



**cooperative governance**

Department:  
Cooperative Governance  
REPUBLIC OF SOUTH AFRICA

# ANNUAL REPORT

**2017/18**

**Implementing Agent: KAROO HOOGLAND  
MUNICIPALITY**



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# Department of infrastructure

Comment [YK1]: Insert relevant Municipal Department

## Introduction

This report serves to evaluate the Karoo Hoogland Municipality's performance in respect of the Municipal Infrastructure Grant (MIG) to the National Treasury in terms of Chapter 3 section 12(5) of the [2015](#) Division of Revenue Act.

The objectives of the evaluation are...

## Background

### A. Overall description of the programme:

The MIG programme is part of government's overall strategy to eradicate poverty and to create conditions for local economic development. It will therefore, maximize opportunities for employment creation and enterprise development. The programme is demand – driven and service delivery is centralized to the Municipality. Municipalities play a central role in coordinating development activity and the delivery of municipal infrastructure in their jurisdiction.

The entire approach of MIG is focused on improving of capacity, efficiency, effectiveness, sustainability and accountability of local government. Whilst national and provincial government are responsible for creating an enabling policy, financial and institutional environment for MIG programme, municipalities are responsible for planning municipal infrastructure and for using MIG to deliver the infrastructure.

	2014/15	2015/16	2016/17	2017/18
Approved amount budget	R 8 890 000.00	R 8 005 000.00	R 7 744 000.00	R 8 145 000.00
Spent amount budget	R 12 098 528.00	R 5 005 000.00	R 7 774 000.00	R14 645 000
Difference	+ R 3 208 528.00	- R 3 000 000.00	ZERO	+ R 6 500 000.00

Comments on the difference how was it spent or rolled – over

In 2014/15 R 3 208 528.00 was allocated from Namakwa District municipality to Karoo Hoogland.

In 2015/16 R 3 000 000.00 was taken away by MIG.

In 2017/18 an additional R6 500 000.00 was allocated by MIG and spend on the Sutherland Sport facility and on the Sutherland Bulk water as approved by MIG.

## Evaluation and Progress

### A. Action taken by actors during 2016/17

Karoo Hoogland Municipality diligently approached MIG requirements and addressed the deficiencies. A long term implementation Plan was drawn with emphasis on addressing the backlogs and priorities as contained in the IDP. More business plans are being prepared to commit the outer years of MTEF. The co-ordination of the project identification and prioritization process is conducted in such a way that it integrates with the IDP processes to ensure synchronized service delivery. Registered projects are scheduled over a 3 year Capital plan within the IDP parameters. The scheduling of reporting mechanism to MIG has also been established and implemented to ensure proper reporting on MIG projects.

The PMU is responsible for the administration and reporting on MIG and other funded projects within the municipality, however the district PMU is non-functional and the staff of Karoo Hoogland Municipality and the Consulting Engineer had to fulfil this role. DORA reports indicating progress and expenditure on projects are submitted monthly to all relevant stakeholders.

### B. Implementation and management process

Karoo Hoogland Municipality have the obligation towards their communities and the conditional grant funder namely MIG for the provision of municipal infrastructure and service delivery.

### C. Monitoring

The MIG programme is monitor by Karoo Hoogland Municipality and the Consulting Engineer.

The engineer supply payment certificates after each site meeting to approve that work was done as on the certificate, this certificate is then sign of by the Technical Manager and the Municipal Manager , and is then sent to the finance department, and the deputy CFO report on the financial side. The Technical Manager Report on non- financial aspects as required by DORA.

### D. Implementation and management programme.

Karoo Hoogland Municipality have the obligation towards their communities and the conditional funder for the provision of Municipal infrastructure and service delivery. The Karoo Hoogland Municipality appoint the services of a consulting engineer in this case Lyners to design projects for this year the Storm water project in Williston and the Bulk water supply in Sutherland they help with the tender processes an do the evaluation of tenders, Karoo Hoogland then take the tenders to the tender committee for approval and when approved by council meeting tender is awarded. The consulting engineers take responsibility for site inspections an approval of work and payment certificates with the Technical Manager of Karoo Hoogland Municipality, Progress reports is submitted to committee meetings of the Council on a monthly base.

There is still a challenge with the reporting on the MIG MIS, a lot of old projects still needs to be reported on the system and with no data capturers, and with no capacity it will take a time to update all projects, but with the new project starting in 2018 some of

the reports will be done on the system. Training is needed to overcome problems on the MIGMIS.

E. What are the results and who benefited in 2017/18

The community of Sutherland with 630 households benefit in the above reporting timeframe the first phase of the Bulk water project (MIG 1358) and the second phase of the Sport facilities was also done In Sutherland. Additional 6, 5 Mil was allocated to the two projects, and these projects will be completed a year in advance.

Due to the costs and the multiyear timeframe the clubroom facilities will not be able to fit into the original budget, and a new business plan will be done to get the necessary funding, the sport field facilities will be completed and as soon as the spring is here the grass will start growing due to the extreme cold conditions in Sutherland the grass will be sowed and a bedding will protect it in winter but when spring arrive it will grow through the bedding

Employment was creates through labour intensive methods of construction, and a more sustainable water supply was ensured. During raining seasons access to town from the residential area was impossible during thunder storms and even access to the local school, with the new infrastructure the community will have access to town at all times and access to the school will be more safe and at all times.

With the additional R 6 500 000.00 that was receive in February 2018 the two above projects could be completed a year earlier, and the funding for 2018/19 can be allocated to another muck needed project.

F. Delivery Constraints

The administrative procedures and unknown i.e., undefined timelines related thereto results in delayed processing of applications by MIG and adds to difficulty to plan and implement effectively. This delayed process also relates into financial risks whereby projects incur escalation and run the risk of potential budget overruns and inherently follows a vicious cycle of budget constraints requiring budget maintenance applications that in turns have to go through the same sluggish approval process.

Due to the location of the towns in relation to bigger towns the procurement of resources and services are very difficult and comes at a premium if procured due to the distances for delivery

The accessibility to the towns are also difficult due to the poor quality of the gravel roads and also increase the cost due to the risk of damage and time for traveling

The geotechnical profile for the towns are very problematic and consists of shallow hard rock making excavating and backfill very expensive

The weather conditions of the town with very cold night temperatures with extreme frost make it difficult to get the grass growing on the rugby field.

There are enormous backlogs and the current allocations are insufficient to address the needs of the communities

When projects are estimated and applied for the costs are established but insufficient funds are available in the current allocation. When the funds are available the following year's costs have escalated and are insufficient and have a snowball effect.

#### G. Lessons learned

To start project planning at an early stage of the project life cycle, this is vital for the successful spending of the allocation

The involvement of all relevant stakeholders during planning is important.

The Municipality to plan within existing constraints of the different spheres.

To keep spending according to implementation plans

With good spending according to all plans additional funding became available

#### H. Recommendations

That MIG internal process be redefined in support of service delivery

That all compliance issues should be clearly communicated at the commencement of each financial year to assist municipalities in complying with legislation.

That the PMU be established in the district to enable the district to build capacity in the various municipalities. Early intervention by provincial and national departments is necessary so as challenges relating to spending of allocations is addressed early in the financial year

To help municipalities before funding is taken away rather help municipalities with a solution to get money spend on project because if money is taken away it have a ripple effect on all projects and with the small allocations projects will take longer to complete .

JJ Fortuin

Municipal Manager

13 August 2018