

Challenges Faced by Sekhukhune District Municipality in Limpopo Province in Terms of Spending Municipal Infrastructure Grant Funds

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Abstract: This article is based on a study that was prompted by the initiative of the cabinet of the South African government when they introduced the Municipal Infrastructure Grant (MIG) in the year 2003. MIG was introduced as a new conditional grant for municipal infrastructure funding arrangement replacing all capital funding projects that were in existence. It was envisaged that the MIG programme would assist in providing all South African citizens with, at least, basic level of service by the year 2013. This set goal was not achieved by the year 2013, hence the service delivery protests that took place in Sekhukhune villages such as Ga-Mampuru and Ga-Mashabela, under the jurisdiction of Sekhukhune District Municipality (SDM), Limpopo Province. Despite the above-mentioned challenges of service protests, Sekhukhune District Municipality is one of the municipalities that continue to under-spend their MIG allocations on an annual basis. The aim of the study was to investigate the challenges faced by the SDM in terms of spending MIG funds to render effective services. Semi-structured interviews and self-administered questionnaires were used to collect data from the participants. The study found that the SDM is staffed with the right people with the minimum required qualifications and years of experience in most sections, except in the development and planning section; personnel training is not adequately done; there is political interference on administrative matters which result in the protracted procurement processes. The following recommendations are made: that members of staff without the requisite skills be engaged in training and development programmes; interference on administrative matters cease; there should be consequences for non-compliance on the utilisation of MIG funds; and that consultative meetings be held prior and post the approval of the IDP.

Keywords: Integrated Development Plan, Municipal Infrastructure Grant, Service delivery, Service delivery protest

1. Introduction

Since 1994, the South African government has shown a sustained commitment to reducing backlogs in municipal infrastructure in order to redress inequalities of the past. Budget allocations have grown significantly over the years and there have been great strides in providing housing, electricity, water and sanitation. In spite of this large budget allocation for municipal infrastructure and services, there are still backlogs. Dissatisfaction with the infrastructural backlogs often results in tensions between communities and municipalities on the one hand, and between municipal officials and politicians on the other hand (DBSA, 2008:122). According to Smith and Da Lomba (2008:01), infrastructure is considered to be an important element of any economy, facilitating the production and

access of goods and services. Infrastructure, if undeveloped, has largely come to be understood as being able to comprise public transport systems, airports, public educational facilities, water supply and water resources, wastewater management, solid waste treatment and disposal, electric power generation and transmission, health facilities, telecommunications and hazardous waste management systems.

Infrastructure plays an important role in the social and economic development of any community. Smith and Da Lomba (2008:01) indicate that social and economic development of communities largely depend on the nature and usage of available infrastructure. Areas without access to effective infrastructure are inevitably characterised by high levels of poverty. The dilapidated condition of municipal infrastructure in South Africa, characterised by

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huge backlogs in infrastructure development and maintenance especially in rural areas, is a disturbing element in the country's ability to ensure effective service provision to all communities. South Africa suffers from a disparate distribution of infrastructure which ranges from established and maintained urban and industrial areas to the challenges such as aging infrastructure which prevail in most rural municipalities. According to the National Council of Provinces (NCOP) Report (2012:14), the majority of rural municipalities showed poor performance in terms of ensuring that the allocated MIG funds were spent. Many of the water treatment facilities and water schemes were very old and not adequately maintained.

The Limpopo provincial municipalities struggle to spend the MIG funds meant for provision of services such as water and roads amid a vast backlog of infrastructure development and/or maintenance. According to the Section 47 Report on municipal performance for the financial year 2013/2014, a total of R538 127 000 of MIG funds was returned to the National Treasury in the 2012/2013 financial year because municipalities failed to spend these allocated funds. None of the 25 local, and five district municipalities received a clean audit opinion for the 2012/13 financial year. Twelve of the municipalities, including Polokwane Local Municipality, the largest council in the province in terms of budget allocations, received disclaimers or adverse audit opinions. Municipalities in Limpopo experience the common challenge of under-spending of MIG funds. However, the infrastructure is still faced with backlogs. Limpopo is one of the least urbanised provinces with the majority of the population living in rural areas. The aggregate municipal expenditure in Limpopo averaged 5.2% of the country's municipal expenditure and per capita spending was below the average for most municipalities. Despite progress made with regard to the provision of basic services to communities, sanitation backlogs had increased in Mopani, Capricorn and Sekhukhune Districts from 2001 to 2011. Backlogs for refuse removal had also increased in four districts between 2001 and 2011, although a decrease had been reported for the Waterberg District Municipality. Backlogs for electricity had decreased in all districts (National Treasury Report to NCOP sitting, 2015:13).

About R755 million in grants had been rolled over from financial year 2012/13 to 2013/2013/2014

(National Treasury Report to NCOP sitting, 2015:14). Over R529.7 million of the Municipal Infrastructure Grant (MIG) to Limpopo had been stopped for substantial under-spending, in compliance with Section 17 of the Division of Revenue Act (DORA) No. 2 of 2013. MIG funding had been stopped in Mopani District Municipality, Aganang, Thabazimbi, Lephalale, Modimolle, Mogalakwena, Fetakgomo and Sekhukhune municipalities (National Treasury, 2015:6). However, the Financial and Fiscal Commission (FFC) chairperson's report to the NCOP on the analysis of the situation in Limpopo indicated that the situation had been deteriorating consistently from 2008 to 2014. The rolling out of infrastructure services and access to services in the province had decreased. There was an obvious need to rehabilitate the infrastructure projects implementation to avoid backlogs. Withdrawing money from municipalities without addressing the challenges that contributed to the withdrawal did not help (FFC Report, 2015:12). Some community members within Sekhukhune District Municipality (SDM) villages have to travel for a distance of one to two kilometres to fetch water for washing and drinking while funds that are supposed to put water infrastructure in place get rolled over to subsequent financial years due to under-expenditure of those funds (SDM Executive Mayor Budget Speech, 2014:8). It was, therefore, imperative for this study to be conducted to find out challenges that contribute to under-expenditure of these allocated MIG funds by the SDM. This paper intends to investigate the challenges faced by SDM in utilising the budget allocated MIG funds and examine the percentage of the allocated funds that was not spent from the year 2009-2015.

2. Literature Review

2.1 The South African Local Government Infrastructure Funding Model

In the past, infrastructure grants were uncoordinated, fragmented and managed by different departments. This defeated the purpose of a cost-effective and integrated service delivery. Municipalities were often not in control of infrastructure projects within their jurisdiction. Further, projects were handed over to municipalities without resources for the maintenance and operation of the infrastructure. In 1994, the South African democratically elected government inherited one of the world's most inequitable accesses to basic services that existed between rural and urban communities. Prior to 1994, rural

people were living without access to basic services such as water, electricity, road and sanitation facilities. These communities were characterised by poor economic development because the existing environmental infrastructure services were unable to attract sufficient local and international investments (MIG Booklet, 2004:5). The post-1994 South African government established a number of policies and strategies within and among all spheres of government to provide guidelines for the overall provision of basic service delivery to rural communities. Fundamental frameworks and principles that have informed this operation are the Constitution of the Republic of South Africa, Act no 108 of 1996, the Reconstruction and Development Programme and the National Spatial Development Perspectives, which embrace the concept of provision of basic services to all in order to improve the quality of life of the people of South Africa and to stimulate local economic development. The Constitution of the Republic of South Africa, Act No 108 of 1996 is the supreme law of the country. The constitution aims to protect the human rights and promote democratic governance. Section 40 of the constitution deals with the establishment of three spheres of government that are distinctive, interrelated and interdependent. The spheres are National, Provincial and Local governments. In terms of the constitution, municipalities as part of local governance are mandated to govern, provide services to local communities and to promote social and economic development. For rural development to be achieved, land is one of the key factors that need to be available. The Development Facilitation Act (DFA), No 67 of 1995 lays down general principles that govern land development. Following this act "development of land in urban and rural areas so as to promote the speedy provision and development of land for residential, small-scale farming or other needs and uses; to promote security of tenure while ensuring that end-user finance in the form of subsidies and loans becomes available as early as possible during the land development process; and to provide for matters connected therewith" (DFA, 1995:1).

The Municipal Finance Management Act (MFMA) No. 56 of 2003 deals with the national and provincial allocations of funds to municipalities. The act states that "in order to provide predictability and certainty about the sources and levels of intergovernmental funding of municipalities, the accounting officer of a national or provincial department and the accounting authority of a national or provincial

public entity responsible for the transfer of any proposed allocations to a municipality, must by no later than 20 January of each year notify the national treasury or the relevant provincial treasury, as may be appropriate, of all proposed allocations, and the projected amounts of those allocations, to be transferred to each municipality during each of the next three years" (MFMA, 2003:54). The Integrated Development Plan (IDP) is a five-year plan which municipalities are required to draft to determine the developmental needs of their area of jurisdiction. The projects, in the IDP, are linked to the municipality's budget. Sections 21, 57 and 69 of the MFMA require municipalities to review their IDPs and budgets every year. Proper planning and implementation of infrastructure projects will help a great deal in rehabilitating and developing municipal infrastructure in South Africa. The Municipal Infrastructure Grant's approach is that all basic infrastructure grants are integrated into one, with infrastructure planning done by municipalities themselves and playing a central role in co-ordinating development activities and funding allocations linked to Integrated Development Plans (IDPs) (Department of Provincial and Local Government, 2007).

In order for municipalities to fulfil their mandate for service delivery, cabinet introduced the Municipal Infrastructure Grant (MIG) as the new infrastructure programme that 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 aimed at covering the capital cost of basic infrastructure for the poor. The intention of providing municipalities with MIG financing was to eliminate infrastructure backlogs (The Support Programme for Accelerated Infrastructure Development (SPAID) Report, 2009). The MIG programme was introduced as a new infrastructure funding arrangement to municipalities replacing all the capital projects that were in existence before. The infrastructure programmes that were in existence prior to the MIG programme were uncoordinated, fragmented and managed by different institutions. This lack of coordination led to difficulties in accountability and administration of projects.

The MIG is the important funding machinery for all municipal basic services that include electricity, roads, recreation facilities, housing, water and sanitation. The MIG is allocated to municipalities with the main purpose of eradicating infrastructure backlogs

for the poor people, as well as for supporting and promoting microenterprises and social institutions. The conditions that regulate how the MIG should be utilised are enshrined in the Division of Revenue Act (DoRA). However, the MIG fund appears on the budget of the municipalities and the eventual decision of how the fund will be utilised rests with the municipality. "This fund is administered by the Department of Cooperative Government and Traditional Affairs (CoGTA)" (Muller & Kleyhans, 2017:7).

The vision of the MIG programme was to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor (MIG Booklet, 2004:4). However, since the inception of the MIG programme in South Africa, municipalities have been experiencing challenges with regard to the administration, implementation and actual spending of the allocated funds under the programme. The rationale behind the introduction of the MIG programme was to make sure that all the experienced challenges such as incoordination of projects, departments working in silos and municipalities not being in control of projects within their areas of jurisdiction, are dealt with (MIG Booklet, 2004:5).

The key principles underpinning the design of MIG contained in the National MIG Management Unit Programme Management Processes and Procedures (2006:01) are as follows:

- Focus on infrastructure required for a basic level of service: this means that the MIG is not supposed to be utilised for any other programmes, except for providing basic infrastructure service delivery.
- Targeting the poor: the MIG programme is aimed at improving infrastructure for the poor in order for services to reach them.
- Maximising economic benefits: management of the programme must ensure maximisation of the local economic spin-off through infrastructure provision.
- Equity in the allocation and use of funds: The distribution criteria must ensure equitable access of such funds for the purpose of uniform progress in closing infrastructure gaps.
- Decentralisation of spending authority within national standards: the prioritisation of municipal infrastructure spending, such as the identification, selection and approval of projects, is best undertaken at municipal level, provided that firstly, the operating finance and management arrangements are in place; secondly, a degree of national and provincial influence over capital spending, expressed through clear norms, standards and conditions must be retained, and lastly, the grant must promote sound management practices.
- Efficient use of funds: Funding must be used to provide the greatest possible improvement in access to basic services at the lowest possible cost. This implies that there should be an appropriate selection of service levels; the mechanism to disburse funds should be simple and easy to monitor; and the outcomes of municipal spending should be easy to evaluate
- Reinforcing local, provincial and national development objectives, i.e. the funding mechanism must be consistent with the planning process of all spheres of government; nodal municipalities associated with urban renewal strategy and the integrated sustainable rural development programme must receive proportionally greater allocations of funding; spatial interpretation must be promoted; emphasis should be placed on the selection of appropriate service levels.
- Predictability and transparency: Funds should be provided to individual municipalities on a three-year basis consistent with medium term budgeting practice, with minimal in year changes that are based only on clearly defined conditions. It is also essential for municipalities and other stakeholders to understand how funds are distributed.

As outlined in the MIG Booklet (2004:4), in addition to these principles, the objectives of the MIG programme are to:

- fully subsidise the capital costs of providing basic services to poor households;
- distribute funding for municipal infrastructure in an equitable, transparent and efficient manner, which support 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; and
- provide a mechanism for the co-ordinated pursuit of national policy priorities with regard to basic municipal infrastructure programmes to avoid the duplication and inefficiency of fragmented grants.

The MIG Programme has resulted in the new approach which requires that all infrastructure grants integrate into one, programmes are co-ordinated structures, funding allocation should be linked to IDPs, and communities should participate in identifying projects (MIG booklet, 2004:4).

For the purposes of proper coordination of the MIG programme, Cabinet established the Municipal Infrastructure Task Team, wherein all national departments dealing with infrastructure participate. Cooperative Governance and Traditional Affairs (CoGTA) established MIG Management Units that deal with the support to municipalities through assisting them to establish effective Project Management Units (PMUs) and monitoring performance through regular audits and evaluations which are undertaken at regular intervals. The guide to the establishment of PMUs requires municipalities to identify competent staff to perform programme management functions. CoGTA should be informed of the human resources allocated to perform project management before the implementation of infrastructure projects. The guide goes further to give municipalities an option to utilise their existing personnel to perform project management functions. This option opened a loophole for the PMUs to be easily manipulated by the management of the municipalities as they are their employers. The objective views of PMUs get suppressed by the hierarchical bottlenecks imposed by their employers/managers (MISA Annual Report, 2013:24). The role and responsibilities of the MIG Management Unit in South Africa are to implement policy relating to infrastructure delivery; set up the MIG national fund administration system; ensure the establishment of project management and monitoring capacity within municipalities; monitor the use of MIG funds; operate the national MIG infrastructure system; audit the local programmes to ensure compliance; ensure that evaluation of local programmes take place and prepare reports for the Municipal Infrastructure Task Team and for the provincial and national government departments (DPLG, 2007). Unfortunately, with all the management and coordination processes put in

place by the Cabinet and CoGTA, there are municipalities that are still performing poorly with regard to spending MIG. The 2011-2012 MIG Annual Report shows that Sekhukhune District Municipality (SDM) has not been able to adequately spend its MIG allocation. This municipality is one of the municipalities which have consistently had rollovers of the MIG allocations, while its communities continuously protest and complain about lack of service delivery.

2.2 Challenges Faced by Municipalities on the Implementation of Municipal Infrastructure Grant Programmes

Different reports and researchers have documented some of the challenges that some municipalities face in their endeavour to utilise MIGs to render services within their municipalities. The following are some of the identified challenges:

Long Procurement Processes: Lack of understanding of supply chain management procedures and lack of commitment to set processes and timelines often result in delays. In addition, bid evaluation committees and bid adjudication committees do not meet regularly, thereby negatively impacting on decision-making processes and delaying project initiation and implementation (Limpopo Municipal Performance Report for 2012/2013). Bureaucratic bottlenecks can also delay supply chain processes where employees take time trying to comply (SPAID Report, 2009).

High turnover rates and lack of requisite skills and/or experience: The high turnover rate of key financial and accounting positions, technical staff, as well as project managers, in various municipalities has resulted in poor financial performance of some of those municipalities, either overspending or underspending of allocated monies. Unfortunately, these key employees end up either not replaced or replaced with less qualified, less experienced officials. This practice has a negative effect on service delivery and spending of allocated MIGs (CoGTA 2012/2013 Annual Report, 2013).

Poor or lack of stakeholder consultation: It is important that, for particularly infrastructure programmes and projects to be sustainable, the communities and stakeholders must be consulted right from the planning phase, through implementation until their completion. Chapter 4 of the Municipal Systems Act (MSA) No 32 of 2000 requires municipalities to

consult the communities when setting their priorities, developing their plans and allocating resources to priorities. Municipalities must get inputs from communities on what they think of the services they are receiving and any changes in the needs and expectations of the community. Municipalities that do not implement public participation as an integral part of planning usually experience community protests (National Treasury Report, 2015,16).

Other challenges include: poor planning, especially long-term planning; lack of cooperation and coordination of services amongst sub-departments within municipalities; political intervention resulting quite often in implementing projects that were not planned or delaying procurement of service providers; late registration of projects that can also be linked to poor planning; the use of MIG funds for other operations like paying salaries or municipalities using MIG funds for the implementation of unregistered projects; high turnover rate of employees resulting in challenges of human resource capacity that goes with loss of institutional memory (SPAID Report, 2009; Limpopo Province Report of 2013/14 Financial Year).

The Ministry of CoGTA conducted the diagnosis in the Local Government Turnaround Strategy (LGTS), which was adopted by Cabinet in 2009. The diagnosis identified problems such as poor planning related to procurement processes and non-filling of critical positions such as chief finance officers and technical directors, as some of the major contributory factors to under spending of MIGs. After identifying challenges, the portfolio on LGTS then prioritised financial management, governance and infrastructure development as areas that need to be given attention. It is in this regard that the MISA was created with the primary aim of assisting municipalities with infrastructure planning. Before the creation of MISA, it was common for some technically insolvent municipalities to use capital grants for operational expenditure. This has seen the MIG, for instance, being used to pay for salaries instead of infrastructure projects. MISA was enlisted to assist with the challenges faced although the turn-around is not yet evident in some, if not most, municipalities (CoGTA 2012/2013 Annual Report, 2013:22).

In short, the MIG is a streamlined funding programme with a strong capital base. It recognises the need to manage infrastructure over its life cycle. It also factors in the need to operate and maintain

infrastructure assets and the need for these assets to be periodically rehabilitated. It again considers the need for sufficient management capacity within a municipality and provides for a project management unit and capacity building initiatives. It is, therefore, very unfortunate to realise that MIG funds are not spent or utilised effectively despite the backlog in infrastructure development and maintenance. Challenges of spending and utilising MIG funds, that is, poor planning related to procurement processes, inability to fill critical posts with best candidates and reprioritisation of infrastructure projects by the council during the middle of financial year are still prevalent, impacting on adequate service delivery.

3. Research Methods

This study followed a qualitative research approach. According to Leedy and Ormrod (2014) all qualitative approaches have two things in common. Firstly, they focus on phenomena that occur in natural settings, that is, in the "real world". Secondly, they involve capturing and studying the complexity of those phenomena. A qualitative approach was appropriate as the study collected in-depth information from the participants to describe the challenges faced when spending allocated MIG funds to render effective services. Marlow and Boone (2005:25) further highlight that a qualitative approach involves collecting data that involve non-numerical examination of phenomena which use words instead of numbers. Participants in this research were municipal employees, i.e. councillors, COGHSTA MIG officials and ward committee members. The total sample size for this research was 22 participants as follows: the executive mayor, the municipal manager, the strategic manager for development planning, the chief financial officer, two councillors who are members of the mayoral committee, the manager of the MIG division, two officers based in the MIG division, three officers in development planning, three officials based in the finance section, two ward councillors each from Elias Motswaledi and Ephraim Mogale Local Municipalities, two COGHSTA officials responsible for SDM in MIG administration, and three members of ward committees.

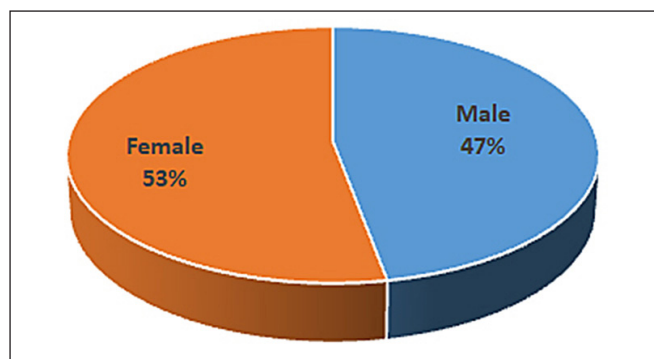
The Sekhukhune District Municipality is located in the South Eastern part of the Limpopo Province, 100 km from Polokwane, the capital city of the province. This is a category C municipality, with jurisdiction over five category B local municipalities. The SDM's category was changed from B to C after the amendments to

Table 1: Age of the Participants in Years

Age	Frequency	Percentage
Below 35	4	23.5
36 – 40	4	23.5
41 – 44	4	23.5
45 and above	5	29.4
Total	17	100.0

Source: Authors

Figure 1: Gender of the Participants



Source: Authors

the Municipal Structures Act 117 of 1998, through the Municipal Structures Amendment Act 27 of 2000. The SDM represents 1.2 million populations with about 220 000 households. The municipality represents fragmented medium density settlements which make service provision challenging and costly. Poverty and unemployment are common characteristics of this area. The area also has high levels of illiteracy it is predominantly rural and 95% of the residents are Sepedi speaking (Smith & Da Lambo, 2008:4). The data collection was effected through the group semi structured interviews with the use of a designed interview schedule as well as document analyses. Recording of data was done in the form of notes taken during interview sessions. The researcher used the SDM’s itinerary of meetings to set up the dates for group interviews. Data collection was also through analysis of the following documents: the SDM’s IDPs (2010-2015), Executive Mayor’s Budget Speech 2012/2013, COGTA Annual Report, and the 2013/2014 Limpopo Municipal Performance Report (Section 47). A thematic data analysis approach was used, in which data were categorised, based on themes. According to Patton (2002:452), thematic analysis is a historical a conventional practice in qualitative research which involves searching through data to identify any recurrent patterns. A theme is a cluster of linked categories conveying similar meanings which usually emerge

through the inductive analytic process which characterises the qualitative paradigm (Patton, 2002: 452). Data analysis, in this study, also entailed descriptive information about the biographical information of participants using Microsoft Excel.

4. Research Findings

4.1 Biographical Information

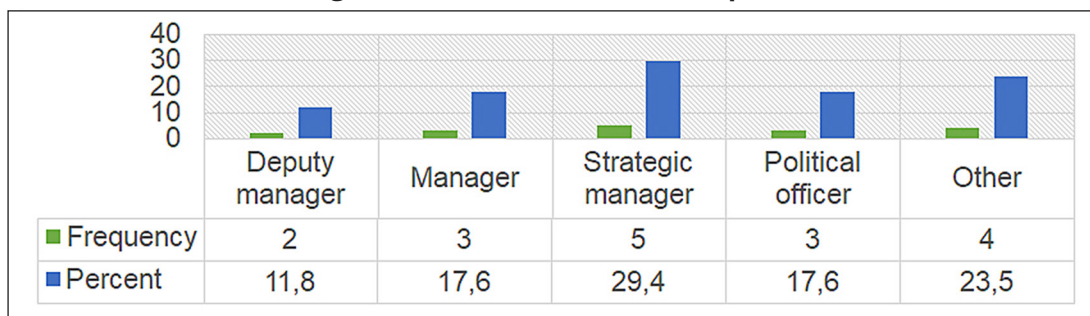
The research results present firstly the biographical information of the participants, followed secondly by the information from the document analyses on trends of MIG expenditure by both the Limpopo Province and the SDM, and lastly by the challenges faced in spending MIG funds.

4.1.1 Age of the Participants

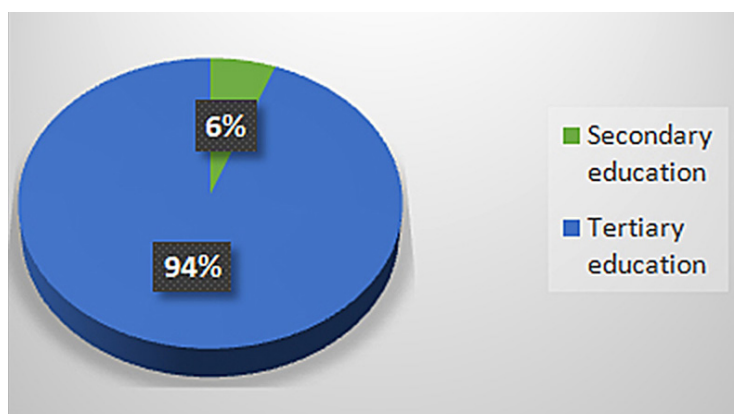
The age ranges of the participants were evenly distributed, that is, of almost equal percentages in the age categories that were used for the study as shown in Table 1 above.

4.1.2 Gender of the Participants

Figure 1 above depicts the gender of participants. The figure shows that female participants constituted 53 percent of the sample, while male participants constituted 47 percent, a fact that is pleasing in terms of gender equity targets.

Figure 2: Positions of the Participants

Source: Authors

Figure 3: Educational Status of Participants

Source: Authors

4.1.3 Work Positions of the Participants

This research targeted municipal officials and CoGHSTA officials who administer MIG in SDM on a daily basis, as well as the councillors responsible for infrastructure and financial management. This was mainly due to the fact that these officials were in a position to be able to give a clear picture of the situation with regard to their experiences in administration and management of MIGs. Over 11.2% of the participants were deputy managers, 17.6% were managers and 29.4% were strategic managers. Political Officer refers to the political office bearer of the municipality, meaning councillor. The category of other refers to the members of the ward committees. Figure 2 above shows the positions held by the participants.

4.1.4 Educational Status of the Participants

Figure 3 above presents the educational status of the participants. From Figure 3 it can be seen that the majority of participants who were involved in the current study and who are in management positions in the SDM, have tertiary education, which includes post-matric diplomas, degrees and post-graduate degrees. This suggests that qualifications may not be a challenge in the SDM.

4.1.5 Occupation of the Participants

This study targeted officials based in Development and Planning, and finance sections within the municipality. Table 2 on the following page shows sections from which various department participants come.

4.2 Trends in Spending MIG Funds

The study started with document analysis to check the allocated funds versus the funds that were utilised to render services. The results are presented firstly for the MIG expenditure trends in Limpopo Province (Figure 4) followed by the trend for the SDM (Table 4). Figure 4 on the next page shows the performance of municipalities in Limpopo on the spending of MIG funds from the financial year 2010/2011 to 2012/2013. Information in Figure 4 suggests an increase in the amount of MIG funds that were not spent in the province. The same trend of increasing underspending is seen for the SDM. This suggests that over the years, instead of increasing the utilisation of the allocated budget to render services, the municipality spent less from their budget. This underspending may, on the one hand, indicate

Table 2: Occupations of Participants

Occupation	Frequency	Percentage
Project management	3	17.7
Administrative head of the municipality	1	5.9
Development and planning	5	29.5
Financial management of the municipality	3	17.7
Councillorship/ public representative	3	17.7
Administering MIG projects	2	11.8
Total	17	100

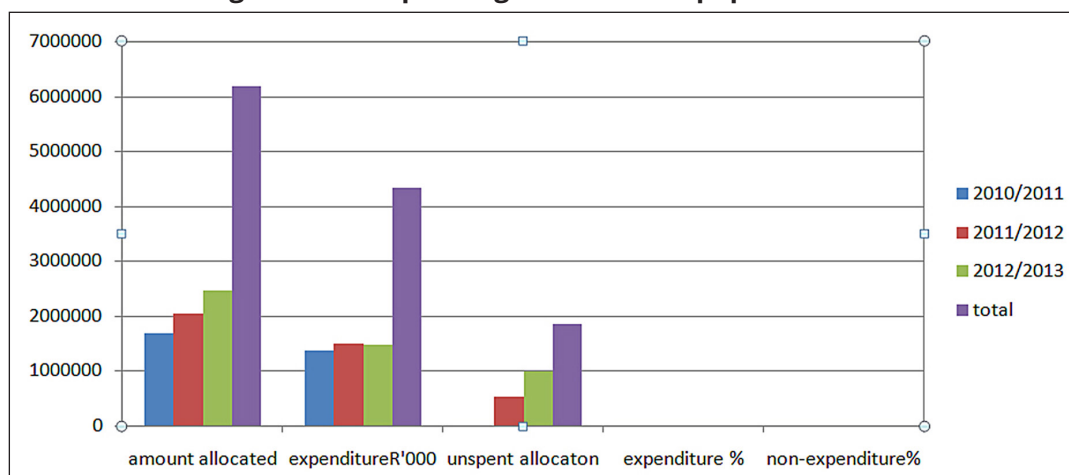
Source: Authors

Table 3: MIG Spending Trends in Limpopo Province from 2010- 2013

Financial Year	2010/2011	2011/2012	2012/2013	Total
Amount Allocated (in Rand)	1 688 104	2 030 302	2 462 883	6 181 289
Expenditure (in Rand)	1 358 280	1 499 236	1 479 424	4 336 940
Unspent Allocation (in Rand)	329 824	531 066	983 459	1 844 349
Expenditure (in %)	80	74	60	70
Non-Expenditure (in %)	20	26	40	30

Source: Authors

Figure 4: MIG Spending Trends in Limpopo Province



Source: Authors

better efficiency while rendering services. However, on the other hand, the underspending may have had a negative effect on either the number of community projects completed or the quality of such projects.

The Limpopo Province Section 47 Report of 2013/14 financial year attributed the non-expenditure on MIG funds by municipalities to the delay with regard to procurement of service providers; late registration of projects; the use of MIG funds for operations other than the infrastructure projects and using MIG funds for the implementation of unregistered projects. It should be noted that the MIG funds utilised for unregistered projects are recorded as unspent.

Table 4 on the next page shows that overall the SDM did not spend R636 730.00 of the R2 074 561.00, which was returned to the National Treasury. The unspent amount makes 30.7% of the total allocated budget for the period of five years. The under-spending may have had an effect on overall service delivery in the municipality.

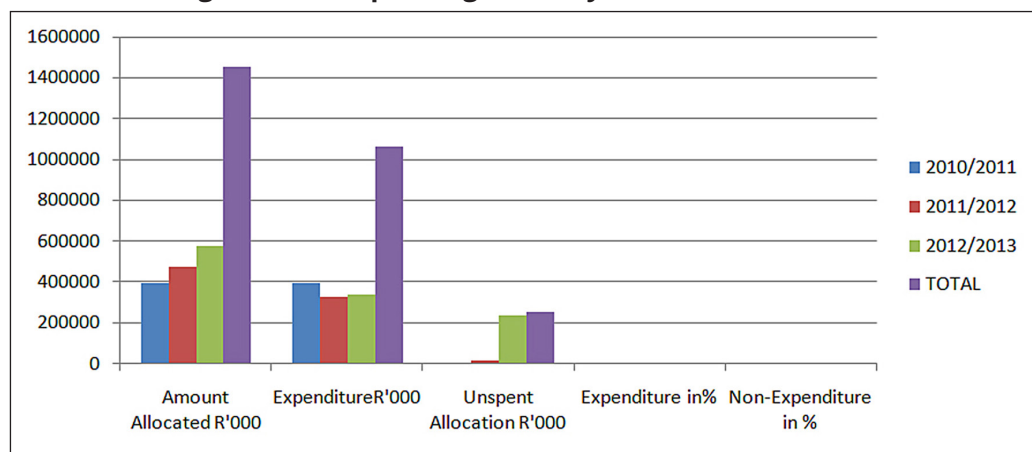
5. Challenges Faced by the Municipality in Utilising MIG Funds

Challenges faced by municipalities in utilising MIG funds are many and include among others the following: poor planning, establishment of Project

Table 4: The SDM MIG Allocations as Against Expenditure

Year of Allocation	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Amount Allocated (in Rand)	396 000	476 993	578 623	341 825	281 120
Expenditure (in Rand)	393 671	326 054	340 862	252 071	125 173
Unspent Allocation	2 332	150 840	237 761	89 754	155 947
Expenditure (in %)	99	68	59	74	45
Under-Expenditure (in %)	1	32	41	26	55

Source: Authors

Figure 5: MIG Spending Trend by SDM From 2010-2013

Source: Authors

Management Unit, human resource challenges, protracted procurement processes, inadequate communication and community participation during IDP processes, political interference, utilisation of MIG for unregistered projects and lack of proper monitoring and evaluation of projects.

5.1 Poor Planning

The interview session with especially the officers in the finance division identified poor planning as a major contributor to not being able to spend MIG funds. They reported that the poor planning was due to factors such as, staff shortage in the development and planning section specifically the project management unit (PMU) and incompetent service providers. This section, if staffed with competent people can be key in the planning, scheduling and monitoring of projects.

5.2 Establishment of Project Management Unit

The participants reported that the SDM was one of the municipalities that did not establish a project management unit (PMU) as per MIG Guidelines but opted to utilise their existing staff for project management services. Not establishing a PMU may have

implications on how easily the internal employees can be manipulated or ordered by management to do what management wants (MISA Annual Report, 2013: 24).

5.3 Human Resource Challenges

Understaffing Challenges: The staff complement of the PMU in SDM was not yet complete as envisaged by the guidelines on the formulation of MIG project management units in municipalities. The PMU did not have a complete staff complement. For financially related matters and communications issues, the unit depends on the finance and communication divisions of the municipality. This took away the specialty element of the MIG programme. The situation was exacerbated by the poaching of officials by the category A municipality. For instance, one of the participants stated that:

"We are victims of poaching of our developed employees by Ekurhuleni and Tshwane Metros".

Results of the Study: These results show that the staff members who are employed by the SDM, although understaffed, possess the right skills with the minimum required qualifications and years of

working experience in most sections except in the development and planning section. So the major problem is that there are not enough personnel. Having the right personnel suggests that the municipality should be able to render services well and utilise allocated funds efficiently. However, the results of the study demonstrate differently in that there is still poor planning and implementation of projects is not carried out in time. The Organisation for Economic Co-operation and Development (OECD) Report of 2017 emphasises the need for professional skills in order for employees to render services effectively. The strategic and innovative skills are also emphasised as crucial (OECD Report, 2017).

High Staff Turnover: The participants in the study indicated that there was a high staff turnover rate, with employees in key positions leaving to more urban municipalities. The problem with staff turnover is that there is no continuity in the department that these staff members left. Appointment of new people results in delay of services as they usually need time to adapt and to know what the priorities for the municipality are (Quality of Public Administration "Toolbox", 2017)

Inadequate or Lack of Training and Development of Personnel: Project Management officials said that they had, on several occasions, raised issues of staff compliments and training with the SDM management but the response had not been satisfactory. One of the participants said:

"We raised the issue of training with the management on several occasions but they do not take us seriously".

They were hardly sent for training because they were told of budgetary constraints against such processes.

5.4 Protracted Procurement Processes

According to the participants, the process to appoint service providers took too long such that project implementation usually overlaps to the subsequent financial year. The delay was said to be due to the fact that the procurement processes such as evaluation and adjudication are usually protracted. Complicating the matter was the fact that the majority of service providers appointed failed to meet the deadlines according to the project implementation plan. According to the participants, delays are also

due to long processes of procuring contractors for the delivery of services, that is, infrastructure projects. In addition to that, the participants indicated that most of the contracted service providers do not have the proper requisite skills and/or resources implying that they take longer than they should to complete their projects.

5.5 Inadequate Communication and Community Participation During IDP Processes

Chapter four of the MSA requires the municipality to consult the community when setting its priorities, developing its plans and allocating resources. According to the participants in the study, public participation was not as effective as was expected because during the IDP review and budgeting processes many citizens do not come to community meetings even though they are invited by the municipal officials. The challenge according to the participants might be the medium of communication which the municipality uses to inform communities about the meetings. The ward committee members said that only designated stakeholders such as business, traditional leaders and Non-Governmental Organisations (NGOs) are invited through letters during the IDP review process.

Findings from the current study show that SDM adheres to the policy framework and the legislation in terms of time frames for IDP processes and the registration of infrastructure projects. However, community engagements on the IDP review processes and planning need to be improved. The SDM does not invite individual members of the community, only organised structures get access to invitations. As a result, the greater part of the community members do not know the municipal plans and the riots and conflicts are a result of what they, the community, think should be done. This can also be due to a mismatch between what the municipal officials think is a priority and what the community members feel should be prioritised. This mismatch is a problem that needs to be addressed and was also emphasised by an SPAID Report (2009) and that community participation is crucial to effective service delivery as it fosters the feeling of ownership of projects and support of implementation of such projects (Abe & Monisola, 2014; Madzivhandila & Maloka, 2014; Molaba, 2016). This issue of lack of or inadequate community participation seems to be complicated by poor communication with the community members

both in terms of prioritising projects/services to be rendered and monitoring of those projects that have been prioritised. This lack of communication implies that the community does not know what is happening hence the reported service delivery protests by community members. Researchers have emphasised the need to focus on communication and effective dissemination of information with the service recipients in order to improve the services rendered to them and as a way of sustaining development of local communities (Hernández *et al.*, 2016; Joseph, 2016; Owoeye & Dahunsi, 2016; Owusu, 2014; Schiavo, 2016; Yusuf, 2011).

5.6 Political Interference

According to the participants, some of the challenges may be attributable to political interference. Researchers have shown that when politicians interfere in the administration and day-to-day business within municipalities, service delivery suffers. This interference often results in focusing on projects that were not seen as priority. There is also the problem of the power between the governed (the employees within the municipalities) and the governors (politicians) resulting in obeying the governors (Seloba, 2006; De Visser, 2010; Dlamini, 2017).

5.7 Utilisation of MIG for Unregistered Projects

Participants in this study also identified the reprioritisation of projects by council, as another factor that delays the implementation of infrastructure projects. According to the participants, political leaders sometimes change the priorities of planned projects during the course of the financial year, which undermined progress made on commitments. The change in priorities had a negative effect on the spending of MIG funds because the projects have to be implemented according to the registered projects list of a particular financial year. Municipalities are required to submit their list of planned and prioritised infrastructure projects for registration and approval to National MIG Management Unit (NMMU) before the implementation of these projects (MIG Programme Management Process and Procedures, 2006:25). The implementation of unregistered projects is not recognised by the National Treasury. Therefore, funds utilised for that particular project are regarded as unspent. This is because it would have not been used for its intended purpose. The intervention/interference by council can

also discourage the staff members who get involved in the initial planning and prioritisation of projects. This issue also links well with what De Visser (2010) refers to as the interference with administration by those who are supposed to govern. In addition, because the projects that eventually get reprioritised and implemented are essentially not the ones identified by personnel on the ground, these staff members may not be eager to see them through as well as to monitor them and their outcomes, that is, the morale and commitment of staff members may be doubtful as a result.

5.8 No Proper Monitoring and Evaluation of Projects

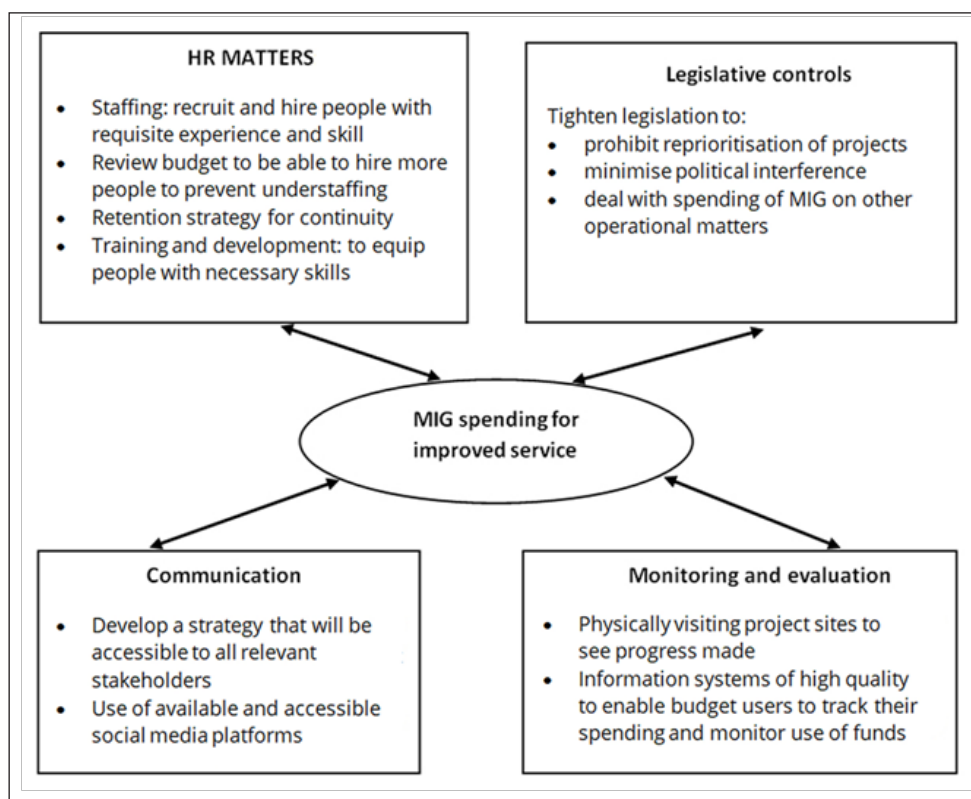
The results from the current study suggest that there are no proper monitoring and evaluation of projects. As a result, it is often difficult to know how well services have been rendered. The above-mentioned challenges are deemed to be the underlying factors that have led to SDM returning an amount of R636 730.00 to national treasury in the period of five years, from the financial year 2010/2011 to financial year 2014/2015.

6. Recommendations

The study recommends that the SDM, CoGHSTA and COGTA take action through the recruitment of competent officials and put in place the capacity development programmes, conduct legislative amendments to prohibit municipalities to conduct unwarranted reprioritisation, political leadership (councillors) should refrain from interfering in the administrative process, policy amendments to allow municipalities to appoint service providers prior to the implementation year, remedial actions to municipalities that utilise MIG for unintended purposes, public participation programme on IDP should be run prior and post the approval of IDP by the council, and direct engagement communication with members of the community. The recommendations can be represented as in Figure 6 on the following page.

Finally, future research can look into how municipalities can find a balance between the way the employees comply with the systems and safeguards of procurement and proper budget expenditure, co-ordinate the needs of the politicians and administrators, while spending allotted funds for effective service delivery.

Figure 6: MIG Spending for Effective Service Delivery



Source: Authors

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