

Comprehensive Infrastructure Planning Framework for Achieving Sustainable Municipal Service Delivery

Document CIP-01

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In collaboration with

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Department of Transport

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Table of Contents

1	Background	1
2	Key Issues to be addressed	1
3	Current Planning Frameworks	1
4	Proposed Consolidated Planning Framework.....	3
5	Implementation of the Comprehensive Infrastructure Planning Framework	4
5.1	Role Players	4
5.2	Integration Actions.....	5
5.3	Deployment of Task Teams.....	5

This Document in Context

This Document is the first of 4 documents:

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| Document CIP-01: | “Comprehensive Infrastructure Planning Framework for Achieving Sustainable Municipal Service Delivery” (this document), clarifying the role of CIP with respect to other planning instruments (“ <i>CIP as Planning Instruments.doc</i> ”) |
| Document CIP-02: | “National Strategic Framework for Comprehensive Municipal Infrastructure Management in South Africa”, clarifying the strategy and general approach for the development of CIP’s (“ <i>CIP Apex Rev 4.doc</i> ”) |
| Document CIP-03: | “Business Plan For Sustainable Municipal Infrastructure in the 52 District and Metropolitan Areas 2008-2014”, providing the project plan for implementing the first order CIP’s (“ <i>CIP Project Plan.doc</i> ”) |
| Document CIP-04: | “Guidelines for Compiling Comprehensive Infrastructure Plans for Municipalities”, providing guidelines for the collection of data and the preparation of CIP’s (“ <i>Guidelines for CIP Rev 5.doc</i> ”) |

1 Background

Municipalities are responsible for **providing infrastructure services** to all its communities, industries, and other consumers in its area of jurisdiction. Over the past 14 years, one of the key areas of delivery for government has been in supplying new infrastructure to meet the backlog in the provision of basic services and broadening the service delivery foot print across the country while keeping abreast of growth and migratory patterns within society. However, today there is a need to ensure that these services will be sustainable in future, and that the necessary institutional, financial and technical measures are in place to achieve this goal. This document provides a brief overview of tools aimed at assisting municipalities in achieving these goals by integrating them into a single planning vehicle.

2 Key Issues to be addressed

It is every municipality's responsibility to provide all its communities with the necessary infrastructure services for water, sanitation, energy, access and transport, and solid waste, as well as ensure that other key services (e.g. education, health, sports and recreation, and community services) are planned in collaboration with the relevant service providers. This calls for the following actions:

- Ensuring that the necessary **infrastructure assets** are provided, operated and maintained (i.e. addressing their full life cycle)
- Ensuring that the necessary **funding** is available for the total costs involved over the full extent of the life cycle of the assets, by collecting revenue from consumers and utilizing available grant funds, and providing the required operating and capital funds to achieve the goals
- Ensuring that an **institutional model** exists for providing the necessary skills, processes and procedures to manage the assets
- Ensuring that the necessary **bulk supplies** (e.g. for water and electricity, as well as waste water treatment capacity) are available
- Ensuring that the growth needs of the municipality are addressed by considering local **economic development** initiatives, and taking cognizance of changing needs of communities while involving them in planning the provision of the above services

Various frameworks for assisting municipalities in achieving these goals have been developed since 1994, and this most recent development drives towards integrating a number of key drives aimed at achieving the provision of **sustainable infrastructure services in municipalities**.

3 Current Planning Frameworks

A number of different planning instruments have been developed to assist municipalities in meeting their key goal of affordable, sustainable service delivery in the areas of their jurisdiction. These include the following:

- The **Integrated Development Plan**¹, which is one of the primary tools for local government to cope with its developmental role. This is a function of municipal management, and forms the basis for an integrated system of planning and delivery. The IDP process is meant to arrive at decisions on issues such as municipal budgets, land management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic

¹ See "General Overview: Integrated Development Planning", DPLG/GTZ, 2001

manner. Integrated Development Plans, however, will not only inform the municipal management; they are also supposed to guide the activities of any agency from the other spheres of government, corporate service providers, NGOs and the private sector within the municipal area.

- The **Service Delivery and Budget Implementation Plan**², has been defined in the MFMA as the following:

“A detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality’s delivery of services and the execution of its annual budget and which must include (as part of the top-layer) the following:

(a) projections for each month of-

(i) revenue to be collected, by source; and

(ii) operational and capital expenditure, by vote;

(b) service delivery targets and performance indicators for each quarter”.

It is largely a one-year detailed plan, but also needs to include a three-year capital plan. It should typically cover the following five areas:

- Monthly projections of revenue to be collected for each source
- Monthly projections of expenditure (operating and capital) and revenue for each vote
- Quarterly projections of service delivery targets and performance indicators for each vote
- Ward information for expenditure and service delivery
- Detailed capital works plan broken down by ward over three years
- The various **Sector Plans**, defined as planning frameworks into the IDP, and focuses on the implementation of the necessary infrastructure, e.g. the Water Services Development Plans, Integrated Transport Plans, Energy Plans, etc
- The Municipal Infrastructure Investment Framework³, and the associated suite of planning tools based upon the **Municipal Services Financial Model**, which provides a high level budgeting envelope for funding infrastructure in a municipality. This facility is based upon current thinking on financing of infrastructure services, addressing initial capital investment, as well as the long term operational and maintenance requirements. It also takes into account the levels of affordability of communities, and therefore ensures that a realistic budgetary framework can be created for delivering the necessary infrastructure services
- The guidelines on Infrastructure **Asset Management**, developed by DPLG, and which forms a part of the national drive to ensure that life cycle asset management principles are implemented in municipalities and other owners of public infrastructure assets

A need has been identified to assist municipalities in preparing action-oriented plans that extend beyond the mere implementation of new infrastructure (aimed at addressing the immediate backlogs) by addressing the key needs for service delivery, and that consolidates the strengths of the above tools. It will also ensure that national programmes are coordinated at ground level to ensure that housing and sector specific initiatives are planned in an integrated manner towards integrated infrastructure provision and management.

² See National Treasury’s “MFMA Circular No 13 - Service Delivery & Budget Implementation Plan”, 31 January 2005

³ See “Guidelines for Municipal Services Infrastructure Investment Planning”, DBSA, January 2008

4 Proposed Consolidated Planning Framework

The proposed approach recognises the statutory development planning framework that exists through the IDP process, the principles of life cycle Infrastructure Asset Management, and the links into the Municipal Infrastructure Investment Framework. It thereby creates a basis for planning interventions to ensure sustainable municipal service delivery by addressing the relevant issues regarding spatial development, infrastructure, financial and institutional issues required for sustainable service delivery.

The development of a Comprehensive Infrastructure Plan (CIP) at a municipal level will serve as a clear business model providing strategically focused actions for implementing the key initiatives identified in the IDP, while addressing sustainability over the full life cycle of infrastructure assets. This will be achieved by ensuring that efficient operations and maintenance is performed, that dilapidated assets are refurbished, that the necessary skills are provided, and by ensuring that funding is available. The following key steps are proposed (see Figure 1):

- Clarify the current **spatial development planning** in the municipality by interrogating the IDP and other related plans (e.g. the Provincial Growth and Development Strategy, the municipality's Local Economic Development Plan, etc), and compile a spatially based demographic model at the level of communities or StatsSA's sub-places
- Unpack the current **sector development plans**, confirm the service delivery backlogs of communities, and assess the condition of the existing assets. Use this as the basis for confirming (and/or expanding) current lists of projects that would be required to provide the necessary services to all communities. Compile capital and operating budgets for these interventions

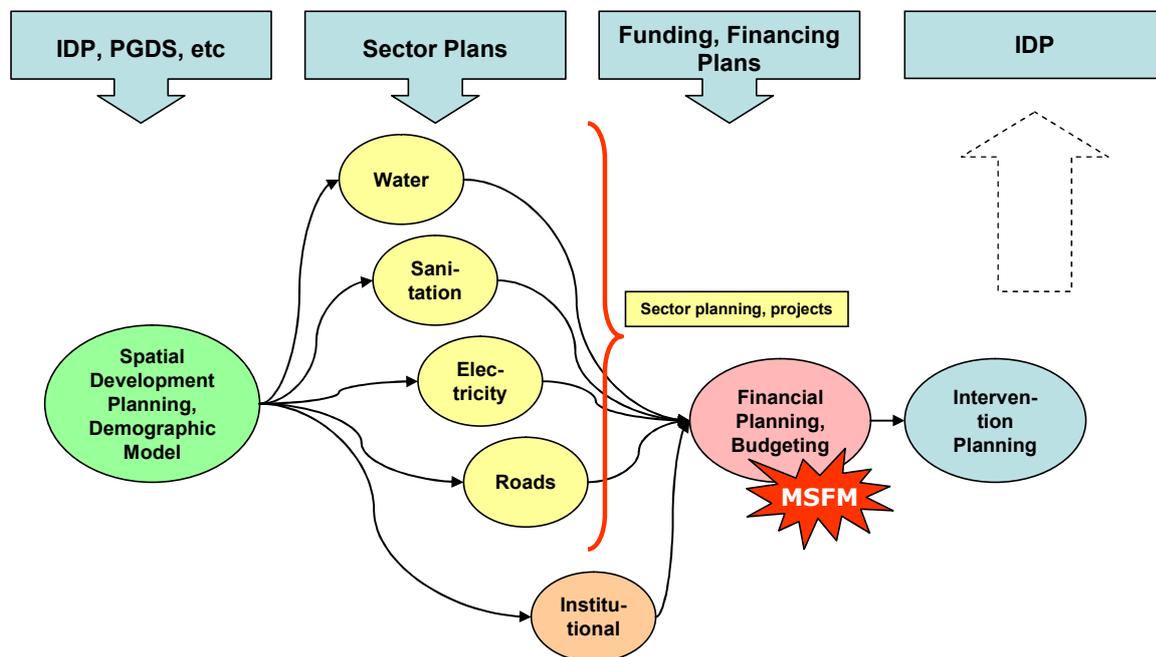


Figure 1: Conceptual Process for Preparing Comprehensive Infrastructure Plans

- Assess the current **institutional arrangements** in the municipality, addressing the processes, procedures, and service level agreements (e.g. for bulk supplies and key services, where applicable). Assess the current staffing in the municipality, and identify vacancies that would impact upon the ability to deliver services or implement the capital projects
- Develop a **financing and funding** model using the above inputs regarding lacking infrastructure assets, state of dilapidation, extent of services currently

being provided and to be provided in future, as well the number of indigents in the municipality. Use the MSFM as planning tool to assess the budget levels that would be required to provide the services in the long term, as well as the revenue limitations that might impact on the ability to afford these services. Develop pro forma income statements and balance sheets that would reflect the ability of the municipality to afford the planned investments. Identify opportunities for improving revenue and reduce losses and identify actions towards balancing the income and expenditure budgets. Identify potential external funding and financing sources

- Finally, develop an **intervention plan** for addressing the shortfalls identified in the above process, which should be accommodated into the next update of the municipality's IDP. This should ideally address the following areas:
 - Project implementation lists
 - Loss reduction plans to address technical, operational and financial losses related to service delivery in water and electricity
 - Institutional capacity and staff development plans
 - Revenue improvement plans
 - Outsourcing plans (where necessary to support service delivery in the short to medium term)

These plans will be developed by the municipalities (in collaboration with service providers), who will be supported by the different sector departments. The necessary linkages with bulk providers need to be identified, while all available funding sources will be explored and developed.

More importantly, it needs to transform the current focus in service delivery from a project based approach to a programmatic approach that addresses long term sustainability, and that links different sectors towards a focused solution at municipal level (see Figure 2).

5 Implementation of the Comprehensive Infrastructure Planning Framework

5.1 Role Players

It is recognized that the implementation of infrastructure in municipalities is a collaborative effort between several role-players. The responsibility for planning has been allocated to the municipality, but they are being supported by sector departments and others. More specifically, the following key departments (and where applicable their respective provincial counterparts) play a role in this programme:

- National Treasury
- Department of Water Affairs and Forestry (and via them Catchment Management Agencies & Water Boards)
- Department of Minerals & Energy
- Department of Transport
- Department of Housing

Additional support will be provided by the Department of Public Works, while coordination with the following departments will be fostered:

- Department of Environment and Tourism (addressing solid waste and environmental issues)
- Department of Health (in providing for clinics, etc)
- Department of Education (in providing for schools)
- Department of Land Affairs (in development of farmers, land restitution, etc)

5.2 Integration Actions

It is proposed that the following steps be taken towards finalizing the development of these Comprehensive Infrastructure Plans:

- Confirm the inputs by all sector departments into the proposed data collection and planning guidelines
- Agree on a common database of communities, linked to the sources of data at DWAF, StatsSA, Department of Housing, DME, DOT, etc
- Finalise the linkages between the different planning tools (IDP, IIP, CIP, IAM, Backlog models, MIG-MIS, etc)
- Compile such plans for 3 target municipalities to serve as examples and case studies

It is proposed that additional development be done in the following areas to serve as support to municipalities in implementing these plans:

- Development of a programmatic approach towards implementing projects at scale to reduce the transaction costs by launching investment drives at scale (i.e. reducing the use of small projects)
- Coordination of capacity development programmes, initiatives, tools and guidelines in support of the rollout of the CIP, and in support of municipal infrastructure management in general
- Development of KPI's and M&E tools to monitor progress of implementation, to gauge service delivery, and to serve as benchmarking and learning between municipalities
- The clarification of the principles of project finance and lending instruments for use by municipalities to ensure that they are in a better position to access financing via DBSA and commercial banks

5.3 Deployment of Task Teams

Currently various teams are active in infrastructure implementation, such as those supporting DWAF, DPLG, the Departments of Housing in the different provinces, as well as the DBSA's Siyenza Manje programme. It is proposed that 6 project teams be compiled from these teams, or that additional teams be identified to prepare these plans by end of 2008. The results from these plans should then be available for the next round of budgets for the Municipal Infrastructure Grant and other funds administered via the Division of Revenue Act.

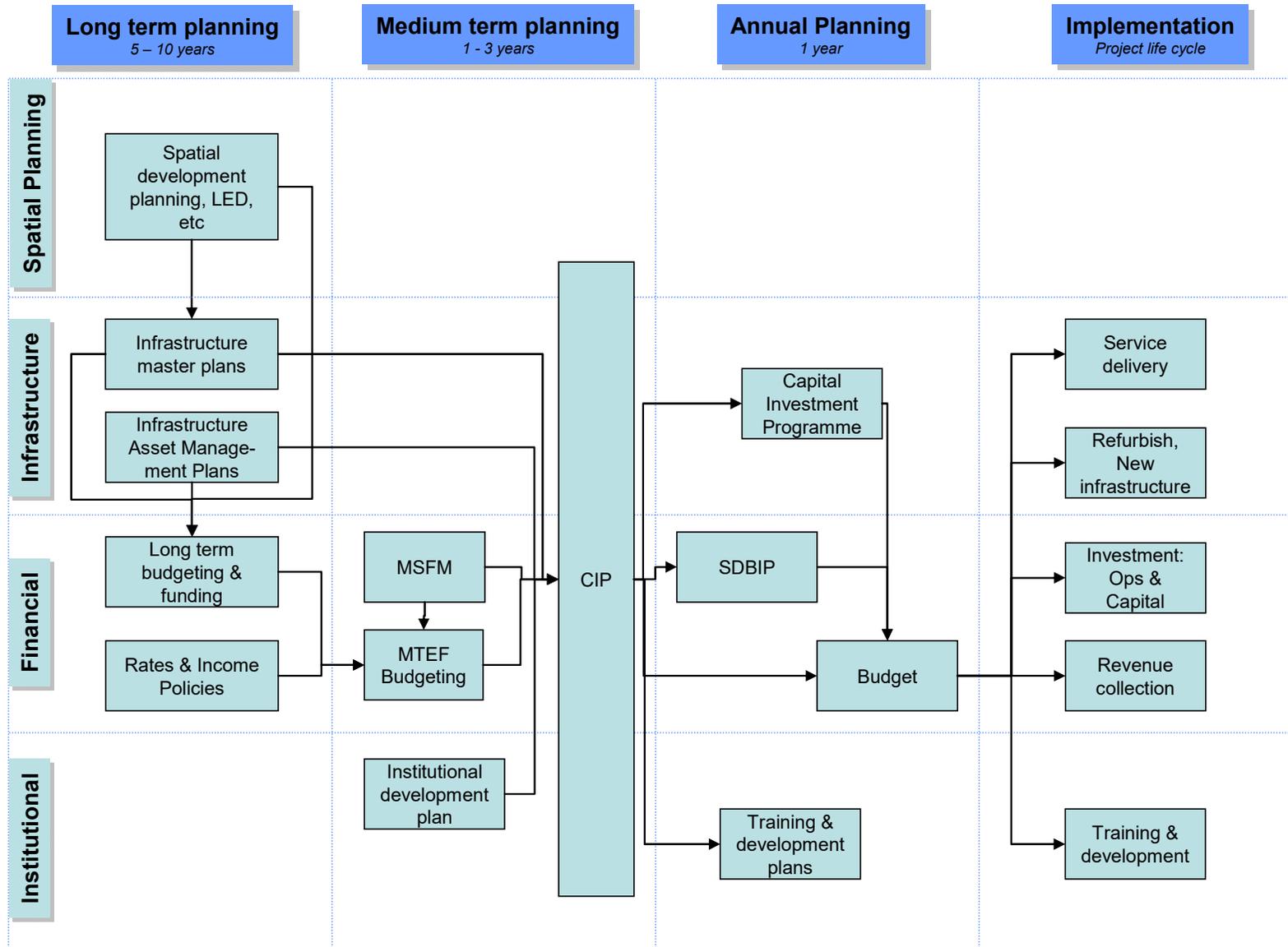


Figure 2: Conceptual Framework for Infrastructure Implementation Planning in a Municipality