

# NCOP PROVINCIAL WEEK INFRASTRUCTURE PERFORMANCE 2023/24 FINANCIAL YEAR



*VISION:* We envision a prosperous province supported by sound financial and resource management.

# OUTLINE OF PRESENTATION

1. Rational for Investing in Infrastructure
2. Eastern Cape Economic Recovery and Reconstruction Plan
3. Framework for Implementation
4. Infrastructure Priority Projects
5. 2023/24 Provincial Infrastructure Allocation
6. Budget Facility for Infrastructure (BFI)
7. Infrastructure Constraints
8. Provincial Infrastructure Performance
9. Remedial Measures
10. Risk Mitigation

# RATIONALE FOR INVESTING IN INFRASTRUCTURE

- Across all regions /countries that have experienced sustained high levels economic growth, investments in private and public capital (Gross Fixed Capital Formation) has consistently been one of the key underlying factors.
- Investing in infrastructure has proven to be critical for inclusive economic growth and development, and for fostering social inclusion.
- In particular roads, bridges, electricity, railways, and airports connect markets, facilitate production and trade, and create economic opportunities for work and education.
- Water and sanitation, irrigation, schools, and hospitals improve people's lives, skills.
- Digital infrastructure supports economic development and inclusion.
- Increasingly becoming evident that public infrastructure can also help in building resilience against climate change and natural disasters. (IMF 2020)
- Government has a constitutional mandate to deliver on the basic infrastructure needs
- Currently, in 2022, the Gross Capital Formation in the Eastern Cape Government sector recorded 20 per cent which was relatively as a result of the recovery from the Covid 19 pandemic against the target of 25 per cent required for a developing state. However, the achievement so far was more on a nominal recovery trajectory.
- The Province of the Eastern Cape acknowledging the above also adopted the Economic Recovery 5 point plan which includes Infrastructure as a key pillar



# EC ECONOMIC RECOVERY & RECONSTRUCTION PLAN

## FIVE-POINT PLAN FOR ECONOMIC RECOVERY OF THE EASTERN CAPE



### Infrastructure Development

Infrastructure at heart of economic recovery: Strengthening provincial project packaging & implementation capacity.



### Industrialization and Sector development

Drive re-industrialization through provincial catalytic projects & rural initiatives based on unique strengths & potentials of the province (Calibrate PEDS for new reality).



### Equitable, Inclusive Transformation.

Build Equitable & Inclusive Economy through SMMEs, Township Economies, Informal Sector, and Social Economy



### Digital Transformation

Elevate the strategic role of Broadband Infrastructure; Ensure skills, capacity and access for connected and digitally included SMMEs and Entrepreneurs.



### Public Finances

Mobilize public investment as a lever for growth; investor mobilization.

Five point plan built on the objectives of economic growth and job creation. Infrastructure investment one of the critical pillars of the EC Economic Recovery, Reconstruction & Jobs Creation Plan/Strategy

# PROVINCIAL ECONOMIC RECOVERY PLAN FRAMEWORK FOR IMPLEMENTATION



# National Infrastructure Plan (NIP) – Strategic Infrastructure Projects

The NIP identifies 18 Strategic Integrated Projects (SIPs) The SIPs cover social and economic infrastructure across all nine provinces (with an emphasis on lagging regions). Not all of the 18 SIPs identified are applicable to the Eastern Cape and only those with direct significance on the Eastern Cape are reflected.

**Table: Strategic Infrastructure Projects (SIPs)**

STRATEGIC INFRASTRUCTURE PROJECT (SIP)	DESCRIPTION
SIP 3: South-Eastern node & corridor development	New dam at Mzimvubu with irrigation systems. Planning for this project needs to finalized.
	N2-Wild Coast Highway, the project has commenced with the construction of the two major bridges underway
	Possible Transshipment hub at Ngqura and port and rail upgrades to improve industrial capacity and performance of the automotive sector.
	The Environmental Authorisation for the manganese smelter at Coega smelter has been granted but the project still needs to commence
SIP 6: Integrated municipal infrastructure project.	The road maintenance programme will enhance service delivery capacity thereby impacting positively on the population. The ECDoT has identified the priorities for impacted roads
SIP 7: Integrated urban space and public transport program(IPTS)	Coordinate planning and implementation of public transport, human settlement, economic and social infrastructure and location decisions into sustainable urban settlements connected by densified transport corridors. The infrastructure for the IPTS has been developed but the program has as yet not been fully implemented.
SIP 8: Green energy in support of the South African economy	Support sustainable green energy initiatives on a national scale through a diverse range of clean energy options as envisaged in the Integrated. Two Renewable Energy Development Zones REDZ Phase 1 and 2 have been identified and several projects have commenced within the zones.



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# National Infrastructure Plan (NIP) – Strategic Infrastructure Projects

Table: Strategic Infrastructure Projects (SIPs)

STRATEGIC INFRASTRUCTURE PROJECT (SIP)	DESCRIPTION
SIP 10: Electricity transmission and distribution for all	Expand the transmission and distribution network to address historical imbalances, provide access to electricity for all and support economic development. Significant progress has been made in the deep rural areas of the OR Tambo, Alfred Nzo and Joe Gcabi Districts EC Province.
SIP 11: Agri-logistics and rural infrastructure	Improve investment in agricultural and rural infrastructure that supports expansion of production and employment, small-scale farming and rural development .Agri-parks are planned for all 6 Districts but none have yet been implemented.
SIP 12: Revitalisation of public hospitals and other health facilities	Build and refurbish hospitals, other public health facilities and revamp nursing colleges and major builds for hospitals.
SIP 13: National school build programme	A national school build programme driven by uniformity in planning, procurement, contract management and provision of basic services
SIP 14: Higher education infrastructure	Infrastructure development for higher education, focusing on lecture rooms, student accommodation, libraries and laboratories, as well as ICT connectivity.
	Development of university towns with a combination of facilities from residence, retail to recreation and transport.
SIP 18: Water and sanitation infrastructure	A 10-year plan to address the estimated backlog of adequate water and sanitation to supply households. The project will involve provision of sustainable supply of water to meet social needs and support economic growth.
	Projects will provide for new infrastructure, rehabilitation and upgrading of existing infrastructure, as well as improve management of water infrastructure.



# The Eastern Cape Infrastructure Plan (ECIP)

The ECIP identifies eight provincial strategic projects:

**Table : Provincial Strategic Projects (PSPs)**

PROVINCIAL STRATEGIC PROJECTS (PSPs)	DESCRIPTION
PSP 1: Strategic catalytic projects	<p>ECIP's spatial analysis observes the higher levels of economic activity and population growth in coastal areas, and identifies three economic growth regions that are prioritized for infrastructure investment. These regions are:</p> <p>*Nelson Mandela City Region (including Kouga, SRV, Ndlambe and Makana)</p> <p>*N2/N6 Central Region (BCM linked to Amahlati, Lukhanji, Nkonkobe, Great Kei and Mnquma)</p> <p>*Wild Coast Corridor (KSD linked to Nyandeni, Mbashe, PSJ, Ngquza Hill and Mbizana)</p>
PSP 2: Small Town Development	This PSP seeks to achieve small town development through improved urban planning and catalyse economic development in the identified small towns in the province. This includes adequate water, electrification and roads for economic development as well as human settlements.
PSP 3: Urban Settlements Infrastructure	This PSP seeks to achieve integrated settlements with a full suite of services in all growth areas in the province.
PSP 4: Water & Sanitation	Further the PSP seeks to achieve universal access to water and sanitation



# The Eastern Cape Infrastructure Plan (ECIP)

PROVINCIAL STRATEGIC PROJECTS (PSPs)	DESCRIPTION
PSP 5: Energy and Electricity	<p>This PSP seeks to build on achievements already made in ensuring universal household access to electricity and positioning the Eastern Cape as a future energy hub. ECIP priorities include:</p> <ul style="list-style-type: none"> <li>*Reduce electrification backlogs, particularly in Alfred Nzo District and Elundini LM.</li> <li>*Support Eskom programme to strengthen the grid</li> <li>*Municipalities to improve maintenance of, and extend, distribution networks.</li> <li>*Continue to implement the renewable energy programme (establish renewable energy zones and ensure integration of new electricity generation into the grid).</li> <li>*Continue work to position the Eastern Cape as an energy hub (shale gas, nuclear, offshore oil and gas, LNG) conclude technical and viability studies and mobilisation of resources.</li> </ul>
PSP 6: Agro-logistics	<p>This PSP seeks to promote the off- and on- farm infrastructure investment required to grow the agriculture sector and support rural enterprise.</p> <p>Agriculture and rural development are major priorities of the PDP.</p>
PSP 7: Education and Health Infrastructure	<p>The purpose of this PSP is to improve equitable access to education and health through aligning education and health facilities to the nationally determined norms and standards. The Eastern Cape has far too many schools and clinics, many with poor quality structures and locations, and not meeting national norms and standards. The National Department of Basic Education has completed the School Rationalization Program and identified the relevant schools to be rationalized.</p>
PSP 8: Easter Cape roads network	<p>A good quality road network is an essential pre-condition for socio-economic development.</p> <p>There has been progress in improving the provincial road network. In particular, SANRAL has maintained and upgraded the national roads in the province and (since 2012) the main provincial roads.</p> <p>ECIP seeks to achieve a better maintained and upgraded roads network by 2030</p>
PSP 9: ICT Infrastructure	<p>The purpose of this PSP is to improve public services (eGovernment) and promoting enterprise activity through the use of ICTs. Priorities include the national broadband roll-out to ensure that all public facilities are connected (starting in OR Tambo District), with a specific target of schools and health facilities</p>
PSP 10: Enabling interventions	<p>These refer to enabling interventions across all PSPs</p>

# 2023/24 Financial Year Provincial Infrastructure Allocation

**Table 1: Infrastructure Allocations 2023/24 MTEF**

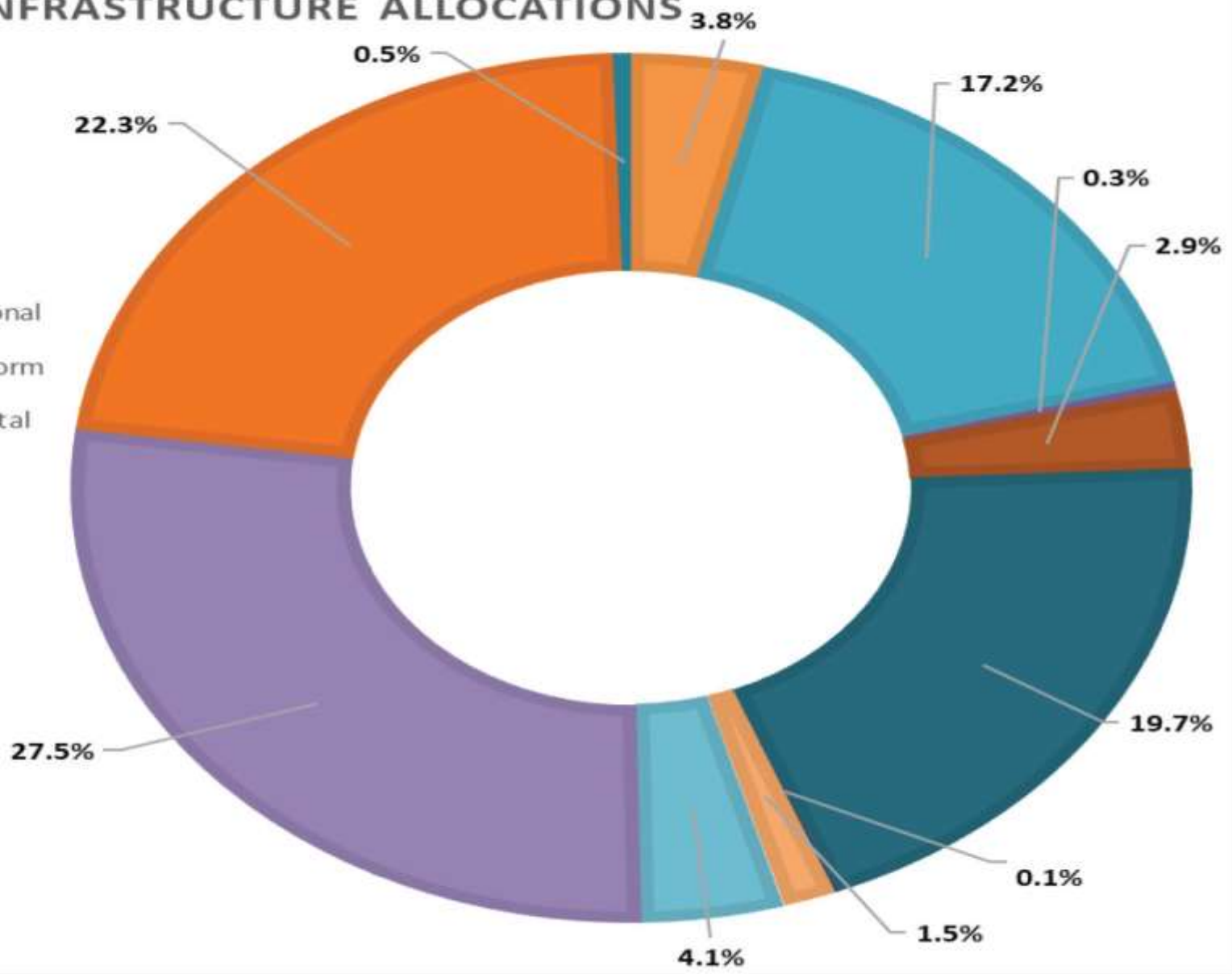
<b>Infrastructure Allocations 2023 MTEF</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Office of the Premier	359 544	259 399	278 146
Health	1 613 221	1 592 175	1 663 504
Social Development	28 032	29 578	31 150
Public Works and Infrastructure	274 139	272 745	291 781
Education	1 845 374	1 789 768	1 869 718
Cooperative Governance and Traditional Affairs	5 690	5 276	5 423
Rural Development and Agrarian Reform	140 301	138 390	145 533
Economic Development , Environmental Affairs and Tourism	384 150	632 000	848 000
Transport	2 568 910	2 201 190	2 299 804
Human Settlements	2 089 313	2 180 577	2 278 267
Sports, Recreation, Arts and Culture	47 179	51 284	55 906
<b>Total Infrastructure Budget</b>	<b>9 355 853</b>	<b>9 152 382</b>	<b>9 767 232</b>

- Table 1 above reflects that the total budget allocated for 23/24, amounts to R9.355 billion and R28.275 billion over the MTEF.
- The major allocations are residing in the departments of Transport, Human Settlements, Education and Health with R2.089billion, R2.568 billion, R1.845billion and R1.613billion respectively for the 23/24 financial year.

# 2023/24 Financial Year Provincial Infrastructure Allocation

## INFRASTRUCTURE ALLOCATIONS

- Office of the Premier
- Health
- Social Development
- Public Works and Infrastructure
- Education
- Cooperative Governance and Traditional Affairs
- Rural Development and Agrarian Reform
- Economic Development, Environmental Affairs and Tourism
- Transport
- Human Settlements
- Sport, Recreation, Arts and Culture





# 2023/24 Financial Year Provincial Infrastructure Allocation

- The Graph above reflects that that the bulk of the infrastructure allocations for the 2023/24 financial year are with the departments of Departments of Transport, Human Settlements, Education and Health.
- Department of Transport is sharing R2.568 billion or 27.5 per cent which was targeted for the upgrade the gravel roads to surfaced roads with total kilometers of 46 kms in 2023/24 financial year.
- Human Settlements is sharing R2.089 billion or 22.3 per cent of the allocations. The targets for the 2023/24 financial year include the delivery of 7 638 low-cost housing units, 320 finance linked individual subsidies and 38 individual subsidies and service sites to be delivered will be 5 350.
- Education is sharing R1.845 billion or 19.7 per cent. The allocations aims to deal with backlogs around sanitation and increasing the number of schools which meet the minimum infrastructure requirements targeting 588 facilities for providing water infrastructure for 50 facilities , provide electricity infrastructure for 9 facilities, provide sanitation for 26 facilities, provide 1 additional boarding facilities , maintenance of 70 facilities, provide 32 new and replacement facilities , provide 43 new Grade R classrooms facilities, provide 314 additional classrooms to existing schools and provide 43 additional special schools.
- Health is sharing R1.613 billion or 17.2 per cent of the total infrastructure budget of R9.355 billion for the 2023/24 financial year. The main focus is on the building's maintenance of existing rather construction of new facilities. The targets for 2023/24 FY are refurbishment of 14 hospitals, maintenance of 30 facilities and completing of 2 new primary health care facilities.

# Infrastructure Performance as at 31 July 2023

Table 3		Main budget	July		Expenditure 01 April 2023 to 31 July 2023			
Vote No.	Department		S40 Projection expenditure 31 July 2023	Actual Expenditure 31 July 2023	Cumulative S40 Projected exp 01 April 2023 - 31 July 2023	Cumulative Actual Exp 01 April 2023 - 31 July 2023	% of budget spent 01 April 2023 to 31 July 2023	Under / Over Spending against projections
Vote 01	Office of the Premier	359,544	27,047	28,596	106,921	108,470	30.17%	(1,549)
Vote 03	Health	1,613,221	153,790	55,854	366,866	268,930	16.67%	97,936
Vote 04	Social Development	28,032	600	1,659	5,741	6,800	24.26%	(1,059)
Vote 05	Public Works	274,139	11,999	11,780	53,772	53,553	19.53%	219
Vote 06	Education	1,845,374	144,331	135,484	661,522	652,675	35.37%	8,847
Vote 07	Coperative Governance and Traditional Affairs	5,690	1,033	110	1,515	592	10.41%	923
Vote 08	Rural Development and Agrarian Reform	140,301	3,356	5,421	11,689	13,754	9.80%	(2,065)
Vote 09	Economic Development, Enviromental Affairs and Tourism	384,150	923	-	89,665	88,742	23.10%	923
Vote 10	Transport	2,568,910	136,294	167,431	416,583	447,720	17.43%	(31,137)
Vote 11	Human Settlements	2,089,313	203,439	111,663	599,792	508,016	24.31%	91,776
Vote 14	Sports, Recreation, Arts and Culture	47,179	300	1,038	3,013	3,751	7.95%	(738)
<b>Total Infrastructure</b>		<b>9,355,853</b>	<b>683,112</b>	<b>519,035</b>	<b>2,317,080</b>	<b>2,153,003</b>	<b>23.01%</b>	<b>164,077</b>

# Infrastructure Performance as at 31 July 2023

The total Infrastructure reflects that the Province has spent as at 31 July 2023 an amount of **R2.153 billion** (23.01 per cent) of the infrastructure budget of **R9.355 billion** as compared to a projected amount of **R 2.215 billion** (23.68 per cent). The Province has under spent by **R164.077 million** as at the end of July 2023 as compared to projection.

The provincial departments will continuously engaging robustly through the recently established Technical Provincial Infrastructure Coordinating Council (T-PICC), PICC and EXCO in order to unblock the infrastructure under performance and challenges.



# Budget Facility For Infrastructure (BFI)

- In dealing with the some of the challenges relating to the shrinking fiscus, the Eastern Cape Provincial Government (ECPG) is continuing to prioritize the revival of the economy by, among other proposed interventions, using infrastructure development as one of the means of achieving intended targets, where it is focusing on projects that would lead to the realization of return on investment i.e. catalytic or economic projects.
- In order to ensure that funding does not become a stumbling block towards the realization of this objective, the Province is participating in the Budget Facility for Infrastructure (BFI) which was introduced by the National Treasury in 2016 as a reform to the budget process. The BFI supports the execution of national priority projects and programs by establishing specialized structures, procedures and criteria for committing fiscal resources to public infrastructure spending, as part of complementing the funding that is received through the Equitable Share and Conditional Grants allocations.

## Budget Facility For Infrastructure (BFI) (Continued)

- However, to date only 2 projects have been approved in the 2023/24 financial year through the BFI as follows:

An amount of **R298 million**, **R632 million** and **R848 million** for the 2023/24, 2024/25 and 2025/26 financial years which total to **R1.778 billion** over the 2023/24 MTEF is allocated through Budget Facility Infrastructure (BFI) to the Coega Special Economic Zone (SEZ) for the construction of a new bulk sewer connection pipeline; the upgrading of bulk infrastructure to accommodate the expected increase in demand; and construction of critical bulk water (return effluent) infrastructure to support economic growth and enable a human settlement development in Motherwell,

- Local Government - Nelson Mandela Bay is allocated **R348 million** in 2023/24, **R250 million** in 2024/25 and **R390 million** in 2025/26 which total to **R988 million** to avert the water supply crisis from the ongoing drought over the short term.

However, the criteria for the approval of projects is very stringent and includes a rigorous independent appraisal of the technical merits of the business plans wherein most of the ECPG BFI submissions were found wanting based on these technicalities. This leads to frustration as communities are unable to reap the benefits of projects which are seen as levers for economic growth in the province.

# Infrastructure Constraints - Infrastructure Backlog: (Slide 1 of 11)

<b>R thousands</b>	<b>Project Shortfall</b>
Health	29 026 084
Social Development	933 169
Roads and Public Works	40 709 345
Education	57 135 659
Cooperative Governance and Traditional Affairs	872 000
Rural Development and Agrarian Reform	21 436 752
Transport	945 822
Sport, Recreation, Arts and Culture	44 500
<b>Total</b>	<b>151 103 331</b>

- The Provincial Equitable Share formula previously contained a backlog component in the 2005 of which provinces were funded 3 per cent for backlog from the Provincial Equitable Share.
- This backlog component was based on the distribution of capital needs as captured in the schools register of needs, the audit of hospital facilities and the distribution of rural population. The backlog component was replaced by the poverty component which was phased in from 2005/06 financial year and is based on income data to reinforce the redistributive bias of the PES formula.
- The Eastern Cape Province quantified the infrastructure backlogs at R151.1 billion in 2016 and submitted the costed backlogs to the FFC and National Treasury (NT). The Eastern Cape Province has to date not received a response from the FFC and NT for the funding of the backlogs costed in 2016

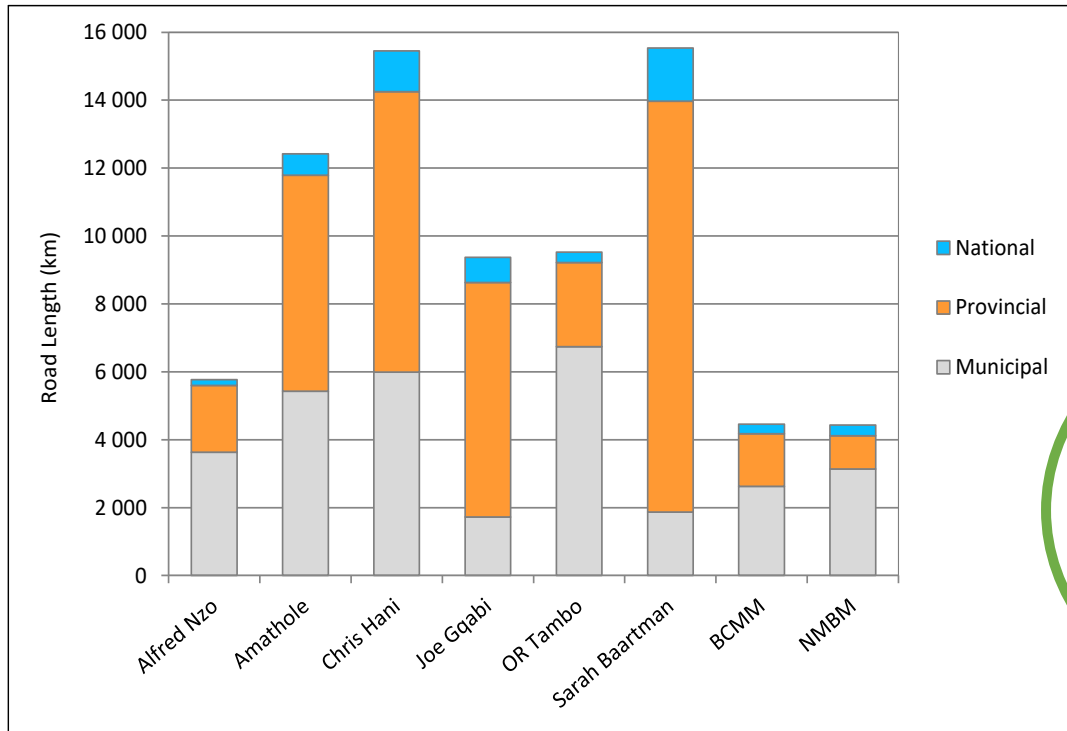


# Department of Transport (Slide 2 of 11)

National – 5,210 km (Managed by SANRAL)

Provincial – 42,000 km (Managed by DOT)

Municipal – 31,144 km (Managed by Municipalities)

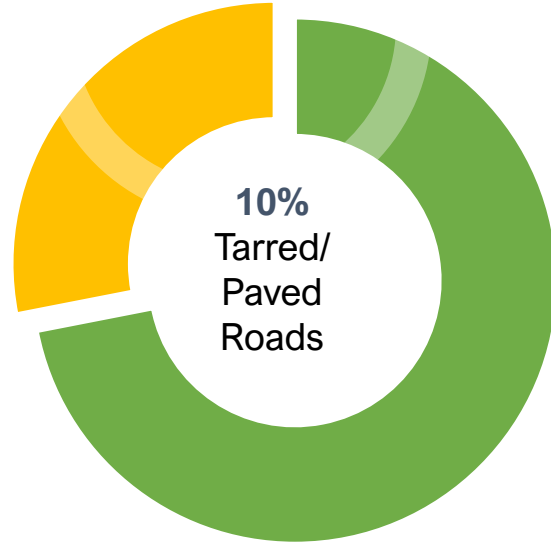
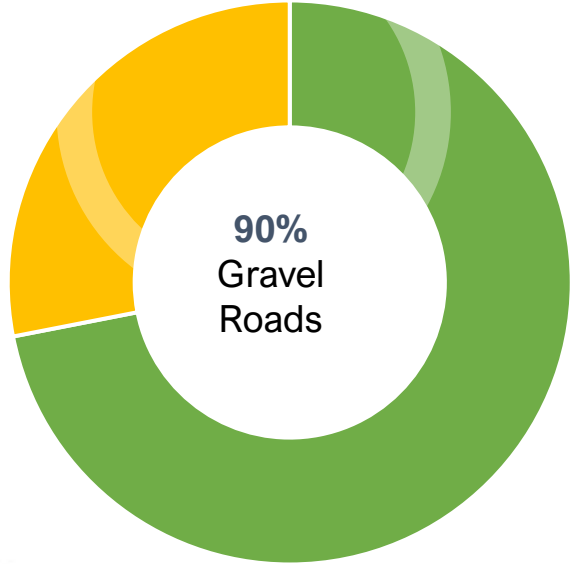


Roads by Authority across the Province by District

Provincial DOT-Managed Roads make up the largest portion of roads in the EC Province, strategically important to succeed in maintaining at acceptable level

# Department of Transport (Slide 3 of 11)

Of the ±42 000 km of roads being administered under EC-DOT (provincially proclaimed roads). Only approximately 10% of EC roads are surfaced, versus a national average of 25%. This severe development (capital) backlog indicates under-investment in roads in the Province over an extended period, especially in the former homeland areas



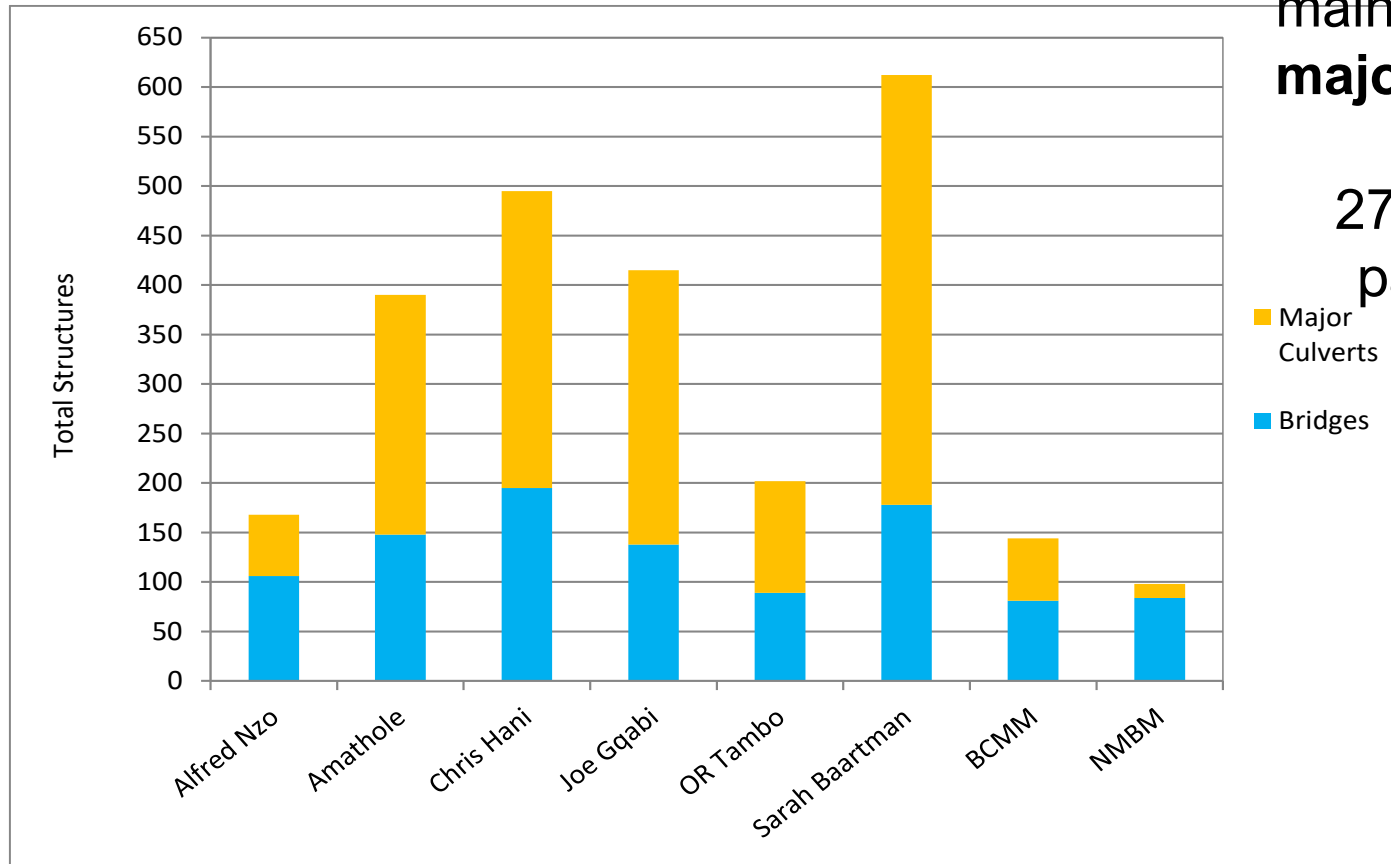
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# Department of Transport (Slide 4 of 11)

The Provincial Department also maintains **±1019 bridges** and **1505 major culverts** on provincial roads.

27% of these structures are on paved roads, which carry the highest traffic



**Provincially Managed Bridges and Major Culverts per District**



# Disasters and Climate Change (slide 5 of 11)

- The Eastern Cape has a diverse topography ranging from rugged coastline with steep ascending slopes to the flat rural hinterland. The topography affects the severity of the impacts of climate change as experienced by the OR Tambo District over the last 2 years wherein there was tragedy caused by catastrophic and unprecedented floods and landslides caused by abnormal torrential rains.
- Port St Johns town was not spared with the community displaced and destitute with many dead and damage to property and infrastructure
- The frequency, complexity and severity of their impacts are likely to increase in the future due the increase in disasters such as flooding, hailstorms, cyclones, landslides, droughts and wildfires
- To this end the Province can prevent hazards from becoming disasters by helping communities, Government Departments and District and Local Municipalities to be prepared, reduce their risks, and become more resilient.
- As such PT incorporated the climate change issues into the infrastructure planning checklist so that when planning for projects, departments can ensure that the projects are more resilient and disasters can be mitigated. Furthermore the 23/24 MTEF projects have been mapped so that the planned projects and projects in the construction stage are plotted so that disaster prone areas can be identified for intervention

# DOT Disaster Project Performance as at 31 July 2023 (slide 6 of 11)

Projects per Stage	No. of Projects	Main Budget Appropriation 23/24	Cumulative Projections 1 April 2023 - 31 July 2023	Cumulative Expenditure 1 April 2023 - 31 July 2023	(Over)/Under Expenditure	Available Funds	Percentage Expenditure
<b>DISASTER SURFACED ROADS</b>	<b>1</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>0.00%</b>
Stage 4: Design Documentation	1	1,000,000	-	-	-	1,000,000	0.00%
<b>DISATERS GRAVEL ROADS</b>	<b>19</b>	<b>121,000,000</b>	<b>42,984,654</b>	<b>29,350,163</b>	<b>13,634,491</b>	<b>91,649,837</b>	<b>24.26%</b>
Stage 4: Design Documentation	19	121,000,000	42,984,654	29,350,163	13,634,491	91,649,837	24.26%
<b>Grand Total</b>	<b>20</b>	<b>122,000,000</b>	<b>42,984,654</b>	<b>29,350,163</b>	<b>13,634,491</b>	<b>92,649,837</b>	<b>24.06%</b>

- The Department has managed to spend 24.06 percent of the current budget allocated to disaster projects. However, the status of the projects must be updated on the Infrastructure Reporting model to reflect that correct stage of implementation as all 20 projects are reflecting as being at stage 4 design documentation which may not be an accurate reflection.
- The department is also being engaged to quantify the infrastructure backlogs so that these can be addressed as a priority taking into account the current finding constraints
- In addition, PT has mapped the DOT projects from the 2023/24 MTEF and identified the projects that are on planning stage and those on the construction stage that are located in the disaster prone areas, so that mitigation measures can be considered for these projects. The next slide provides an example of the DoT planning projects located in high rainfall areas in Amathole, The projects have been plotted for all districts.



# DOT Disaster Project (slide 7 of 11)

## Amathole District Municipality Flood Risk - Extreme Rainfall Days - Planned Projects - Transport

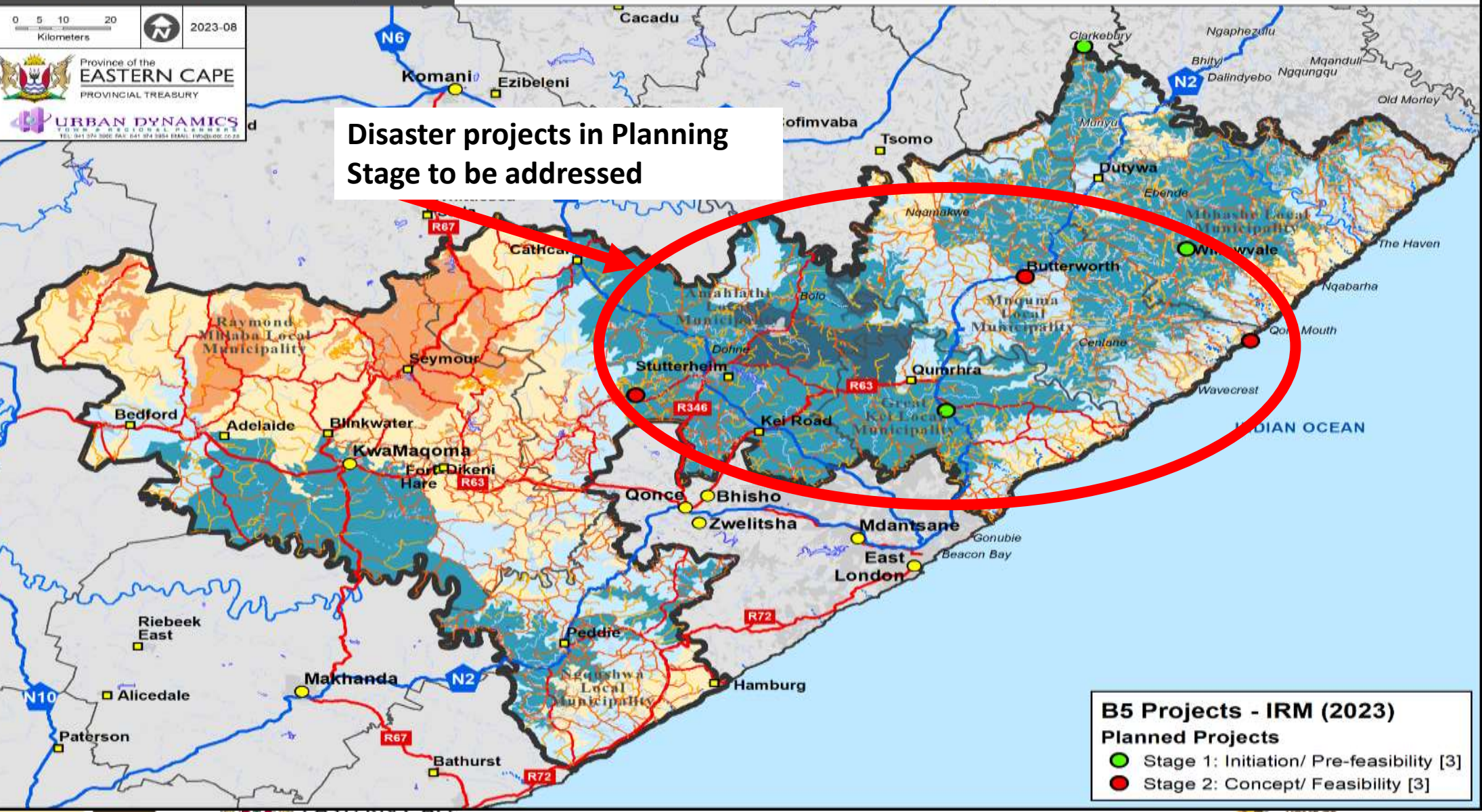
0 5 10 20 Kilometers

2023-08

Province of the EASTERN CAPE PROVINCIAL TREASURY

URBAN DYNAMICS

Disaster projects in Planning Stage to be addressed



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## BFI SUBMISSION HISTORY (Slide 8 of 11)

	2017	2018	2019(EC ONLY)
Number of Submissions	64 Projects	63	13
Value of submissions	R136 billion	R203 billion	R26.089 billion
Joint Technical Comm	38	33	9
Funded	3	13	4

### Most Common Reasons for rejecting submissions:

- Insufficient technical expertise and institutional capacity to develop good projects;
- Costs are poorly estimated and design-features are “gold plated” rather than tailored towards affordability (BMW vs Toyota)
- Cost-benefit analyses are not undertaken rigorously or standardized manner;
- Insufficient capacity from Project Sponsors in project implementation and management.

**All CDC proposals (7) have progressed to the Final Review Stage**

## 2019 ECPG BFI SUBMISSIONS- Provincial Departments (Slide 9 of 11)

NO	PROJECT NAME	SPONSORING DEPARTMENT	AMOUNT	JTC Status	Reason
<b>Communication Sector</b>					
1.	ECPG Broadband Rollout	OTP	R6.1 billion	Not supported	Feasibility process not followed through, submission lacks key information.
<b>Energy Sector</b>					
2.	Dimbaza Agri- And Eco Industrial Park Development	DEDEAT/ ECDC	R2.6 billion	Not supported	Submission does not provide sufficient information as stated on the guidelines. Proposal referred for project preparation and packaging assistance. ECDC Advised to submit revised submission in Window 4.
<b>Human Settlements</b>					
3.	Bhisho Precinct Development	DPW	R1.7 billion	Not supported	Does not meet minimum requirements for BFI. Recommend exploring the PPP option

# 2019 ECPG BFI SUBMISSIONS- Provincial Departments (Slide 10 of 11)

NO	PROJECT NAME	SPONSORING DEPARTMENT	AMOUNT	JTC Status	Reason
<b>Water and Sanitation</b>					
4.	Makana Water and Sanitation	DEDEAT/ECDC	R0.839 billion	Not supported	Does not meet the minimum project value threshold
<b>Transport Sector</b>					
5.	Wildcoast Meander	ECDOT	R4.9 billion	Decision deferred	Submission has technical gaps- lifecycle costs of project/asset and funding sources not addresses
<b>Water and Sanitation</b>					
6.	Ndlambe Municipality Water Supply and Sanitation	OTP	R1.154 billion	Funding Decision Pending	



## Infrastructure Constraints (Slide 11 of 11)

- The Province is experiencing recurring under performance and disinvestment on infrastructure as evidenced in the gross capital formation of the province, which is well below the 25 per cent norm for developing country, which results in pressure placed on service delivery.
- Whilst the infrastructure budget has been allocated to departments , the recurring under performance on both the Provincial and Municipalities points to the capacity to respond to the implementation of infrastructure i.e. project implementation capacity to monitor the project to ensure that there is value for money, lack of project management efficiencies, ineffective of project implementation, lack of accountability and responsibilities.
- The underspending of infrastructure budgets by departments results in National Treasury (NT) stopping the flow of infrastructure funds to the province.
- The underperformance on infrastructure are caused, amongst others, by poor performance by Implementing Agents (IA) that are contracted by the departments to implement infrastructure projects on their behalf. Furthermore, poor performance is further exacerbated by the appointment of contractors that does not have the required capacity to deliver on the projects.

# Measures to Improve Performance

However, to curb the continuously under performance on infrastructure delivery in the province, The province established Provincial Infrastructure Coordinating Council (PICC) in order to unblock the infrastructure poor performance and challenges.

## PICC Governance Arrangements



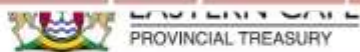
<ul style="list-style-type: none"> <li>• <b>Meeting:</b></li> <li>• <b>Purpose:</b></li> <li>• <b>Representatives:</b></li> <li>• <b>Chair:</b></li> <li>• <b>Frequency</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>EXCO</b> - Infrastructure standard item on the agenda</li> <li>• <b>Approve</b> Infrastructure Projects that create "Value for citizens" and oversee progress on all Provincial investment made</li> <li>• Members of Executive Council (MECs) , District and Metro</li> <li>• Premier</li> <li>• Monthly (Last Wednesday of a month)</li> </ul>
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SECRETARIAT  
OTP

<ul style="list-style-type: none"> <li>• <b>Meeting:</b></li> <li>• <b>Purpose:</b></li> <li>• <b>Representatives:</b></li> <li>• <b>Chair:</b></li> <li>• <b>Frequency:</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>PICC</b> - Infrastructure main item on the agenda</li> <li>• To focus on Infrastructure Projects that are funded from the provincial fiscus.</li> <li>• Members of Executive Council of Infrastructure Departments (MECs)</li> <li>• Premier/ supported by DPWI MEC</li> <li>• Monthly (Last Tuesday of a month)</li> </ul>
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SECRETARIAT  
OTP /DPWI

<ul style="list-style-type: none"> <li>• <b>Meeting:</b></li> <li>• <b>Purpose:</b></li> <li>• <b>Representatives:</b></li> <li>• <b>Chair:</b></li> <li>• <b>Frequency:</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>PICC</b> - Infrastructure main item on the agenda</li> <li>• To focus on Strategic Infrastructure Projects that are funded from the entire investment made in the Province including private and national funds</li> <li>• Members of Executive Council of Infrastructure Departments (MECs), Entities and Private Sector</li> <li>• Premier/ supported by DPWI MEC</li> <li>• Quarterly</li> </ul>
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VISION: We envision a prosperous province supported by sound financial and resource management.



# Provincial Improvement Plan and Interventions

- Overall, there is an improvement in project implementation since the Provincial Infrastructure Coordinating Council (PICC) establishment as evident in the decrease in a number of projects at planning and an increase in several projects at construction especially for the Departments of Education and Health.
- PICC interventions are being implemented: there is value in the catch-up plans and interventions, particularly the Infrastructure Reporting Model, (IRM), data clean-up.
- The Infrastructure Programmes are still at risk. Key risk causes include:
  - A significant number of projects that have not started spending since April.
  - Projects that have either been put on hold, suspended or terminated. This has both financial and non-financial implications: the implications analysis will be conducted.



# Risk Mitigation measures

Planned risk mitigation measures include:

- Verification of the reasons provided for under-expenditure, analysis of tranche payments to Implementing Agents, analysis of the funds moving out of departments to establish real impact on project delivery/ credibility of cashflows and project budget expenditure.
- Project site visits, prioritising high value projects that are in construction and are not spending as an intervention to ascertain the root causes and to develop solutions.
- Particular attention to projects at planning stages to ascertain the effectiveness of improvement plans presented for resolving bottlenecks in this category.

# Thank you

# GLOSSARY OF TERMINOLOGY

- **UAMP** – User Asset Management Plans. These are 10 year Infrastructure Plans where the policies and strategies guide the macro-planning integration.
- **RAMP** – Road Asset Management Plans. These are Road network 10 year Infrastructure Plans where the policies and strategies guide the macro-planning integration.
- **IPMP / IPS** – Infrastructure Program Management Plan and Infrastructure Procurement Strategy. These are infrastructure plans prepared by the client department which indicates the methodology for allocating the Infrastructure projects / programs to the Implementing Agents as well as the packaging of projects
- **IPIP** – Infrastructure Program Implementation Plan. These are infrastructure plans prepared by the Implementing Agent which indicates how the projects will be implemented including the timeframes for implementation.
- **PIDF/ IDMS** – Provincial Infrastructure Delivery Framework / Infrastructure Delivery Management System. The PIDF/IDMS reflects construction best practice.
- **SIPDM** – Standards for Infrastructure Procurement and Delivery Management – The SIPDM regulated the Provincial IDMS through the requirements for signoff at the gate control points for infrastructure delivery. It also has a component for infrastructure procurement gates sign offs.
- **IRM** – Infrastructure Reporting Model – The Infrastructure Reporting Model is a web-based project monitoring and reporting system. The system is utilised by provincial and National departments to load projects, update progress (financial and non-financial) on a monthly basis and generate monthly, quarterly and annual reports utilised to monitor infrastructure performance by National Treasury.
- **NIP 2050** – National Infrastructure Plan draft which was gazetted by National Treasury for Public Comment
- **DOT** – Department of Transport
- **DoH**- Department of Health
- **DoE**- Department of Education
- **DHS**- Department of Human Settlements
- **PICC**- Provincial Infrastructure Coordinating Council