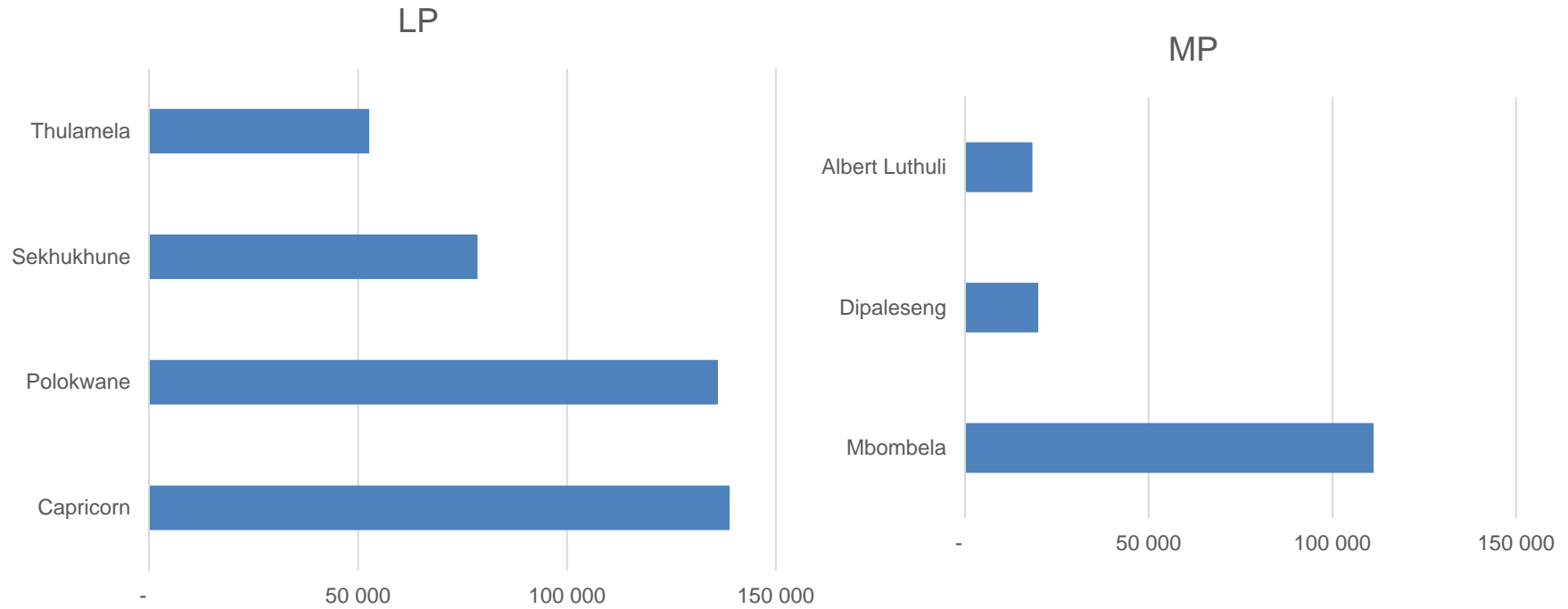
CUMULATIVE ROLL-OVERS

:2014/15

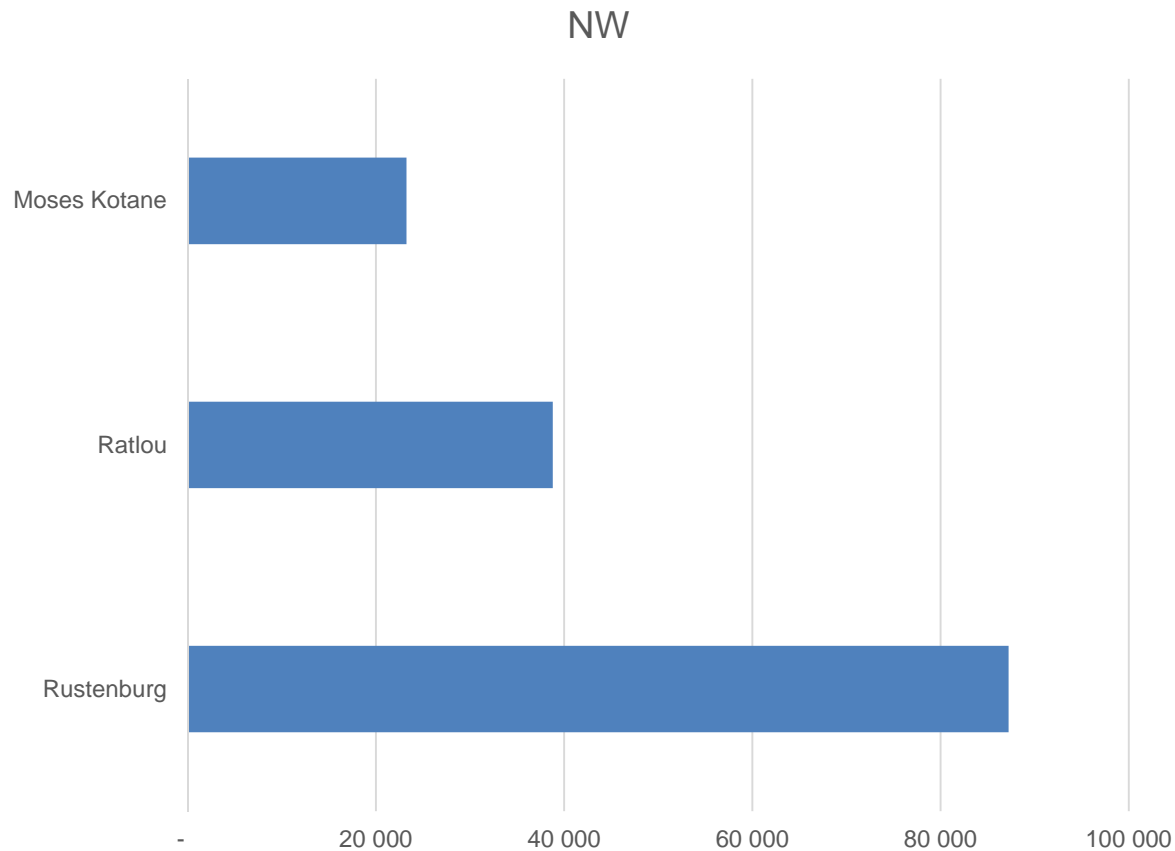
- Five of the top ten MIG underperformers (with the most cumulative roll-overs) are in Limpopo.



ROLL-OVERS SPLIT BY PROVINCIAL TOP POOR PERFORMERS



ROLL-OVERS SPLIT BY PROVINCIAL TOP POOR PERFORMERS...CTD





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MIG AND THE SPORT COMPONENT

MIG AND BACKLOGS

- An amount of R300 million has been set aside for the development of sports infrastructure.
- The Commission is of the view that this needs to be revisited as municipalities are likely to use this money to attend to more pressing issues (e.g. water infrastructure) than to build sports stadia.



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THANK YOU
