

**CAUSES OF UNSPENT MUNICIPAL INFRASTRUCTURE GRANT IN THE  
CAPRICORN DISTRICT MUNICIPALITY: A CASE OF TWO SELECTED LOCAL  
MUNICIPALITIES**

**By**

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## DECLARATION

I, Khomotso Rahab Maake hereby declare that the dissertation submitted for the Degree Master of Public Administration at the University of Limpopo, Turfloop Graduate School of Leadership has not been previously submitted at any university, that is my own work and all the materials contained herein has been acknowledged.

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**Maake Khomotso Rahab**

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**Date**

## **DEDICATION**

I dedicate this study to the most wonderful men in my life, my late father Samuel Sepota Maake and my late brother Moatla “Asco” Maake who have instilled discipline in my upbringing and who always encouraged me to further my studies. I know they would be very proud of me if they were still alive. My dedication also goes to my son Thapelo Junior Maake, for his sacrifice and understanding my hectic schedule during the time of my studies. Lastly my dedication goes to my super mom who always believed in me and supported me all the way.

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- My brothers and sisters who motivated me to make something out of my life
- My classmates for advices and words of encouragement in my trying times.
- The Polokwane and Blouberg local municipality personnel who participated in the study.
- Lastly to everyone who believed in my academic journey.

## **ABSTRACT**

In 1994 the South African democratically elected government inherited one of the most inequitable access to basic service between rural and urban communities. Rural people used to live without access to basic services such as water, electricity, roads and sanitation facilities. South African government established the Municipal Infrastructure Investment Framework as the national Strategic Plan to outline the extent of basic infrastructure backlogs and to come up with strategies to improve basic service provision to the poor citizens. The Municipal Infrastructure Grant (MIG) is a municipal infrastructure funding which combines all the existing capital grants for municipal infrastructure into a single consolidated grant. MIG is aimed at assisting the poor to gain access to infrastructure. MIG funding can only be used for infrastructure for basic services. Polokwane local municipality and Blouberg local municipality are the beneficiaries of MIG.

The purpose of the study was to investigate the causes of unspent Municipal Infrastructure Grants in Polokwane and Blouberg local municipalities. An extensive literature review has been undertaken to gather information regarding unspent Municipal Infrastructure Grants in the two municipalities in the Capricorn District; Polokwane and Blouberg local municipalities. The study provides an investigation on how Polokwane and Blouberg local municipalities monitor the Municipal Infrastructure funding. The study further investigate the capacity of the municipalities to implement MIG, and whether these municipalities have the capacity to effectively utilise the MIG for efficient and effective service delivery. The researcher utilised a qualitative approach to collect data through interview schedule. A satisfactory response rate of 98% was obtained.

The results indicated that Polokwane and Blouberg local municipalities are capacitated to implement and to monitor MIG. However, the municipalities often spend less than the budgeted MIG, as a result progress in the access to basic services is hindered. The failure to adequately spend the MIG by these municipalities is due to the fact that there

is poor planning and a lot of political interference in the Supply Chain Management processes.

The study recommended that managers should do proper planning beforehand, avoid late appointment of service providers and make references on the service providers they appoint to avoid disputes from members of the community. The study further recommended that Polokwane and Blouberg local municipalities should do proper consultation of the project, budget accordingly, and appoint companies that will produce positive end results with value for money. The study recommended that political office bearers should not interfere in the supply chain management processes.

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## **CHAPTER ONE**

### **INTRODUCTION AND OVERVIEW OF THE STUDY**

#### **1.1. INTRODUCTION**

Rural municipalities in South Africa have inadequate revenue base and insufficient capital reserves to build infrastructure as they have limited powers to raise revenue to fund their budget and deliver services. These municipalities rely on conditional grants that are annually allocated to them through the Division of Revenue Act. These municipal infrastructure grants are aimed at assisting the municipalities to augment their revenue resources so as to ensure that basic services infrastructure is provided to their communities (Municipal Infrastructure Grants, 2004-2007:16).

According to the Municipal System Act 32 of 2000, basic services enhances the quality of life of citizens, increase their social and economic opportunities by promoting health and safety, facilitating access to work, education and recreation, and stimulating new productive activities. The ability of a local government to provide infrastructure services depends on the available of revenues and other resources necessary to support municipalities, therefore planning helps municipalities to identify, mobilise its available resources and use them to meet the needs of the community.

National governments provide infrastructure subsidies to ensure that all household have access to basic infrastructure services. The objective of Municipal Infrastructure Grants (MIG) is that it should give priority in meeting the basic infrastructure services to the people. MIG should be distributed in a more equitable, transparent and efficient manner. MIG will complement the introduction of equitable share to municipalities, although it will not be provided to municipalities unconditionally (MIG Guideline Document, 2005:5). The MIG is aimed at providing for the basic infrastructure services and to meet the needs of the poor.

The two municipalities that will be under study, that is Polokwane Local Municipality and Blouberg Local Municipality, fall under the category of a rural municipalities because of their physical compositions which indicate that they are predominantly rural (Blouberg Municipality Integrated Development Plan 2013-2016:7; Polokwane Local Municipality Integrated Development Plan 2012- 2013/15:24). It is of great concern that the Limpopo municipalities returned R538 127 000 to the National Treasury in the 2012/13 financial year (Limpopo State of Service Delivery Report, 2014). This study therefore seeks to uncover the causes that make the municipalities not spend the municipal infrastructure grant when they do not have adequate funds to take care of basic services in their respective constituent areas.

## **1.2. PROBLEM STATEMENT**

Municipalities are allocated Municipal Infrastructure Grants (MIG) annually to provide service delivery infrastructure. MIG funds are allocated to provide water and sanitation, roads and storm water and electrification infrastructure to poor households (Department of Provincial and Local Government, 2003:3). National Treasury statement released on the 12 August 2012 reported that municipalities nationally are unable to spend their allocated Municipal Infrastructure Grants. The under-spending for the intervening period was standing at R5.1 Billion, which represented 23.5% of the total allocated funds to municipalities.

The Capricorn District Municipality has seen an increase in service delivery protests by communities demanding provision of services (*News24* online: 2014). Municipalities are unable to provide services to their communities yet they have unspent grants that are meant to assist them to provide services. According to the Mid-year report 2014/15 for Blouberg Local Municipality R842930 municipal infrastructure grants were returned to the National Treasury. This was done because of poor planning and management of

funds. Given the number of service delivery in municipalities, the problem is important and it is worth investigating.

Polokwane Municipality, as one of the local municipalities under the Capricorn District Municipality, has experienced poor spending on MIG for the past three financial years. According to the 2013/14 Mid-Year Budget Assessment Report (2014:18), Polokwane Municipality had R181 millions of unspent conditional grant. It is therefore for this reason that the researcher interested to investigate the effects of poor spending of MIG on the delivery of basic service infrastructure in Polokwane municipality. This non-spending of the MIG has an undesirable effect on the delivery of services (Municipal Infrastructure Grant, 2004-2007:7). It is upon this premise that the researcher embarked on this study to find out the reasons behind the non-spending of MIG in the Polokwane and Blouberg Local Municipalities.

### **1.3. MOTIVATION/ RATIONALE OF THE STUDY**

The proposed study is motivated by the fact that there has been research conducted in other municipalities that looked at financial management skills in municipalities, but have not looked at the causes of unspent municipal infrastructure grants, particularly municipalities falling under Capricorn District. The research is aimed at understanding the underlying root causes of under-spending of MIG and its effect on service delivery to the communities of Polokwane Municipality and Blouberg Municipality. The research may serve as a guideline to municipalities particularly Polokwane Local Municipality and Blouberg Local Municipality on the management and utilisation of municipal conditional grants.



#### **1.4. SIGNIFICANCE OF THE STUDY**

The research findings and recommendations may assist the policy makers and implementers in municipalities under study and generally in the Limpopo Province on how to curb the non-spending of the Municipal Infrastructure Grant, and may also serve assist the municipalities on what needs to be done to capacitate municipalities on financial management skills in order to effectively address the problem of under-spending on MIG. The research may serve as the basis for researchers and academics who want to pursue under spending of municipalities in the province and nationally. The study may add to the existing literature on Municipal Infrastructure Grant management and spending by developing a model that may be considered by the said municipalities in the management and spending of MIG.

#### **1.5. AIM OF THE STUDY**

The aim of the study is to investigate the reasons behind the unspent Municipal Infrastructure Grant (MIG) in two selected local municipalities, namely the Polokwane Municipality and the Blouberg Municipality in the Capricorn District Municipality.

##### **1.5.1. Objectives**

The objectives of this study are to ascertain if the Municipalities have:

- ✓ Adequate and effective financial management systems in place to curb un-spending of municipal infrastructure grant; and
- ✓ The necessary and adequate capacity to properly manage the financial matters of these public institutions.
- ✓ To ascertain the implementation capacity of the Municipality with respect to infrastructure projects.

### 1.5.2. RESEARCH QUESTIONS

Research questions are as follows:

- ✓ Do Polokwane Local Municipality and Blouberg Local Municipality have adequate and effective systems in place to curb under-spending?
- ✓ Do Polokwane Local Municipality and the Blouberg Local Municipalities have the necessary and adequate capacity to ensure proper financial management?
- ✓ Do Polokwane Local Municipality and Blouberg Local Municipality have the capacity to implement infrastructure projects?

### 1.6. DEFINITION of TERMS

**Municipal Infrastructure Grant (MIG)** – Municipal Infrastructure Grant is a conditional grant that has been provided for in the DoRA. It is aimed at assisting municipalities to fulfil their developmental mandate of providing infrastructure that assist in providing services to the communities. The aim is to assist municipalities which are struggling to fund their capital budgets. Since MIG is aimed at assisting the poor to gain access to infrastructure, MIG funds can only be used for infrastructure for basic levels of service (Department of Provincial and Local Government, 2004-2007:7)

**Conditional Grants-** Conditional Grants are provided for in the DoRA and for beneficiaries to access the grants, there are certain conditions that must be met, for example the grant is allocated to municipalities which have registered projects in line with the requirements of the grant. According to Bowser, Bosset and Mitchell (2006:5) conditional grants are intergovernmental transfers for achieving specific standards or requirements.

**National Treasury** – National Treasury means the National Treasury established in terms of section 5 of the Public Financial Management Act, Act 1 of 1999. It has been

established to control the financial administration of state departments on behalf of the legislature (parliament) and the executive authority (Van der Waldt, 2014: 213).

**Accounting Officer-** in municipalities the Accounting Officer is the Municipal Manager as per the Municipal Financial Management Act (MFMA), as provided in Section 60.

## **1.7. CHOICE AND RATIONALE OF RESEARCH DESIGN**

Research paradigm is defined as an interpretative framework, which is guided by "a set of beliefs and feelings about the world and how it should be understood and studied" (Guba, 1990:19). There are different research paradigms that a researcher can employ to answer the research question, namely, positivism, interpretive and constructive. The researcher, in answering the research question will employ the interpretive paradigm as the study is concerned about how finances are handled by the two municipalities (Guba, 1990:19).

Research design is a plan or blueprint of how the researcher intends conducting the research. There are two types of research design approaches: the qualitative and quantitative design (Mouton, 2011:55). According to Fox and Bayat (2010:7) quantitative research concerns items that can be counted and the most common methods is utilised of statistics to process and explain data. Qualitative data are more on action than behaviour and they are in a form of words than numbers. The qualitative approach will afford the researcher an opportunity to interact with the respondents and allow the respondents to describe the causes of the research problem. The researcher will also explore the responses and gain an understanding of the real situation according to the respondents.

### **1.7.1 Study Area**

The study will be conducted at Polokwane Municipality main offices, located the centre of Polokwane City and the Blouberg Municipal offices situated at Bochum which is about 84km away from Polokwane.

### **1.7.2 Population**

The total number of the population of the study will be fourteen (14) in number. The population of the study will be 2 chief financial officers Polokwane Municipality and Blouberg Municipality and 2 Project Manager (PMU Heads) of Polokwane Municipality and Blouberg Municipality, 2 Expenditure Managers, one from Polokwane Municipality and one from Blouberg and lastly 6 MIG Implementation project managers for infrastructure in both municipalities (water and sanitation, roads and storm water, electrification projects).

### **1.7.3 Sample, Sampling Methods and Sampling Size**

Sampling in research refers to sampling procedures which involves some form of selection of elements from a target population. The main aim of sampling is to have a representative research that seeks to investigate in answering the research question (Mouton, 1996:132). It is important to sample in this study

**Sampling Method:** The research utilised a purposive sampling approach in which units are chosen because they have particularly features or characteristics which will enable detailed exploration and understanding of the central themes, which the researcher wishes to study (Ritchie and Lewis, 2003:78).

## Sampling size

The researcher intentionally targeted the individuals mentioned in table 1 because they have the relevant information required by the researcher in order to obtain facts on the reasons behind the non-spending of MIG. The Participants were readily available will be the first to conduct the interview during the research.

**Table 1. Sample of Respondents**

CFOs	2
PMU Managers	2
Expenditure Managers	2
Executive Mayors	2
MIG Implementation Project Managers for Infrastructure (water and sanitation, roads and storm water and electrification)	6
Total	14

### 1.7.4 Data Collection

In this research the researcher conducted interviews in order to gather primary data. The advantage of primary data is that the investigator collects data that is specific to the problem by interacting with participants face-to-face. The primary data collected through semi-structured interviews. According to Ritchie and Lewis (2003:138) semi structured interviews allow the researcher to explore and make thorough investigation on the problem under study and to be responsive to the issue. The researcher also used secondary data by reviewing the national treasury budget review reports of the two municipalities, the MIG transfer reports and the two municipality's quarterly budget and performance review reports, books, journals, unpublished dissertations and thesis, and any other relevant source assisted the researcher in making valid conclusions.

### **1.7.5 Data Analysis**

The researcher firstly familiarised herself with the data by writing down the impressions made by individual respondents in answering each question. The answers in form of words were systematically recorded and then categorised and coded accordingly. In order to bring meaning to words before the researcher identified themes or patterns in the use of words, concepts and ideas, and organise these into logical categories that give a summary of the of the findings. (Taylor-Powell and Renner , 2003:3).

### **1.8 Ethical Consideration**

The ethical issues are consent with the safety of human participants to ensure the absence of harm (Schneider, Whitehead, Elliot, Lobiondo-Wood and Haber 2007:81).

#### **Permission to conduct the research**

The researcher wrote a letter to the municipalities requesting permission to conduct the research. The letter indicated the purpose of the study and it also stated that the findings of the research is confidential.

#### **Confidentiality**

Confidentiality refers to the privacy that is maintained in which information received is kept to the recipient and it is not publicized (Schneider *et.al*, 2007: 86). In this study names of people were not be mentioned only the findings will be mentioned.

## **Objectivity**

The researcher refrained from plagiarism. The information collected was kept in a locked steel cabinet for safety. While conducting the research the researcher avoided being personal about the responses or findings.

## **1.9 RESEARCH LIMITATIONS**

Limitations are those barriers that might cause the failure of the research. They are influences that the researcher cannot control. They are the shortcomings, conditions or influences that cannot be controlled by the researcher that place restrictions on your methodology and conclusions. Any limitations that might influence the results should be mentioned.

In this case the limitation might be the ability to secure appointments with senior Managers as they have busy schedules.

The researcher took every word said by the participants during data collection. Self-reported data can contain several potential of biasness and the researcher should take note of them and note as limitations.

## **1.10. Overview of the Chapters**

### **Chapter 1: Introduction and Reasons for the Study**

The chapter provided the overview of the study as per the research proposal, giving background of the study, detailing the problem statement, aim of the study and the objectives that the study wants to achieve and conclude with research questions to be answered.

## **Chapter 2: Literature Review**

The literature is linked to the title of the research and objectives. Literature was done using scholarly articles and books, official government reports, Blouberg Local Municipality and Polokwane Local Municipality's annual reports, South African Local Government Legislations, newspaper reports and internet publications.

## **Chapter 3: Research Methodology**

The chapter presented a report on the design of this research design, the methodology to be used and research approach to be used, in this case which is the qualitative approach.

## **Chapter 4: Data presentation and Analysis**

This chapter presented a report on the raw data collected through the use of different techniques and the analysis of the data into meaningful conclusions.

## **Chapter 5: Conclusions and Recommendations**

This chapter in the research report presented the conclusion and recommendations as per the interpretation by the researcher.

### **1.12 CONCLUSION**

This chapter presented the overview of the study. The chapter further presented the problem statement, motivation, aim, objectives and its significance. The chapter also explains the methods used to investigate the problem under study. The next chapter will look into literature review.



## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1. INTRODUCTION**

The previous chapter provided a brief background on the reasons behind the allocation of MIG by the National Treasury to the two municipalities namely Polokwane Local Municipality and Blouberg Local Municipality. The chapter established that these municipalities are rural in nature and therefore cannot generate adequate revenue to take care of the basic services infrastructure to their communities (Blouberg Municipality Integrated Development Plan, 2013-2016:7; Polokwane Local Municipality Integrated Development Plan, 2012- 2013/15:24). In the chapter it was also established that the two local municipalities were unable to spend the allocated MIG in the 2013/2014 financial year, as a result, municipalities could not effectively and efficiently deliver necessary services to their communities.

This chapter looks at the concept of MIG firstly from the developed and international developing countries' perspectives. Furthermore, the chapter explores MIG in regional (African) countries including South Africa. This is done to assist in comparing so as to understand how other countries are allocating, managing and implementing such grants. Additionally, the chapter provides a brief background on how municipalities in South Africa raise their revenues, and also discusses the legislative and policy frameworks that govern municipal grants. Finally the chapter gives a conclusion drawn from the chapter.

## **2.2. THE CONCEPT OF MUNICIPAL INFRASTRUCTURE GRANT: AN INTERNATIONAL PERSPECTIVE**

Municipal Infrastructure Grant is a conditional grant that has been provided for in the DoRA. It is aimed at assisting municipalities to fulfil their developmental mandate of providing infrastructure that assist in providing services to the communities. The aim is to assist municipalities who are struggling to fund their capital budgets. Since MIG is aimed at assisting the poor to gain access to infrastructure, MIG funds can only be used for infrastructure for basic levels of service (Department of Provincial and Local Government, 2004-2007:7). MIG funds are allocated to provide water and sanitation, roads and storm water and electrification infrastructure to poor households Department of Provincial and Local Government, (2003:3). It therefore becomes paramount to look at how developed and developing countries allocate and implement their MIGs for effective and efficient service delivery of basic services to the citizenry. The researcher will firstly look at countries such as the United States of America and the Netherlands, and further at international developing countries such as Brazil and India, Cameroon and Kenya as regional countries and South Africa.

### **2.2.1. Developed Countries**

The developed countries that will be discussed is the United State of America and the Netherlands. This is known worldwide that the economy of the two countries is at a better stage hence they are referred as developed countries. The federal government fund their infrastructure and their infrastructure meets the established criteria.

### **2.2.1. United State of America**

In the United States of America, the Infrastructure grant is called the federal grant. Grants to state and local governments can promote economic efficiency in instances when those governments have localised knowledge that would permit them to implement a program more efficiently and effectively than the federal government could but when they have insufficient incentives or funding to provide a good or service infrastructure, for example-whose benefits extend beyond their jurisdictions. Federal grant programs offer state and local governments varying degrees of flexibility over the use of grant funds. In some cases, federal policymakers turn to intergovernmental grants to encourage state and local governments to adopt federal policy priorities. Finally, such grants may help foster policy experimentation at the state and local levels that would be difficult to achieve in a single national program. In addition, some grants use the broad federal tax base to redistribute resources among communities and individuals, and certain intergovernmental grants can help stabilize the economy. Infrastructure fund in America provide bond guarantees and make loans to states, local governments, and infrastructure providers for investments in certain infrastructure projects, and provide equity investments in such projects (Long, 2014:1).

According to Pagan and Perry (2008:34) Federal grants were designed to build infrastructure systems that were larger than cities would have built on their own. Federal grant programs offer state and local governments varying degrees of flexibility over the use of grant funds. For instance, block grants provide only broad parameters for using those funds, leaving state and local government considerable latitude when they make spending decisions. By comparison, state and local governments face more spending constraints on how they use categorical formula grants. For example, certain criteria govern the types of roads that state governments may build or improve using federal highway grant funds. However, among all possible road projects that meet the established criteria, states are typically able to choose which ones to fund. Project

grants provide state and local governments the least flexibility over spending, as the use of grant funds is typically limited to the specific project selected. Some grants place additional conditions on recipients that may be closely related to the purpose of the grant—for instance, the requirement that students demonstrate adequate progress for states to remain eligible for certain education grants. Other grants may have more general spending rules, such as those requiring recipients to complete environmental assessments for many federally funded projects.

#### **2.2.1.2. Netherlands**

In the Netherlands the Municipal Infrastructure grant is received by municipalities as the incentives from the central government to constrain expenditure. In the Netherlands MIG is called a Block Grant. A block grant is a large amount of money given to municipalities with conditions. The level of the block grant is decided by macroeconomic variables that municipalities cannot control (if the general economic situation worsens it increases and vice versa). The grant is no longer based on actual expenditures but, depending on the size of the municipality, on either a set of relevant criteria (large municipalities) or on historical cost data (small municipalities). The criteria used for large municipalities give larger transfers to municipalities with higher levels of risk (Bergvall, *et al.*, 2006: 132). Before this reform the central government largely reimbursed municipalities for the social assistance benefits they paid. This procedure gave municipalities little incentive to constrain expenditures. Since the reform was introduced, municipalities have borne the full responsibility for social assistance and are reimbursed for the cost through a block grant. The social assistance law was introduced in the Netherlands in 2004 to create incentives for municipalities to reduce the number of people on social assistance (Bergvall *et al.* 2006: 132).

## **2.2.2. Developing Countries- Trans Africa**

According to Turin (1978:33) in the majority of developing countries construction activities is dominated by infrastructure. Pessoa, (2006:2) state that many developing countries face problems in adopting an adequate regulatory framework, have underdeveloped capital markets and non-competitive industries and are dependent from investments made by a few of international and large companies, resulting in a lack of negotiation power. Quartey (1996:47) states that developing countries need to embark on extensive infrastructure provision in order to achieve and sustain economic growth and aspire towards the standard of the developed economies. The international developing countries that will be discussed in this section are Brazil and India.

### **2.2.2.1. Brazil**

According to Martell and Guess, (2005:95) Brazil currently remains in the first column where local government rely almost exclusively on central government transfers, direct grants from federal government banks. Brazilian municipalities have several sources which are composed of locally taxes collected, contributions fares and transfers from federal and state governments, but the greatest source transfer is the Municipal Participation Fund. Mattos, Rocha and Arvate (2011:247) state that Infrastructure grant in Brazil is called the municipal transfers from the federal government for the purpose of infrastructure improvement. Mogues and Bernin (2012:40) argued that an external grant to the municipalities discourages local government effort to collect revenue locally in Brazil.

According to Sano and Abrucio (2008: 64-80), Municipal credit operations and creation of a municipal bond market would reinforce the transition currently underway in Brazil away from old public management practices that keep capital costly, slow economic growth and cause conflicts over central and state government transfers to

municipalities. Frandt (1996:365) described this as a difference between low powered and high powered incentives in the public sector. The high powered incentives of bank loans and municipal bond sales provide promising alternatives to the shortcoming of traditional public sector hierarchies (Williamson, 1994: 84).

Deepening of local public credit and working toward a Brazilian municipal bond market provide similar opportunities to modernise municipal management and increase growth. This implies overcoming outmoded ideas about fiscal dominance, the need for recentralisation and biases against local public finance that have predominated in Brazil since transition from military rule reorganisation of sub-national in 1997. Today the repression of municipal finance is perhaps the single most cause of slow growth and disappointing politics and local public management in Brazil, (Central Bank of Brazil, 2000:42).

#### **2.2.2.2. India**

According to Chattopadhyay (2015:60) Urban Local Bodies in India as in most other countries suffer from inadequate source revenue and therefore rely mostly on intergovernmental transfers/ grants for undertaking a comprehensive urban development plan in general. As mentioned by Chattopadhyay (2015: 60-61) the CFCs provides grants to the municipalities on the basis of population, area and distance from highest per capita income reflecting the states need for resources. Prior 1990s', municipalities used to rely on budgetary support from the state/central government for developing infrastructure. However, top heavy urban structure experience severe shortages and proliferation of slums in the 1920 necessitated a rethinking of urban plan and policies (Chattopadhyay, 2015:56).

Chattopadhyay (2015:57) states that the government attempts at pursuing urban reforms and putting the cities on a fast track of development have culminated in the

adoption of the Jawaharlal Neru National Urban Renewal Mission in December 2005. The funding comes with conditions that include a series of reforms to be undertaken by the city government requesting funds by the state within the city are located. Burte (2014:46) states that the Rajiv Awas Yojana (RAY) announced in 2009 that the state instilled a huge sum of money to create a slum free India through the provision of incentives for the tenurisation of settlements and Public Private Partnerships in affordable housing schemes.

### **2.2.3. Regional Countries**

The researcher also looked at regional countries such as Cameroon and Kenya. The researcher also did a comparison study between the chosen regional countries; Cameroon and Kenya as opposed to South Africa to get a clear distinction on MIG.

#### **2.2.3.1. Cameroon**

The continued reliance on central government for meagre funding is a serious flaw in the in the decentralisation process in Cameroon. Section 56 of the Local Fiscal Law 2009, stipulates that all revenue from additional council taxes should be distributed between the central government and Special Council for Mutual Assistance (FEICOM), which is administered by the Minister of Territorial Administration and Decentralisation. About 40% of money allocated to council is actually directed to municipalities to develop infrastructure and it is supplemented by grants and loans issued by FEICOM. Cameroon relies mostly on municipal grants and loans to finance infrastructure (African Research Institute 2014:14).

### **2.2.3.2. Kenya**

In Kenya like many African countries, public institutions are facing difficulties in implementing development agencies as its tax revenues are not sufficient to meet the infrastructure demands (Cutando and Patricio, 1994:69). Kenya receives Capital Grants from central government. Transfers are typically justified on several grounds to finance municipal infrastructure. Capital grant in Kenya is used to assist in financing the capital investment and to pursue national objectives at sub-national level. Capital transfers are designed as project based grants which are closely administered and monitored by Central Government Line Ministries in Kenya. These grants are also typically allocated in the form of categorical or block grant on the basis of ad hoc negotiations between central and sub-national government. Transfers are almost always given as conditional grants but funds are always obviously fungible (Alm, 2011:9).

Since Kenya does not have sufficient revenue to fund infrastructure, apart from relying on grants it also resorted to finance infrastructure through Public Private Partnership. PPP tend to have greater productivity, more private investment and higher employment growth in Kenya. Investment in the infrastructure systems in Kenya feature a PPP and it is a combination of public and private investment that maintains and improves the country's infrastructure. The National Treasury in Kenya is mandated with ensuring that PPP Act 2013 is adhered to by establishing and monitoring a data base of Public Private Partnership projects, monitoring liabilities and accounting issues related to PPP project (Cutanda and Patricio, 1994:69-77).

### **2.2.4 South African Perspective on Municipal Infrastructure Grants**

According to Bowser, Bossert and Mitchell (2006:5) conditional grants are intergovernmental transfers for achieving specific standards or requirements. National Treasury allocates MIGs annually to municipalities that have registered projects in line



with the requirements of the grant. The MIG is allocated annually by the National Treasury to municipalities for the purpose of achieving planned projects and if the grants are not utilised within the prescribed year then the funds are taken back by the NT. This is seen as mismanagement of funds.

Department of Provincial and Local Government (2004:1) states that Department of Cooperative Governance and Traditional Affairs (CoGHSTA) should provide assistance to those municipalities and monitor progress with regard to MIG. The MIG is a cash grant to selected municipalities combining all existing capital grants for municipal infrastructure into a single consolidated grant.

### **2.3. SOUND FINANCIAL MANAGEMENT KEY TO SUCCESSFUL UTILISATION OF INFRASTRUCTURE GRANT**

Financial management is an integral part of management and is made up of a number of distinct processes that happen in a cyclical way. Financial management is the process whereby one plans how one optimally uses one's income. It is when decisions around expenditure can be justified as supporting the core objectives of the organisation. Financial management is a constitutional requirement for all three spheres of government and also for entities created and established by these spheres. Financial management has to do with efficient use of funds. It is a method of showing and ascertaining the financial position of government or business from time to time. Thus information of a financial nature is constantly being fed by the financial management system applied. It is therefore important that managers analyse and interpret these financial reports generated by the financial management system to make informed decisions for the organisation. This also requires efficient and effective support from the finance division of the organization (Craythorne, 2006:249).

Public financial management is imperative in an organisation. Public financial management deals with the management of the people's money which has been

entrusted to government. Public financial management involves decision making on what financial resources are needed to implement government programmes and projects, on where to obtain these resources, how to collect and utilise the resources, and how to control all financial processes within given time frames. Public financial management must adequately control the level of revenue and expenditure, and appropriately allocate public resources among sectors and programmes (Moeti, Khalo, Mafunisa, Nsingo and Makondo, 2007:40). According to Ebabio, Vyas-Doorgapersad and Manzini, (2008:9) an essential step is to put sound budgetary and financial procedures in place through comprehensive, accurate and transparent budgets establishing the basis for financial control and providing timely financial information.

Public financial management encompasses the mobilisation of revenue, the allocation of these funds to various activities, expenditure and accounting for spent funds. Funds are to be utilised in a more fruitful manner and they must be used to the budgeted projects. In the case of a municipality as a government institution it is the responsibility of the Chief Financial Officer to ensure that projects that are planned for are met through the budgeted funds (Simson, Sharman and Aziz 2011:3).

### **2.3.1. Financial Management in Local government**

Municipalities receive an equitable share from National Treasury for the purpose of achieving planned projects in line with the requirements of the grant. It is the responsibility of the accounting officer to ensure that municipal finances are well managed and are utilised in a most effective, efficient and economical manner with the help of the Chief Financial Officer of the municipality. The accounting officer, chief financial officer and senior managers of the municipalities should identify financial risks and come up with methods of managing these risks within the municipality. Economic utilisation of funds should be encouraged, and employees should avoid fruitless and wasteful expenditures (Department of Provincial and Local Government, 2007:14).

### **2.3.2 Implementation of Municipal Infrastructure Projects**

Frimponga, Oluwoye, and Crawfordc (2003:321) states that established procurement processes in developing countries hinder project's success. According to Ofori (2000:257) the project procurement and administration arrangements currently in use in developing countries have been inherited and adopted from developed Western countries which have a different history, culture, collective experience and breadth of construction expertise. Rwelamila, Talukhaba and Ngowi (1999:335) argue that the failure to consider and incorporate cultural traits in the procurement systems of construction project is a major contributor to the generally poor performance of infrastructure projects in developing countries.

Inappropriate procurement strategies may lead to cost and time overruns claims and disputes on projects. In order for municipalities to effectively implement infrastructure projects, they need to develop and employ appropriate procurement systems which will suit their culture and business tradition. Project planning also plays a significant role in the success of infrastructure project (Masterman, 1992:192). According to the Institute of Municipal Engineering Southern Africa (2004:77), MIG Management Unit is responsible for implementing policy relating to infrastructure and must implement the infrastructure policy in order to meet the infrastructure needs.

### **2.3.3 Institutional, Financial and Human Capacity in Municipalities**

Municipalities in some countries are reluctant to take on the greater responsibility and accountability resulting from greater autonomy, preferring to leave it to higher levels of government (Dirrie, 2008: 259). The Municipal Infrastructure grant (MIG) is meant to supplement municipal capital budgets in order to eradicate backlogs in basic municipal infrastructure used in proving basic services for the benefit of the poor household Fourie and Opperman, (2011:522). The municipal infrastructure grant is crucial and has the

ability to ensure service provision to all communities (Council for Scientific and Industrial Research, 2007:1). Rogers (1998:884) states that the role of high quality infrastructure provision in facilitating the location of high technology activities is a recurrent theme across all the countries.

## **2.4 VIEWS ON THE SOUTH AFRICAN INSTITUTIONAL, FINANCIAL AND HUMAN CAPACITY IN MUNICIPALITIES**

In June 2006 the Department of Provincial and Local Government published a document describing the Municipal Infrastructure grant and the management process and procedures for its use among municipalities (Department of Provincial and Local Government, 2006:1). Capacity of the institution plays a significant role in the effective implementation of basic infrastructure services. Muller (2009:6) states that an unresponsive Political and Official environment, lack of accountability and lack of councillor involvement in the development planning process brings human error on the part of those primarily responsible for satisfying community needs and meeting growing expectation of local communities.

Fourie *et al.* (2011:522) states that the Municipal Infrastructure grant (MIG) is meant to supplement municipal capital budgets in order to eradicate backlogs in basic municipal infrastructure used in providing basic services for the benefit of the poor household. Backlogs are a challenge to municipal service delivery. When municipalities get funding they must prioritise and address the backlogs and at the same time they have to address the increasing needs for services to the citizens. The focal point for municipal institutional capacity includes assigning revenue and expenditure to ensure adequate revenue to finance local expenditures; improving the transfer system; and introducing transparent and reliable reporting systems. (Worldbank, 2008:18) states that these measures are predicated on an effective fiscal system that binds different tiers spheres of government. According to Rogerson (1998:898) the importance of infrastructure as a

locational variable for high technology activities has already been raised and analysis reveals the specific importance of airport, highway access and telecommunications for different types of activity operating in the high technology cluster.

Conditional grant programmes, which apply to municipalities, are administered by a variety of national departments including provincial and local government, the National Treasury, Water Affairs and Forestry, Transport and Public Works as these are departments responsible for infrastructure. Such conditional grant programmes are the Consolidated Municipal Infrastructure Programme (CMIP), the Local Economic Development Fund (LEDF), the Community Water and Sanitation Services Programme (CWSSP), the Community Based Public Works Programmes (CBPWP), the South African Housing Fund, the National Electrification Fund, and the Urban Transport Fund, all these programmes fall under the Municipal Infrastructure Grant. In addition, small infrastructure transfers, mainly in the form of asset transfers, such as those linked to the settlement and land acquisition grant managed by (Department of Land Affairs Intergovernmental Fiscal Review, 2000: 141-142).

The equitable share vertical transfer to the local government sector is a constitutional entitlement in terms of Section 227(1)(a) of the Constitution and is regarded as an unconditional transfer to assist municipalities in providing basic services and performing their assigned functions. The equitable share is administered by the Department of Provincial and Local Government and is a sub-programme of the Institutional Reform and Support Programme.

The formula-driven horizontal distribution methodology attempts to ensure a greater equity in the allocations to local authorities. These allocations are determined in terms of a policy framework (National Expenditure Survey, 2000: 15). A municipality is not required to make an application for the funds, the funds are determined by MIG formula and are paid into the bank account of the municipality according to a MIG schedule that

is agreed to with the municipality. The amount that the municipality will receive from MIG is published in the Division of Revenue Act. However, the municipality must have complied with the conditions of MIG (Municipal Infrastructure Grant, 2004-2007:15). A conditional grant is an allocation from one sphere of government to another, subject to the delivery of certain services or compliance with specified requirements of Medium Term Budget Policy Statement (Medium Term Budget Policy Statement, 1998:78). The condition of MIG is to spend the grant on infrastructure only and to report the spending to National Treasury department. Knowledge of financial management is crucial for municipalities to properly manage MIG.

## **2.5. MUNICIPAL CAPACITY TO HANDLE FINANCES AND PROJECTS**

Bolger (2000:1) defines capacity as abilities, skills, understanding, attitudes, values, relationships, behaviours, motivations, resources and conditions that enable individuals, organisations and broader social system to carry out functions and achieve the development objectives over time. Municipalities needs to be capacitated in order for them to be able to handle municipal finances and projects. They should be financially capacitated and have human capital. Every organisation needs to have well trained and experienced human resources to enable it to effectively execute its activities (Ndevu *et al.* 2007:159).

National level should deploy experts to assist municipalities in terms of best practices and innovative approach that aims to improve service delivery and to capacitate the municipalities. This might solve the problem only if the municipality can be capacitated financially and human capital employed at the relevant position, and proper planning and good management of funds. In order for South African government to improve, this depends on the approach the municipality employs to improve their planning, budget and management systems. Municipalities must take responsibility in terms of planning, budgeting and management of basic infrastructure services operations. National

capacity programme can guide the restructuring and development of capacity development plan in municipalities and inform the municipalities on the nature of personnel and skills needed to deliver the basic services in accordance with the national strategic plan (Department of Provincial and Local Government, 2007:13).

### **2.5.1 Capacity Building in an Organisation**

International Institute for Educational Planning (IIEP) (2006:34) defines capacity as the ability of individuals, organisations and systems to perform appropriate functions effectively, efficiently and sustainably. Linnel (2003:1) defines capacity building as activities that improve an organisation's ability to achieve its mission or a person's ability to define and realise his/her goals or to do his/her job more effectively. Hence, Breen, Jaganyi, Van Wilgen and Van Wyk (2004:430) refer to capacity building as a process whereby people are enabled to better perform defined functions either as individuals, through improved technical skills and/or professional understanding or as groups aligning their activities to achieve a common purpose.

Building human resource capacity is an essential developmental intervention which is directed towards strengthening the public service. The effective mobilisation, development and utilisation of human resource capacity within the public service will be critical for the success of institution building and management (White Paper on the Transformation of the Public Service, 1995: 52). According to Bolger (2000:2), the objectives of capacity building are to enhance or more effectively utilise skills, abilities and resources, strengthen understanding and relations, and address issues of values, attitudes, motivations and conditions in order to support sustainable development. According to Ndevu *et al.* (2007:159) every organisation needs to have well trained and experienced human resources to enable it to effectively execute its activities.

### **2.5.2 Inability to Collect Arrear Debts**

Municipalities are faced with a challenge of mismanagement of funds. They are also unable to collect debts from their clients. Financial mismanagement is inability of municipalities to collect sufficient income to enable them to pay for service delivery. In 2007 a survey was made and it was found that at least 226 of the 228 municipalities experienced challenges in collecting revenue to finance service delivery (Radebe, 2007:2). Municipalities must collect revenue in order for them to get sufficient funds to meet the growing needs of the citizens (Department of Provincial and Local government, 2007:16).

### **2.6. ROLE PLAYERS IN THE MUNICIPAL INFRASTRUCTURE GRANT (MIG)**

According to the Institute of Municipal Engineering Southern Africa (2007:77) all spheres of government are involved in the MIG programme. The MIG Management Unit (MIG MU) is located within the Department of Provincial and Local Government (DPLG) (Department of Provincial and Local Government, 2006:1). It cooperates with other departments involved in municipal infrastructure through the Municipal Infrastructure Task Team (MITT) and also reports to MITT. Specific responsibilities of the MIG MU include:

MIG MU is responsible for implementing policy relating to infrastructure delivery. They must implement the infrastructure policy in order to meet the infrastructure needs. It is also responsible for setting up the MIG national fund administration system, including monitoring arrangements. Monitoring and Evaluation needs to be done in order to detect if the system is working or failing the institution (Institute of Municipal Engineering Southern Africa, (2004:77).



MIG MU is responsible for the establishment of project management unit so that the infrastructure projects can be effectively and efficiently managed in order for the municipalities to reach their target which is to render quality of infrastructure projects. Operate the national MIG information system and make sure that information is captured and can be retrieved when needed; they must also ensure that the information is easily accessible and transparent (Institute of Municipal Engineering Southern Africa, 2004:77).

MIG MU is responsible for monitoring the use of MIG funds. The unit must monitor the MIG funds and ensure that the fund is utilised purposefully and accordingly. It is crucial for the unit to do thorough monitoring so that the fund is used for the right purpose. The unit is also responsible to audit the local programmes to ensure compliance with MIG policies and legislative requirements. Compliance should be enforced in order to improve performance. The unit must ensure that evaluation of local programmes takes place and that all the planned projects are achieved (Institute of Municipal Engineering Southern Africa, 2004:77).

All metropolitan municipalities, district municipalities and high capacity local municipalities referred to as type 1 Local Municipalities administer MIG funds and manage MIG projects from the start. Metropolitan municipalities are municipalities that execute all the functions of the local government for a city and whilst the district municipality is a municipality that execute some of the local government functions for the district. Type 1 Local municipalities are high capacitated municipalities. Moderate (Type 2 LMs) and low capacity local (Type 3 LMs) municipalities do not administer MIG funds or manage MIG projects for the first year of the MIG Programme (2004/2005). District municipalities will administer MIG funds and manage MIG projects on behalf of Type 2 and 3 municipalities in the first year of the MIG programme. DPLG will develop a phased in, capacity building approach to raise the status of other municipalities so that

they can administer these funds (Institute of Municipal Engineering Southern Africa, 2004:77).

### **Monitoring and control**

Municipalities must conform to conditions established by Municipal Infrastructure Task Team (MITT) and administered by Department of Provincial and Local Government (DPLG) through the Municipal Infrastructure Grant Management Unit (MIG MU). DPLG will establish a national MIG information system to manage information on all MIG projects and all municipalities using MIG funds. Municipalities with management responsibilities will have to provide information to this system. The MIG MU will generate reports from the information system on overall progress of the MIG programme and the performance of those municipalities. These will be generated monthly, quarterly and annually and will be available to government bodies. Controls will be applied in two ways on the routine management of funds and on changing funding flows based on the performance of municipalities in the use of MIG funds. In the first instance, the provisions of the Division of Revenue Act (DORA) will apply. This establishes the responsibilities of the national transferring officer in DPLG and the receiving officer in the municipality. In the second instance, the MIG conditions stipulate penalties or rewards for municipalities related to their performance in using MIG (Institute of Municipal Engineering Southern Africa, 2004:78).

### **2.7. LEGISLATIVE FRAMEWORK THAT IMPACT ON MIG**

According to Ebabio, Vyas-Doorgapersad and Manzini (2008:8) the policy framework for Municipal Finance in South Africa consists of legislations and contains government's intentions with regard to financial management and administration within municipalities. Van der Waldt (2007: 199) stated that there are three pieces of legislation that provide for effective management of public funds in municipalities, namely the Constitution of

the Republic of South Africa 1996, the Municipal Financial Management Act 2003, and the Municipal Property Rates Act 2004.

In South Africa the Local government is responsible for service provision; *inter alia*, water sanitation, transportation, social services *etc.* The local government is supported by both the Provincial and National government to fulfill development mandate RSA. Department of Provincial and Local Government (2006:4) Section 214 (1) of the Constitution of South Africa provides for equitable shares and allocation of revenue raised Nationally, Provincially and locally. The division of revenue among the three spheres of government is done according to Division of Revenue Act (DORA). The Division of Revenue Act sets the criteria for the allocation of funds amongst the three spheres of government (Department of Provincial and Local Government, 2006:4)

The municipal infrastructure grant in South Africa is crucial and has the ability to ensure service provision to all communities (Council for Scientific and Industrial Research, (2007:1). Municipalities have three main sources of revenue, namely, municipal rates, fees and service charges and grants and subsidies (Moeti, Mafunisa, Nsingo and Makondo, 2007:76). The revenue that municipal raise it's not adequate to ensure provision of services. Section 216 of the Constitution of South Africa provides for the transfer of revenue raised national to provinces and municipalities.

### **The Constitution of South Africa (1996)**

Section 152 of the Constitution outlines the objectives of local government. According to this section the local government should provide democratic and accountable government for local communities, it must also ensure the provision of services to communities in a sustainable manner and also to promote social and economic development. According to Act 108 of 1996, Section. 152 of the Constitution the local government is also expected to promote a safe and healthy environment and to

encourage the involvement of communities and community organisations in the local government matters.

Section 214 of the Constitution provides for national government to transfer resources to municipalities in terms of the annual Division of Revenue Act (DORA) to assist them in exercising their powers and performing their functions. These allocations are announced annually in the national budget. Transfers to municipalities from national government are supplemented with transfers from provincial government. Further, transfers are also made between district and local municipalities (Municipal Budget Circular 2014:13).

### **Division of Revenue Act (DORA)**

The Division of Revenue Act provides that the transferring Officer (Department of Cooperative Governance) may withhold MIG on conditions of under-expenditure (Division of Revenue Act 2014). The unconditional equitable share and the municipal Infrastructure Conditions Grants are intended to provide the recurrent and capital expenditure support to municipalities to ensure the delivery of free basic services (Department of Provincial and Local Government, 2006:3).

Budget enhances the developmental capacity of municipalities through supporting multi-year planning and budgeting systems. A large percentage of national budget goes to Local municipalities to invest in social and infrastructure services. National Treasury through the 2008 MTE and Revenue Framework confirms that financial transfers to municipalities will increase to enable them to deliver better and quality services and to expand the provision of basic amenities (Municipal Infrastructure Grant, 2004-2007).

## **Municipal Financial Management Act**

According to Prinsloo and Roos (2006: 2) the Municipal Financial Management Act requires that every municipality and municipal entity must in every financial year prepare annual financial statements which fairly present the state of affairs of the municipality or entity, its performance against its budget, management of revenue, expenditure, assets and liabilities. It must also include its business activities, financial results, and its financial position as at the end of the financial year.

## **The White Paper on Local Government (1996)**

Schoonraad and Radebe, (2007:115), state that the White Paper on Local Government provides the following set of capacities essential for effective undertaking of the developmental role and enhancing service delivery:

**a) Strategic capacity** – the ability to be open and flexible to new demands, to priorities carefully on the basis of a clear understanding of existing resources and medium to long-term objectives, and to move quickly and effectively to meet demands at the highest level of competence.

**b) Integrating capacity** – to co-ordinate and integrate inputs from inside and outside the administration to ensure developmental outcomes.

**c) Community orientation** – capacity to develop mechanisms to interact with community groups, to identify service needs and priorities as well as community resources that can be unlocked and channeled for development ends.

**d) Institutional or organisational capacity** referred to as organisational structures, processes, culture and management styles that influence the effective use of individual competencies, organisation's skills and resources.

It can therefore be concluded that training (provision of the necessary knowledge, skills and attitudes) is key to building capacity of public officials and all the other functionaries who individually and collectively play a crucial role in contributing towards the successful implementation of public policies and attainment of developmental goals.

## **2.8. CONCLUSION**

The chapter defined Municipal Infrastructure Grant as the equitable share allocated through the Division of Revenue Act by the National Treasury. According to Bowser *et al.* (2006:5) conditional grants are intergovernmental transfers for achieving specific standards or requirements. The chapter looked at infrastructure grant from the 1<sup>st</sup> world countries' perspective, developing countries' perspective, Trans African countries perspective and lastly the views of South African perspective. Under the developed countries the study looked at two countries namely; United States of America and the Netherlands. In the United States of America, the Infrastructure grant is called the federal grant. Grants to state and local governments can promote economic efficiency in instances when those governments have localised knowledge that would permit them to implement a program more efficiently and effectively (Long 2014:1). Whereas in the Netherlands the Municipal Infrastructure grant is received by municipalities as the incentives from the central government to constrain expenditure (Bergvall *et al.* 2006: 132).

The study further looks at two countries under the Trans African countries namely; Brazil and India, and that Brazil currently remains in the first column where local government rely mostly on central government transfers, direct grants from federal

government banks. In India Local municipalities as in most other countries suffer from inadequate source revenue and therefore rely mostly on intergovernmental transfers/ grants for undertaking a comprehensive urban development plan in general. The chapter also looked at the Trans African countries whereby Kenya receives Capital Grants from central government to assist with infrastructure (Cutando and Patricio, 1994:69). African Research Institute (2014:14) states that Cameroon also rely heavily on government funding to improve infrastructure. The chapter further looked at the importance of finances in infrastructure. It is very important for municipal financial personnel to have adequate skills to manage funds. It was very imperative to look at the legislative frameworks regulating Municipal Infrastructure Grants as they provide guidance on how to manage the MIG. The next chapter will discuss the importance of the research methodology in detail, the methods of data collection that the researcher will utilise in order to assist with the study.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.1. INTRODUCTION

In chapter one a brief research methodology was provided. In this chapter research methodology and the importance of it will be discussed fully and in detailed. The chapter will further discuss the research design and methods of collecting data. As research is a process which comprises of various procedures such as research design, research approach, sampling and population, research measurement, research ethics, data generation and analysis of data (Holloway, 1997:12), it therefore becomes necessary for a researcher to choose a research methodology that is useful to his or her study. Leedy and Ormrod (2005:12) and Rajasekar, Philominathan and Thanjavur (2013:5) observe that research methodology is a methodological approach the researcher engages himself/herself in to solve an identified problem within a society, a study of methods utilised to gather and gain knowledge. This implies that research methodology has to do with, *inter alia*, choosing a research design that stipulates the kind of an approach or approaches utilised in ensuring a successful research.

#### 3.2. CHOICE AND RATIONALE OF RESEARCH DESIGN

Mouton (2002:74) defines research design as a plan or blueprint of how one intends to conduct the research. Mouton (2011:55) states that there are two types of research design approaches: the qualitative and quantitative design. In this study the researcher utilised the qualitative research method. The researcher aims at studying the causes of unspent Municipal Infrastructure Grants (MIG) in the two municipalities under the Capricorn district namely Polokwane and Blouberg local municipalities.



According to Fox and Bayat (2010:7) quantitative research concerns items that can be counted and the most common method is utilised of statistics to process and explain data. Qualitative data are more on action than behaviour and they are in a form of words than numbers. In a research study two approaches of research methodology namely qualitative and quantitative methods can be used, depending on the nature of the study, the researcher may use either or both of the methods.

For the purpose of this study the researcher utilised a qualitative approach as the researcher personally observed the activities in the unit of analysis, and interviewed members of the society in that chosen area with an aim to get first-hand information (De Vos 2002:364). Furthermore, the data gathered was analysed and interpreted to give a general picture of the state of affairs in the affected municipalities (Fox, Peter and Gill 2007:18).

### **3.3. STUDY AREA**

Polokwane Local Municipality and Blouberg Local Municipality are within the jurisdiction of the Capricorn District Municipality in the Limpopo Province. Polokwane Local Municipality is situated in the central part of Limpopo Province, its proximity to the neighboring countries of Zimbabwe, Botswana, Swaziland and Mozambique make it a good gateway to Africa. Polokwane Local Municipality is 287 km away from Pretoria. Polokwane Local Municipality has a population size of 628 999 with 178001 households and it has a growth rate of 2.13%. Blouberg Local Municipality is 95 km away from Polokwane City and it is situated in the North western boundary of the Republic of South Africa with Botswana and Zimbabwe where the Limpopo river serves as the border between the municipality and the neighboring countries, Botswana and Zimbabwe. Blouberg Local Municipality is a rural municipality with the settlement being tribal and traditional at 99.8% and it has only 21 wards. Blouberg municipality is 382 km away from Pretoria and it is in the west side of Polokwane.

### **3.4. POPULATION**

Bless and Higson-Smith, (2000:84) defines population as the entire set of objects or people, which is the focus of the research and about which the researcher wants to determine some characteristics while Babbie and Mouton, (2003:100) defines population as a group of people, items, objects or elements that bear the characteristics of the phenomenon to be studied and from which a sample is selected. Population of the study is the 23 managers from both Polokwane local municipality and Blouberg local municipality who are directly involved in MIG.

### **3.5. SAMPLING**

McMillan and Schumacher (2006:119) refer to a sample as a group of participants from whom the data is collected. Mouton (1996:132), state that the main aim of a sample is to have a representivity in order to fairly answer the research questions. Sampling is one of the most important techniques in the total research endeavor (De Vos 1998:189). A sample is necessary for the study because it enabled the researcher to determine a population's characteristics by directly observing only a portion of the population (Mugo, 2002:1). The sample of the study were six (6) project managers and four (4) financial managers in Polokwane Local Municipality, three (3) project managers and three (2) financial managers in Blouberg Local Municipality. These were deliberately chosen as they are directly dealing with Municipal Infrastructure Grants.

#### **3.5.1. Sampling Methods**

There are two sampling methods that the researcher may use namely probability and non-probability sampling. Probability sampling involves random selection of elements in which each element has a chance of being selected while non-probability sampling involves non-random methods in the selection of elements in which not all have equal

chances of being selected (Daniel and Olaer, 2010:2). The researcher utilised a non-probability sampling method by employing purposive sampling in selecting respondents who deal directly with MIG in their respective municipalities, and that the method was appropriate as it was a convenient way to assemble a sample with little or no costs, and for those research studies that do not require representativeness of the population (Latham 2007:7).

### **3.6. DATA COLLECTION METHODS**

According to Brynard and Hanekom (2011:54), data collection refers to the collection of information to be used in the investigation. Primary data consist of information that will be collected by the researcher for the first time. Johnson and Christensen (2008:201) define the method of collecting data as a technique for physically obtaining data to be analysed in a research study. As stated by Silverman (2011:131), the researcher employed an interview as a method of collecting data as the method aided the researcher to gather adequate evidence that would be analysed and interpreted in order for the objectives of the study to be realised.

The researcher utilised semi-structured interview schedule with questions that served as a guide in asking standardized questions that may be probed for further answers. Semi-structured interviews are often used when the researcher wants to delve deeply into a topic and to understand thoroughly the answers provided this kind of interview collects detailed information in a style that is somewhat conversational (Bless and Higson-Smith, 2000:108).

### **3.7. DATA ANALYSIS**

Data analysis is the process of bringing order, structure and meaning to the mass of collected and it is done so that the researcher can detect consistent patterns within the

data (Bless and Higson-Smith, 2000:137; De Vos, 2002:339). According to Neuman (2006:460), qualitative data can be analysed by organising it into categories on the basis of themes, concept, or similar features. Since this study utilized the qualitative approach, it was important to ensure that all the data collected through interviews is carefully analysed to get the true reflection of the current situation in both municipalities that were the focus of this study. The analysis formed the basis of the recommendations made in this paper. The data analysis reflected the outcome of the assessment of how the MIG funds are utilised in these municipalities and how is that affecting the overall service delivery. The researcher utilised content analysis to analyse the research data gathered during the study. Cooper and Schindler, (2006:196) states that during analysis, the researcher uses content analysis of written or recorded materials drawn from personal expressions by participants and debriefing of observers, as well as the study of artifacts and trace of evidence from the physical environment

### **3.8. ETHICAL CONSIDERATION**

The study was conducted in accordance with the basic ethical principles and standard practice of research. The respondents were fully informed about the purpose of the research and the importance of undertaking it. The researcher adhered to the ethical principles of research:

#### **Permission to conduct the research**

The researcher was permitted to undertake the study in the Polokwane local municipality and Blouberg local municipality.

## **Confidentiality**

The researcher concurs with Henning, Van Rensburg and Smith (2004:73) in that the respondents' privacy and sensitivity will be protected and that the information will be utilised strictly for the study". Anonymity was guaranteed under this study. The informants' identities were protected, their identities were not revealed in the report and that no harm was done to them.

## **Consent**

As required the researcher ensured that potential informants were, as far as possible, enabled to freely give their informed consent to participate in the research and were advised that they could terminate their involvement for any reason, at any time (Payne and Payne 2005:68). The participants were informed about what the research entails, the name of the person undertaking it, and the purpose of undertaking it.

## **3.9. LIMITATIONS**

According to Simon (2011:1) limitations are potential weaknesses in a study which may be said to be out of researcher's control. Wiersma (2000:211), state that a limitation in a qualitative study is related to validity and reliability as the research occurs in the natural setting. Given the fact the researcher collected data through interview, it was difficult to secure appointments with municipalities' officials as they postponed meeting with the researcher on several occasions. Due to time constraints the researcher could only interview 12 managers, giving a response rate of 86%. The unavailability of other managers did not in any way negatively affect the outcome of the study, as the in the minority.

### **3.10. CONCLUSION**

This chapter outlined research methodology used to achieve the objectives of the study. Quantitative research approach was the preferred method of data collection. The purposive sampling method was utilised to gather data from municipalities' officials who deal with MIG on a daily basis, as their knowledge and experience assisted the researcher to gather relevant information. The researcher collected data through the use of semi-structured interviews as this allowed the researcher to probe and explore the respondent's responses to ensure that the researcher gathers adequate data to be analysed, to draw relevant conclusions and to provide appropriate recommendations. Data was analysed to provide the true reflection of the current situation in both municipalities. Although the intention was to interview all twenty-three respondents, only three were unavailable.

## CHAPTER 4

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1. INTRODUCTION

The previous chapter presented research methodologies and designs employed to obtain the perception of the study problem. This entails a comprehensive explanation of how the study unfolded as research is a process which comprises of various procedures such as research design, research approach, sampling and population, research measurement, research ethics, data generation and analysis of data (Holloway, 1997:12). Polokwane and Blouberg local municipalities, as two of the local municipalities under the Capricorn District Municipality, have experienced poor spending on MIG for the past three financial years. According to the National Treasury 2013/2014 Polokwane municipality had R181M of unspent conditional grant. The aim of this research was to investigate the causes of the non-spending of the MIG in the two local municipalities, and further, to determine how the non-spending of the MIG affects the provision of services to local communities of these local municipalities.

Among the good governance objectives of the Polokwane- and Blouberg local municipalities is to ascertain whether these municipalities have adequate and effective financial management systems in place to curb non-spending of municipal infrastructure grant; the necessary and adequate capacity to properly manage the financial matters of these public institutions; and to ascertain whether there is implementation capacity with respect to infrastructure projects. The objective of this chapter is to interpret gathered data through face-to-face interviews with municipal respondents, with the purpose of uncovering aggregate findings and different view.

The chapter presents data that was collected through interviews schedule that had twenty (20) questions divided into four (4) themes. The four themes in the interview schedule were MIG and Service Delivery in a Municipality; MIG spending; Systems to monitor MIG and; Capacity on MIG. The chapter also presents the data through tables and charts. The findings reflect on the challenges that the municipality is facing in the management and utilisation of the MIG funding and the municipal backlog of services that needs to be eradicated. A sample size of fourteen (12) municipal officials from the Polokwane and Blouberg local municipalities were purposively selected

## 4.2. PRESENTATION OF DATA

The conducting of these interviews was not an easy task, particularly getting the relevant personnel responsible for Municipal Infrastructure Grants in the two local municipalities that are being investigated for the purpose of this research. The researcher tried by all means to secure appointments with the Directors and managers responsible for MIG but not all of the appointments were honoured. Data presentation is divided into two parts, part A and part B. Part A is dealing with presentation of data on the biographical data of respondents and it is represented by table 1, 2, 3 and figure 1 and 2. Part B is dealing with the detailed interview that was conducted utilising structured interviews.

### 4.2.1. Biographical Data of Participants

**Table 1 Gender of the Respondents from Blouberg and Polokwane local municipalities**

<b>GENDER</b>	<b>NUMBER</b>	<b>PERCENTAGE</b>
Males	8	66%
Females	4	32%
<b>Total</b>	<b>12</b>	<b>98%</b>



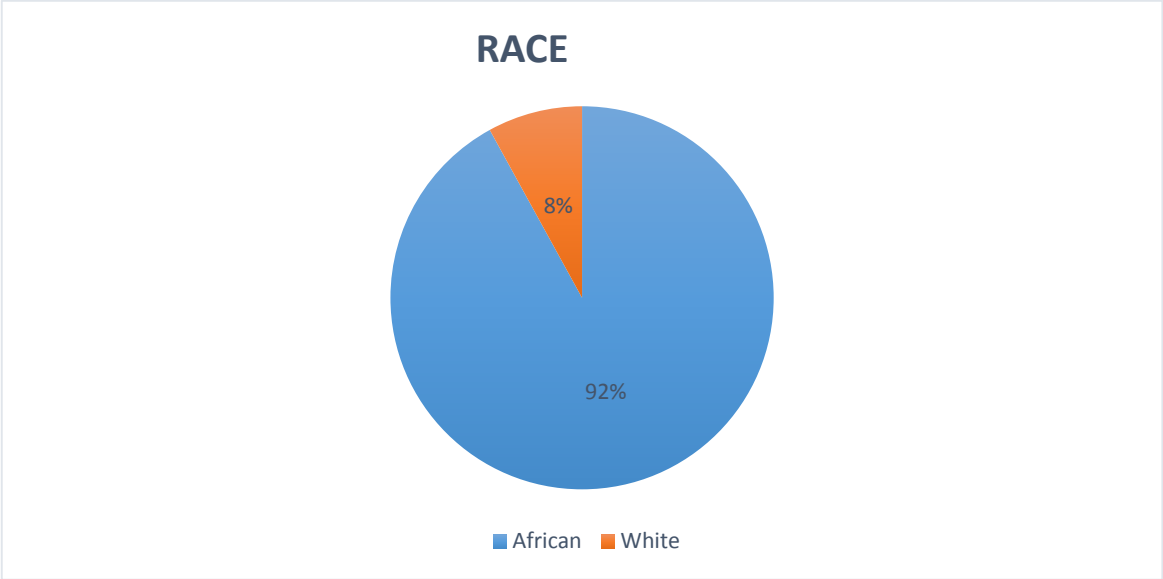
The table above indicates a sample of the participants from Polokwane and Blouberg local municipalities. The sample consisted of 70% males and 30% female participants. The data in table 1 above clearly indicates that there are more males than females in the management level of the Polokwane and Blouberg Local Municipalities. This is not in line with the Employment Equity Act No. 55 of 1998 and regulations, which seeks to address representation of the designated groups among the employees in a workforce. The Act requires the empowerment through skills development of the designated groups, blacks, women and people living with disability in particular.

**Table 2 Age of Respondents**

<b>Age Range</b>	<b>Number</b>	<b>Percentage</b>
20-30 years	<b>0</b>	<b>0%</b>
31-40 years	<b>11</b>	<b>91%</b>
40 -50 years	<b>1</b>	<b>8%</b>
51-60 years	<b>0</b>	<b>0%</b>
<b>Total</b>	<b>12</b>	<b>99%</b>

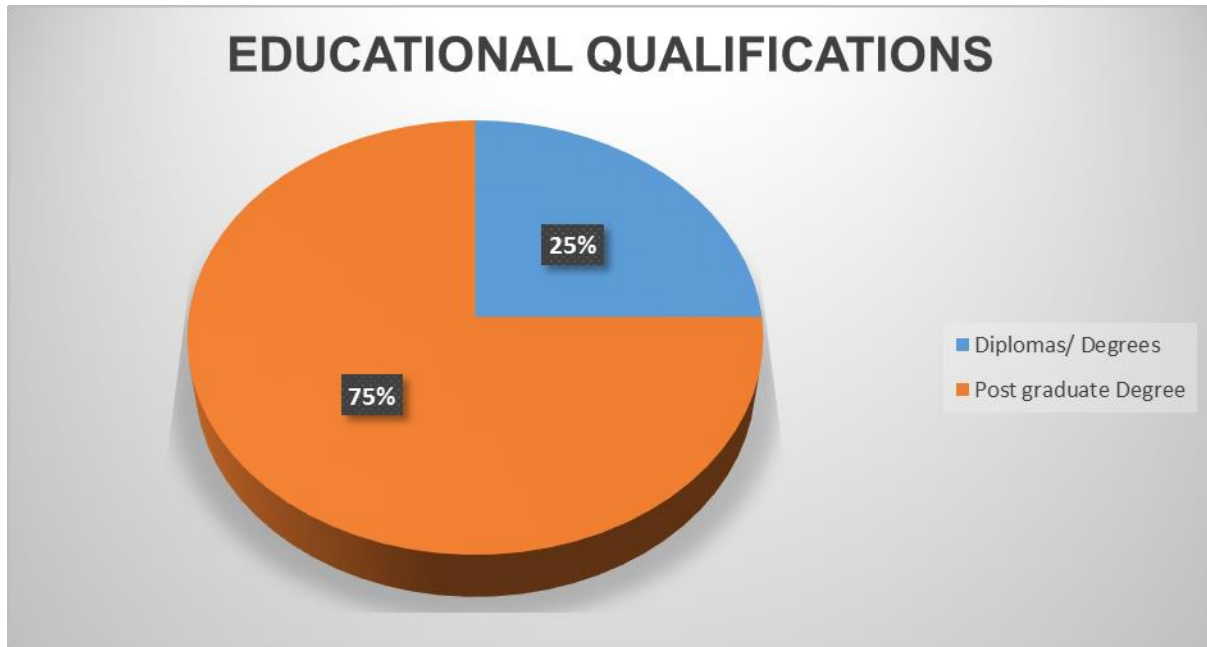
Table 2 shows a 0% between the ages of 20 to 30 years. Ninety-six (96) % of respondents fall within the range of 31 to 40 years. So it clearly indicates that the management of the two municipalities Polokwane and Blouberg local municipalities is in the category between 31-40 years of age.

**Figure 1 Race of the Respondents**



This chart indicates that the ethnicity in the two municipalities is predominantly black. It shows a percentage of 92% of Africans and 8% of whites.

**Figure 2 Educational Qualifications of Respondents**



The chart above indicates that out of the twelve (12) respondents, the study revealed that only 75% hold post graduate Degrees, 25% hold National Diplomas, and 0% of the respondents hold a matric certificate only. This implies that most managers are qualified and can monitor and implement the Municipal Infrastructure Grant as expected.

**Table 3 Job Occupation of Respondents**

Job Occupation	Number	Percentage
Project Manager/s	5	42%
Expenditure Manager	1	8%
Chief Financial Officer	1	8%
Accountant	1	8%
Director: Engineering	1	8%

Director: Planning	1	8%
Municipal engineer	1	8%
Manager in the Office of the Municipal Manager	1	8%
<b>Total</b>	<b>12</b>	<b>98%</b>

Table 3 above indicates that there are five (5) Project managers directly dealing with MIG in both local municipalities. It also shows that there is only one expenditure manager that receives the grant, records it and transfers it to the budget manager.

**4.3. PART B DETAILED INTERVIEW**

A sample size of (12) municipal officials from the two local municipalities was purposively selected. Only twelve (12) out of fourteen (14) responded. Four (4) respondents are from Blouberg local municipality and eight (8) from Polokwane local municipality. Most respondents are within the range of 31-40 years of age in both municipalities. These respondents were from finance department, Project Management unit, Engineers and offices of the Municipal Managers.

**4.3.1. MIG and Service Delivery in the Municipality**

On the question of what the MIG is for, ninety-eight (98) percent of the participants responded that, the role of the Municipal Infrastructure Grants is to provide basic services to the community. Ninety eight (98) percent of the respondents agrees that it is imperative that municipalities receive the MIG as it assists in the improvement of service delivery. According to the Municipal Infrastructure Grants (2004-2007:16), the MIG is aimed at assisting the municipalities to augment their revenue resources so as to ensure that basic services infrastructure is provided to their communities.

### **4.3.2. MIG Spending**

On the question on causes of under-spending of the MIG, ninety-four percent (94%) of respondents agree that the under-spending of MIG funds results from poor planning by management and late appointment of service providers by the municipalities. Twenty percent (20%) of participants responded that the challenges that arise when spending MIG is low expenditure, project roll overs, insufficient funds for some projects due to price escalation, delays in appointing local labourers, disputes in the appointment of service providers and delays in processing of payment certificates. Sixty percent (60%) of the respondents stated that the challenges they experienced when spending MIG resulted from poor consultation of communities by service providers and community protests that hinders progress on site. On the other hand, eighteen percent (18%) responded that if they receive the funding on time from the National Treasury, it then becomes easier for them to implement the MIG projects.

Eighty (80%) of respondents agrees that there is monitoring in place to measure MIG spending in their municipalities. The municipalities do site visits and inspections, and hold monthly and quarterly meetings with contractors and engineers. According to these respondents, the Blouberg and Polokwane local municipalities submit physical and expenditure reports to the National Treasury and also submit MIG expenditure reports to their respective councils. Eighteen percent (18%) from Blouberg local municipality mentioned that they do a monthly reconciliation on MIG and this assists them to determine how much they have received and how much they have spent. Further, it also assists in monitoring the over-spending and under-spending of the MIG. Polokwane local municipality on the other hand stated that they also monitor MIG through Executive Committees that meet once per week and also through Project Management Unit Forums.

### **4.3.3. Systems to Monitor MIG**

Ninety-eight percent (98%) of the respondents agreed that they have systems to monitor MIG in their municipalities. Polokwane local municipality indicated that there is a Capital [Project] Progress Reporting Template that is used to monitor progress and spending on MIG. Polokwane local municipality also monitors projects progress on a quarterly basis, through the Service Delivery Budget and Implementation Plan (SDBIP) of the municipality.

Blouberg local municipality on the other hand, stated that they monitor progress on MIG spending through reports and the oversight reports by the Municipal Public Accounts Committees and Monitoring and Evaluation structures.

Both the local municipalities also indicated that the National Treasury also monitors MIG spending by assessing reports of these municipalities. Reports are the most common systems of monitoring MIG spending utilised by National Treasury throughout the country.

### **4.3.4. Capacity Building in MIG Implementation**

Ninety-eight percent (98%) of the respondents agreed that they have been capacitated to implement MIG. Blouberg local municipality agreed that they have the necessary adequate capacity to ensure proper financial management through attending Financial Management training and through Chief Financial Officer Forum and Municipal Manager's Forum.

Polokwane local municipality on the other hand also agreed that they have been adequately capacitated to ensure proper financial management on MIG projects. The local municipality has a fully-fledged finance department led by the CFO and they have appointed a qualified Project Manager. The establishment of the fully fledged finance

department is in response to the directive by Department of Provincial and Local Government (2007:14) which stated that economic utilisation of funds should be encouraged, and employees should avoid fruitless and wasteful expenditures.

Both Polokwane and Blouberg local municipalities also agreed that they are capacitated to manage MIG. They have indicated that workshops and trainings are being offered by the Department of Cooperative Governance, Human Settlement and traditional Affairs and National Treasury from time to time. These municipalities further indicated that they are capacitated to manage MIG spending through continuous training of Chief Financial Officer (CFO), Budget and Expenditure Treasury personnel on MIG.

Ninety-six percent (96%) of the respondents agreed that they are capacitated to implement infrastructure projects, funded through MIG. According to the Institute of Municipal Engineering Southern Africa (2004:77) MIG Management Unit is responsible for implementing policy relating to infrastructure and must implement the infrastructure policy in order to meet the infrastructure needs.

Polokwane local municipality indicated that the Integrated Development Plan (IDP) of the municipality serves as a guideline on how to implement these infrastructure projects. They also indicated that most of their communities have electricity, water and sanitation provided for through the MIG initiative.

Blouberg local municipality indicated that they have a Project Management Unit (PMU) that is well capacitated to implement projects. They further stated that they have implemented a project of *Senwabarwana* Internal Roads utilising MIG funding fruitfully in the current Financial Year, 2015/2016. In terms of Masterman (1992:192), Project planning also plays a significant role in the success of infrastructure project.

Ninety-eight percent (98%) of the respondents responded to the issue of recruiting qualified officials in strategic financial positions. Further, the Department of Provincial and Local Government (2007:13), states that the National level should deploy experts to assist municipalities in terms of best practices and innovative approach that aims to improve service delivery and to capacitate the municipalities. According to the above study, this might solve the problem only if the municipality can be capacitated financially and human capital employed at the relevant position, and proper planning and good management of funds is implemented.

Blouberg local municipality indicated that the incumbent, in the position of expert, should at least hold an Honours Degree in Accounting or Finances and also have experience in the financial environment. Polokwane local municipality responded by saying that the official should at least have minimum qualification of Bachelor of Commerce Accounting, three to five years (3-5) of experience and financial Management training for Senior Managers. To qualify the preceding paragraph, Polokwane local municipality also indicated that their CFO is a qualified Chartered Accountant (CA).

Ninety-eight percent (98%) of respondents agreed that the office of the Chief Financial Officer in the concerned municipalities is capacitated to ensure MIG spending. Blouberg responded that the municipality's CFO is qualified and has attended training on MIG management offered by National Treasury and COGHSTA. Blouberg also indicated that the CFO is knowledgeable and has read the MIG circulars. Polokwane responded that the municipality has a CFO and a Deputy CFO overseeing the MIG spending. Polokwane indicated that the CFO and managers below him are enrolled in the Municipal Financial Management Programme (MFMP) to increase their knowledge on financial matters and to meet the National Treasury minimum competence requirements.



Ninety-eight percent (98%) of respondents agreed that their municipalities have sufficient physical resources to ensure financial management. Blouberg Local Municipality responded by saying that their municipality has sufficient physical resources in place. There are sufficient equipment and machinery in place allocated to personnel in assisting them to carry out their daily tasks. Polokwane Local Municipality responded by saying that every Strategic Business Unit (SBU) has laptops, computer networks and information technologies to access information electronically. The municipality further responded that they have fully furnished offices that employees are allocated with in order for them to operate efficiently and sufficiently well to promote success.

Ninety-eight percent (98%) of respondents agreed that their municipalities have technical and administrative skills to manage MIG. Both Polokwane and Blouberg local municipalities agreed that the position of the Director for Engineering is occupied by an incumbent who has technical qualifications, and that the PMU manager and technicians are also qualified to manage MIG.

Blouberg municipality further indicated that they have a skilled expenditure manager that deals with payments, a budget manager that deals with the budget of the municipality including MIG and other transfers from the National Treasury and other stake holders and an asset manager that oversee the assets of the municipality. According to Ndevu *et al.* (2007:159) every organization needs to have well trained and experienced human resources to enable it to effectively execute its activities.

Ninety-eight percent (98%) of respondents from both Polokwane and Blouberg local municipalities agreed that employees on strategic positions are trained. Polokwane municipality indicated that officials are rarely developed but training and workshops are offered to them and even when there are new templates for reporting from COGHSTA

and National Treasury, training is provided to them by the concerned departments. They further indicated that directors are undergoing the MFMA training programme.

Blouberg local municipality on the other hand stated that their directors are trained more often. The directors attend MFMA yearly and they also attend finance and Supply Chain Management training quarterly as regulated in the National Treasury regulations. They further indicated that all directors sit in the Bid Adjudication Meetings (BAC), and that is the reason why they also need training in Financial Management.

Ninety-eight percent (98%) of respondents agreed that they report on MIG funding expenditure to the National Treasury as legislated. Both Polokwane and Blouberg local municipalities agreed that they submit the reports to the National Treasury on a monthly, quarterly and yearly basis, as stipulated in the National Treasury Regulations.

#### **4.4. KEY FINDINGS OF THE STUDY**

The researcher collected data utilising the qualitative data and through interview schedule. The study had three objectives that it covered namely;

- Adequate and effective financial management systems in place to curb un-spending of municipal infrastructure grant;
- The necessary and adequate capacity to properly manage the financial matters of these public institutions; and
- To ascertain the implementation capacity of the Municipality with respect to infrastructure projects.

The researcher approached the two participating local municipalities to conduct the research through interviews.

As far as determining is there are adequate and effective financial management systems in place to curb un-spending of municipal infrastructure grant, the interview schedule under this objective covered questions to the root causes of over-spending

and under-spending of MIG funding in the local municipalities. The perception and some findings by various researchers is that poor planning from management and project consultants, community unrest, interference by political office bearers in the Supply Chain Management processes, poor performance by service providers and late appointment of service providers, is a major cause of under spending the MIG funding. They have also discovered that over spending of MIG funding comes as the result of over commitment of funds to certain projects and due to unforeseen circumstances like droughts, strikes.

Further the study revealed that if the local municipalities do not spend all their MIG funding it gets withheld by the National Treasury, and that the grant is applied for every year. In terms of the MFMA regulations, the local municipalities submit their proposed projects to the National Treasury and National Treasury on the other hand funds them accordingly on a yearly basis, as per the financial year's Integrated Development Plan.

The study also sought to find out if the municipalities had adequate capacity to properly manage the financial matters of these public institutions. The interview schedule under this objective covered questions such as the adequate capacity to ensure proper financial management, capacity to manage MIG in the municipality, requirements when recruiting strategic financial positions in a municipality, capacity to ensure MIG spending by the Office of the CFO, sufficient physical resources to ensure financial management in a municipality, technical and administrative skills to manage MIG, how often does the municipality train and develop employees in strategic positions, and the time frame that municipalities report to the National Treasury.

The study revealed that these local municipalities are capacitated through financial management training and CFO's forums. The local municipalities have qualified financial personnel to ensure financial management. It was further discovered that the local municipalities are capacitated to manage MIG funding due to training being

provided by CoGHSTA and National treasury on management of MIG funding. The research interview questions also revealed that the local municipalities have qualified directors, project managers and technicians that are well equipped to implement infrastructure projects funded through MIG.

When recruiting employees in strategic position, a minimum qualification of a degree in Accounting and Financial Management and financial experience is required. This is according to the information gathered through the interview questionnaire. It was further discovered that the office of the CFO in both local municipalities is capacitated to ensure MIG spending since they have qualified CFO and qualified Financial Managers. It was also discovered that CFO and Financial Managers have been enrolled in the MFMA programme to meet the National Treasury minimum competency requirement. The interview results further revealed that the municipalities have technical and administration skills to manage MIG funding.

The engineering directors have technical qualifications and so do the skilled expenditure and budget manager, to properly manage MIG funding. Furthermore, the study discovered that training and development in Polokwane local municipality is rarely offered but employees attend workshops and conferences. Senior managers' training is based on MFMA programme and are meant to familiarise them with financial matters. Lastly, the research revealed that the local municipalities report to the National Treasury about MIG spending as legislated. Municipalities report monthly, quarterly and annually as alluded to earlier, in the preceding paragraphs.

Furthermore, the study aimed at ascertaining the implementation capacity of the Municipality with respect to infrastructure projects. The results reveal that the local municipalities have capacity to implement infrastructure projects. The PMU is capacitated to spend MIG funds and has the capacity to implement infrastructure projects in their respective municipalities. It was further discovered that these local

municipalities are capacitated to manage MIG due to training initiatives provided for by CoGHSTA and National treasury on MIG funding management. In Blouberg Municipality it was further discovered that the local municipality has implemented a project of *Senwabarwana* Internal Roads utilizing MIG funding fruitfully in the 2015/2016 Financial Year.

According to the findings of this research paper, both the local municipalities, Polokwane and Blouberg are capacitated to manage MIG funding. This is very important since every organization needs to have well trained and experienced human resources to enable it to effectively execute its activities. Training on the other hand, is being provided by their sector department CoGHSTA and the National Treasury in a case of new developments on reporting the templates. MIG allocation is done National Treasury annually after the approval of submission of projects by the concerned local municipalities.

The findings give an indication that poor planning from municipal management and project consultants prohibit the fully utilization of MIG spending. It was also discovered that political interference in the Supply Chain Management processes also causes less spending on MIG. Poor performance by service providers and late appointment of service providers is also as a result of under spending of the MIG funding in Polokwane and Blouberg local municipalities.

Another finding was that, over spending of MIG comes from the result of over commitment of funds to certain projects and also due to unforeseen circumstances like drought, strikes and other natural disasters that concern infrastructure. In terms of Department of Provincial and Local Government (2004-2007:7) MIG funds can only be used for infrastructure projects meant to provide basic levels of service to communities.

## **4.5. CONCLUSION**

In this chapter the data analysis through the utilisation of qualitative method has presented. This data has been collected through the structured interviews with the concerned participants of the two local municipalities under the Capricorn District Municipality which are, Polokwane and Blouberg local municipalities. Challenges have been identified in the study that needs to be attended to. Kouzes and Posner (2007:43) indicate that, “The abundance of challenges is not an issue but it is how we respond to them that matters”.

Poor planning by managers and contractors have been identified as a barrier to fully spend MIG in the local municipalities. Overspending of MIG occurs rarely due to unforeseen circumstances such as community unrests and natural disasters. The last chapter of this study will provide the conclusion of the study and provide recommendation that may be used to improve the management of MIG in local municipalities within South Africa.

## **CHAPTER 5**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. INTRODUCTION**

The previous chapter presented the demographical background of respondents and analysed the data collected through the face-to face interview. The chapter further presented data through tables and charts. This chapter gives an overview of the study and provides conclusions and recommendations of the study.

#### **5.2. OVERVIEW OF DISSERTATION CHAPTERS**

Chapter one provided the overview of the study as per the research proposal, giving background of the study, detailing the problem statement, aim of the study and the objectives that the study wants to achieve and conclude with research questions to be answered.

Chapter two outlined the literature review related to the unspent municipal Infrastructure Grants in the two local municipalities under the Capricorn District namely; Polokwane and Blouberg local municipalities. The literature review was divided into two parts. The first part dealt with the international scholars on the unspent Municipal Infrastructure Grants. The second part dealt with the South African perspective on unspent Municipal Infrastructure Grants. Literature was done using scholarly articles and books, official government reports, Blouberg and Polokwane Local Municipality's annual reports,

South African Local Government Legislations, newspaper reports and internet publications.

Chapter three presented a report on the research design and methodology used in the study. The researcher utilised the qualitative approach to collect data. The researcher utilised a non-probability sampling method by employing purposive sampling in selecting respondents who deal directly with MIG in their respective municipalities, and that the method was appropriate as it was a convenient way to assemble a sample with little or no costs, and for those research studies that do not require representativeness of the population (Latham 2007:7) . The chapter further indicated that the researcher utilised structured interview to collect data

Chapter four present a report on the raw data collected through the use of structured interview. The study further provided an analysis of the data into meaningful conclusions. The last chapter presented the conclusion and recommendations derived from the findings as per the interpretation by the researcher.

### **5.3. SUMMARY OF FINDINGS**

This section presents the summary of findings according to the aim and objective of the study.

#### **5.3.1. MIG and Service Delivery in the Municipality**

On the question of what the MIG is for, the participants responded that, the role of the Municipal Infrastructure Grants is to provide basic services to the community. The majority of the respondents agrees that it is imperative that municipalities receive the MIG as it assists in the improvement of service delivery. According to the Municipal Infrastructure Grants (2004-2007:16), the MIG is aimed at assisting the municipalities to



augment their revenue resources so as to ensure that basic services infrastructure is provided to their communities.

### **5.3.2. MIG Spending**

On the question on causes of under-spending of the MIG, it was discovered that the under-spending of MIG funds results from poor planning by management and late appointment of service providers by the municipalities. The study further discovered that low expenditure, project roll overs, insufficient funds for some projects due to price escalation, delays in appointing local labourers, disputes in the appointment of service providers and delays in processing of payment certificates are causes of unspent MIG. Poor consultation of communities by service providers and community protests also hinders progress on site.

The study discovered that in both Polokwane and Blouberg local municipalities there are monitoring instruments in place to measure MIG spending. The municipalities do site visits and inspections, and hold monthly and quarterly meetings with contractors and engineers. According to the, the Blouberg and Polokwane local municipalities submit physical and expenditure reports to the National Treasury and also submit MIG expenditure reports to their respective councils. Blouberg local municipality do a monthly reconciliation on MIG and this assists them in determining how much they have received and how much they have spent. Polokwane local municipality on the other hand monitors MIG through Executive Committees (EXCO) that meet once per week and also through Project Management Unit Forums.

### **5.3.3. Systems to Monitor MIG**

Data collected revealed that Polokwane and Blouberg local municipalities have systems to monitor MIG in their municipalities. Polokwane local municipality has a Capital Project

Progress Reporting Template that is used to monitor progress and spending on MIG. The study further revealed that Polokwane local municipality also monitors projects progress on a quarterly basis, through the Service Delivery Budget and Implementation Plan (SDBIP) of the municipality.

Blouberg local municipality on the other hand, monitors progress on MIG spending through reports and the oversight reports by the Municipal Public Accounts Committees and Monitoring and Evaluation structures. The study further revealed that both Polokwane and Blouberg local municipalities submit their reports to the National Treasury and NT monitors MIG spending by assessing those reports of these municipalities.

#### **5.3.4. Capacity Building in MIG Implementation**

Polokwane and Blouberg local municipalities confirmed that they have been capacitated to implement MIG. Blouberg local municipality confirmed that they have the necessary adequate capacity to ensure proper financial management through attending Financial Management training and through Chief Financial Officer Forum and Municipal Manager's Forum.

Polokwane local municipality on the other hand also confirmed that they have been adequately capacitated to ensure proper financial management on MIG projects. Department of Provincial and Local Government (2007:14) stated that economic utilisation of funds should be encouraged, and employees should avoid fruitless and wasteful expenditures.

### **5.3.5. Capacity to Manage MIG**

Polokwane and Blouberg local municipalities confirmed that they are capacitated to manage MIG. Workshops and trainings are being offered by the Department of Cooperative Governance, Human Settlement and traditional Affairs and National Treasury from time to time confirmed both municipalities.

### **5.3.6. Capacity to Implement Infrastructure Projects**

Data collected revealed that Polokwane and Blouberg local municipalities are capacitated to implement infrastructure projects, funded through MIG. According to the Institute of Municipal Engineering Southern Africa (2004:77) MIG Management Unit is responsible for implementing policy relating to infrastructure and must implement the infrastructure policy in order to meet the infrastructure needs. Polokwane local municipality mentioned that their Integrated Development Plan (IDP) serves as a guideline on how to implement infrastructure projects and that most of their communities have electricity, water and sanitation provided for through the MIG initiative. Blouberg local municipality also confirmed that they have a Project Management Unit (PMU) that is well capacitated to implement projects. In the 2015/2016 financial year the municipality has implemented a project of *Senwabarwana* Internal Roads utilising MIG funding. The municipality stated that the success of this project resulted from proper planning and consultation. Masterman (1992:192) stated that Project planning also plays a significant role in the success of infrastructure project.

### **5.3.7. Capacity in the Office of the Chief Executive Officer**

The study revealed that the office of the Chief Financial Officer in the Polokwane and Blouberg local municipalities is capacitated to ensure MIG spending. Blouberg responded that the municipality's CFO is qualified, has attended training on MIG

management offered by National Treasury and COGHSTA and knowledge in the MIG circulars. Polokwane on the other hand confirmed that the municipality has a CFO and a Deputy CFO overseeing the MIG spending. It further indicated that the CFO and managers below him are enrolled in the Municipal Financial Management Programme (MFMP) to increase their knowledge on financial matters and to meet the National Treasury minimum competence requirements.

### **5.3.8. Recruitment Criteria on Strategic Financial Positions**

Data collected revealed that Polokwane and Bloberg local municipalities have recruited qualified officials in strategic financial positions. Further, the Department of Provincial and Local Government (2007:13), states that the National level should deploy experts to assist municipalities in terms of best practices and innovative approach that aims to improve service delivery and to capacitate the municipalities. According to the above study, this might solve the problem only if the municipalities can be capacitated financially, human capital employed at the relevant positions, proper planning beforehand and good management of funds.

### **5.3.9. Sufficient Physical Resources to Ensure Financial Management**

Data collected revealed that both Polokwane and Blouberg local municipalities have sufficient physical resources to ensure financial management. Both Blouberg and Polokwane Local municipalities confirmed that there are sufficient equipment and machinery in place allocated to personnel in assisting them to carry out their daily tasks. Polokwane Local Municipality responded by saying that every Strategic Business Unit (SBU) has laptops, computer networks and information technologies to access information electronically. The municipality further responded that they have fully furnished offices that employees are allocated with in order for them to operate efficiently and sufficiently well to promote success.

### **5.3.10. Technical and Administrative Skills to Manage MIG Projects**

The study revealed that Polokwane and Blouberg local municipalities have sufficient technical and administrative skills to manage MIG. Both Polokwane and Blouberg local municipalities agreed that the position of the Director for Engineering is occupied by an incumbent who has technical qualifications, and that the PMU manager and technicians are also qualified to manage MIG. The study further revealed that Polokwane and Blouberg local municipalities have trained and skilled financial and project managers to implement MIG projects. According to Ndevu *et al.* (2007:159) every organization needs to have well trained and experienced human resources to enable it to effectively execute its activities.

### **5.3.11. Training and Development of Strategic Positions**

Data collected revealed that both Polokwane and Blouberg local municipalities' officials at strategic positions are trained. In the Polokwane municipality officials are rarely developed but training and workshops are offered to them. When COGHSTA and National Treasury introduce templates for reporting, they provide training to the municipality. Blouberg local municipality on the other hand trains their directors more often. Blouberg municipality's directors attend MFMA yearly and they also attend finance and Supply Chain Management training quarterly as regulated in the National Treasury regulations. All directors of Blouberg municipality sit in the Bid Adjudication Meetings (BAC) which is why it is imperative for the municipality to also train them in Financial Management.

### **5.3.12. Report on MIG Funding to the National Treasury**

One of the conditions of MIG is that municipalities must submit reports on MIG spending to the National Treasury. The study revealed that both Polokwane and Blouberg local municipalities do submit their MIG reports to the National Treasury on a monthly, quarterly and yearly basis, as stipulated in the National Treasury Regulations.

## **5.4. CONCLUSIONS**

This section presents the conclusions based on the objectives of the study. Major conclusions, recommendations and final remarks of the study have been provided in this chapter. It is of critical importance that the recommendations add value in the improvement of MIG spending

The study found that the majority of respondents were 70% males and 30% females. This clearly indicates that there are more males than females in the management level of the Polokwane and Blouberg Local Municipalities. This is not in line with the Employment Equity Act No. 55 of 1998 and regulations, which seeks to address representation of the designated groups among the employees in a workforce. The municipalities should improve in empowering females in the strategic positions.

The study concluded that the role of the Municipal Infrastructure Grants is to provide basic services to the community, render effective and efficient services to the communities and to meet the needs of the local communities.

The study concluded that the causes of under-spending of the MIG results from poor planning by management, late appointment of service providers by the municipalities, low expenditure, project roll overs, insufficient funds for some projects due to price escalation, disputes in the appointment of service providers, delays in the processing of

payment certificates, poor consultation of communities by service providers and community protests hinders progress on site.

The study concluded that both Polokwane and Blouberg local municipalities have systems to monitor MIG. Polokwane local municipality has a Capital Project Progress Reporting Template that is used to monitor progress and spending on MIG. Polokwane local municipality also monitors projects progress on a quarterly basis, through the Service Delivery Budget and Implementation Plan (SDBIP) of the municipality. Blouberg local municipality on the other hand, monitors progress on MIG spending through reports and the oversight reports by the Municipal Public Accounts Committees and Monitoring and Evaluation structures. The study further concluded that both Polokwane and Blouberg local municipalities do comply by submitting their reports to the National Treasury as legislated.

The study concluded that that both Polokwane and Blouberg local municipalities are capacitated to implement MIG. Both Polokwane and Blouberg local municipalities have the necessary adequate capacity to ensure proper financial management through attending Financial Management training, through Chief Financial Officer Forum and Municipal Manager's Forum. The study further concluded that Polokwane and Blouberg municipalities have appointed qualified, trained and skilled officials in strategic financial positions based on their qualifications and experience.

On the issue of reporting on MIG to the National treasury, the study concluded that both Polokwane and Blouberg local municipalities agreed that they submit the reports to the National Treasury on a monthly, quarterly and yearly basis, as stipulated in the National Treasury Regulations.

## **5.5. RECOMMENDATIONS**

Recommendations are hereby presented that emanated from the study findings.

### **5.5.1. Empowerment of Women**

The study found that the majority of respondents were 70% males and 30% females. This clearly indicates that there are more males than females in the management level of the Polokwane and Blouberg Local Municipalities. It is therefore recommended that the municipalities should try to empower women by appointing them at management position as it is in line with Employment Equity Act No. 55 of 1998 and regulations. The Act requires the empowerment through skills development of the designated groups, blacks, women and people living with disability in particular. Empowerment of women can be done by appointing qualified females who have the capacity to implement MIG in municipalities.

### **5.5.2. MIG and Service Delivery in the Municipality**

On the question of what the MIG is for, the majority of the respondents agreed that it is imperative that municipalities receive the MIG as it assists in the improvement of project implementation and service delivery in their communities. It is therefore recommended that the National Treasury should allocate MIG funding to the municipalities in order to improve projects implementation and enhance service delivery.

### **5.5.3. MIG Spending**

On the question on causes of under-spending of the MIG, the study concluded that the majority of respondents agreed that the under-spending of MIG funds results from poor planning by management and late appointment of service providers by the



municipalities. The study therefore recommends that managers should do proper planning beforehand, avoid late appointment of service providers and make references on the service providers they appoint to avoid disputes from members of the community. The study further recommends that Polokwane and Blouberg local municipalities should do proper consultation of the project, budget accordingly, and appoint companies that will produce positive end results with value for money

#### **5.5.4. Systems to Monitor MIG**

On the issue of the systems to monitor MIG, the study has concluded that Polokwane and Blouberg local municipalities have systems to monitor MIG. Therefore, the study recommended that the municipalities should continue utilising the systems in place to monitor MIG spending. Polokwane and Blouberg local municipalities can also come up with more systems that will enable them to monitor MIG spending. Since technology is more effective both municipalities can come up with an electronic system that can assist in tracing project progress and give reports.

#### **5.5.5. Capacity Building in MIG Implementation**

The study revealed that both Polokwane and Blouberg local municipalities are capacitated to implement MIG. Blouberg local municipality agreed that they have the necessary adequate capacity to ensure proper financial management through attending Financial Management training and through Chief Financial Officer Forum and Municipal Manager's Forum. Polokwane local municipality on the other hand also agreed that they have been adequately capacitated to ensure proper financial management on MIG projects. It is therefore recommended that Polokwane and Blouberg local municipalities should honour the invitations to attend workshops and training offered by the Department of Cooperative Governance, Human Settlement and

traditional Affairs and National Treasury on MIG spending. Polokwane and Blouberg local municipalities can also seek support from the District municipality since the district is capacitated to support the local municipalities.

On the issue of filling strategic financial positions, the study revealed that both Polokwane and Blouberg local municipalities have qualified and experienced financial personnel. The study recommended that the municipalities should employ qualified and experienced officials in strategic financial positions to assist municipalities in terms of best practices and innovative approach.

On the issue of training of financial positions is provided in the Polokwane and Blouberg local municipalities as the study revealed that the municipalities receive training on financial matters from COGHSTA and national Treasury. Therefore, the study recommended that the sector departments CoGHSTA and National Treasury must provide training to municipal officials to empower them, to increase their financial knowledge and financial skills so that they can manage the public funds accordingly. Furthermore, the study recommends that both Polokwane and Blouberg local municipalities should continue to submit the MIG reports to the National Treasury monthly, quarterly and annually as this will afford them an opportunity to get feedback reports that will enable them to improve accordingly.

## **5.6. FINAL REMARKS**

The study succeeded in revealing that Blouberg and Polokwane local municipalities have challenges in implementing MIG funding based on poor planning by Project managers and project consultants. Political interference on Supply Chain management processes, delays in appointing service providers and disputes in the appointment of service providers by communities. Furthermore, the study concludes that unforeseen circumstances such as droughts and protests led to unspent Municipal infrastructure

grants. For Polokwane and Blouberg local municipalities to improve on MIG spending, proper planning should be in place, appoint relevant, qualified and experienced service providers on time. Polokwane and Blouberg local municipalities must implement Supply Chain Management Policy fully to avoid political interference. Monitoring and Evaluation office should be established in both Polokwane and Blouberg local municipalities to monitor and evaluate progress on their projects continuously.

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1431 Zone 3

Seshego

0742

05 May 2016

The Municipal Manager  
Polokwane Local Municipality  
Polokwane

Dear Sir/Madam

**Re: Permission to conduct research in your institution**

I am a student of Public Administration at University of Limpopo registered for a Master's Degree this year. My research topic is "Causes of unspent Municipal Infrastructure Grant in the Capricorn District Municipality: A case of two selected Municipalities, Blouberg local Municipality and Polokwane Local Municipality".

I am therefore requesting your permission to conduct research in your institution. It is my belief that the research results would contribute to the best practice of MFMA in various municipalities in the province and the findings of the study will be made available on request, after completion, and if you have any queries please feel free to contact the researcher.

Hope you will find this request in order.

Regards

Maake Khomotso Rahab

**LETTER TO THE BLOUBERG MUNICIPALITY**

1431 Zone 3  
Seshego  
0742  
24 February 2016

The Municipal Manager  
Blouberg Local Municipality  
Senwabarwana

Dear Sir/Madam

**Re: Permission to conduct research in your institution**

I am a student of Public Administration at University of Limpopo (Turffloop Graduate School of Leadership) registered for a Master's Degree this year. My research topic is "Causes of unspent Municipal Infrastructure Grants in the Blouberg Local Municipality".

I am therefore requesting your permission to conduct research in your institution. It is my belief that the research results would contribute to the best practice of MIG in various municipalities in the province.

Hope you will find this request in order.

Regards

---

Maake Khomotso Rahab

# 515557  
MS. P Mello (18/05/2016)

**DIRECTORATE: CORPORATE AND SHARED SERVICES**

**ITEM:**

**FILE REF:**

**REQUEST TO GRANT MS KR MAAKE PERMISSION TO CONDUCT HER RESEARCH WITHIN POLOKWANE MUNICIPALITY**

**Report of the Acting Director: Corporate Services and Shared Services**

**Purpose of the Report**

To request approval from the Acting Municipal Manager to give permission to Ms. KR Maahe to conduct research within Polokwane Municipality.

**Background and Discussion**

Ms. Maahe KR is a student at University of Limpopo studying Public Administration Masters request a permission to conduct her research within the Municipality and her topic of research is: " Causes of unspent Municipal Infrastructure Grant in the Capricorn District Municipality, A Case of two selected Local Municipalities".

**The study will assist Polokwane Municipality in:**

In view of the potential contribution of this research to the advancement of ethical leadership practices in municipalities in general, and the theoretical contribution to the field of Public Administration .

**Financial Implication**

There is no financial implication

**Recommend**

1. That approval be granted for Ms. Maahe KR to conduct her research within Polokwane Municipality.
2. That the findings emanating from the research study be shared with the Municipality before they are published.

*Request approved.  
Can we (Polokwane Municipality) benefit  
from the research please. Share the results.  
Muloze*

## Blouberg Municipality



P.O. Box 1593  
SENWABARWANA 0790  
Tel: No.: 015 505 7100  
Fax: No.: 015 505 0568 / 0296  
E-mail: info@blouberg.gov.za

Enq : Ramolomo MS (076 288 3976)

09 May 2016

**Att : Ms Maake KR**

Madam

**Re : REQUEST TO CONDUCT RESEARCH IN THE FULFILMENT OF MASTERS  
DEGREE (PUBLIC ADMINISTRATION)**

The above matter refers

1. We acknowledge receipt of your letter of request in respect of conducting a research in fulfillment of Master of Public Administration degree;
2. We further wish take this opportunity to inform you that we agree to your request and undertake to assist you in every way possible towards the realization of your noble objectives;
3. It is also appreciated that you took a keen interest on our municipality and further hope that your studies will go a long way in assisting the municipality improve in one way or the other;
4. Wishing you the best in your studies.

Youth faithfully

**Magabape TG**  
**Acting Municipal Manager**

**ANNEXURE D: LETTER OF CONSENT**

**CAUSES OF UNSPENT MUNICIPAL INFRASTRUCTURE GRANT IN THE  
CAPRICORN DISTRICT MUNICIPALITY: A CASE OF TWO SELECTED LOCAL  
MUNICIPALITIES**

University of Limpopo  
Student: Maake K.R  
Contact No: 076 1728 073

Dear participants

Thank you for making time and availing yourself for this interview. I am a Master of Public Administration registered with Limpopo University and as a requirement in partial completion of their studies, students must conduct empirical research.

The interview should take around 20 minutes. All responses will be kept confidential and the information included in the research report will not identify you as a respondent. Thanking you in anticipation.

.....  
**PARTICIPANT'S SIGNATURE**

.....  
**DATE**

RESEARCH QUESTIONS

University of Limpopo

Turfloop Graduate School of Leadership

Department of Public Administration and Law

Khomotso Rahab Maake

201429539

CAUSES OF UNSPENT MUNICIPAL INFRASTRUCTURE GRANT IN THE  
CAPRICORN DISTRICT MUNICIPALITY: A CASE OF TWO SELECTED LOCAL  
MUNICIPALITIES

Supervisor: Prof. Z Mpehle



## ANNEXURE C: INTERVIEW SCHEDULE TO MUNICIPAL OFFICIALS

### CAUSES OF UNSPENT MUNICIPAL INFRASTRUCTURE GRANT IN THE CAPRICORN DISTRICT MUNICIPALITY: A CASE OF TWO SELECTED LOCAL MUNICIPALITIES

Dear Sir/ Madam

#### INSTRUCTIONS

The interview schedule is structured with the aim of obtaining relevant information from Polokwane Local Municipality and Blouberg Local Municipality on causes of unspent municipal infrastructure grants. You are requested to answer the questions to your fullest ability and the information will be kept confidential. Indicate your response with a cross(x) in the appropriate box. You are also requested to provide explanations where needed.

#### SECTION A: Biographical Data

Put an X in the appropriate box

##### 1.1 Gender

Male

Female

##### 1.2 Age

20 years -30 years

31 years- 40 years

40 years- 50 years

51 years – 60 years

##### 1.3 Race

African

Coloured

Indian

White

Other

1.4 Highest Qualification

Matric       Diploma/ Degree       Post Graduate Degree

1.5 Job occupation

Project Manager/s       Chief Financial Officer

Expenditure Manager       Other

**Section B:**

**Municipal Infrastructure Grants and Service Delivery in a Municipality**

1. What is the role of Municipal Infrastructure Grant (MIG) in service delivery?

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2. Does the MIG funding in your municipality assist in the improvement of service delivery as it is intended to?

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**MIG Spending**

3. What are the root causes of overspending and under-spending of MIG funding in your municipality?

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4. What are some of the challenges that arise in expending the MIG?

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5. How do employees respond to those challenges?

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6. Are there any monitoring instruments in place to measure spending of MIG in your municipality?

YES	NO
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Please explain

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7. How does your municipality monitor the MIG?

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8. Does your local municipality have adequate and effective systems in place to monitor MIG?

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9. Does your municipality have Monitoring and Evaluation committee to monitor MIG?

YES	NO
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**Please explain**

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**Systems to monitor MIG**

10. Are there any mechanisms in your municipality to monitor MIG spending?

YES	NO
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**Please explain**

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**Capacity on MIG**

11. Does your Local Municipalities have the necessary and adequate capacity to ensure proper financial management?

YES	NO
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Please explain

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12. Does your Local Municipality capacitated to manage Municipal Infrastructure Grants (MIG)?

YES	NO
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Please explain

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13. Does the Project Management Unit in your municipality capacitated towards the spending of Municipal Infrastructure grants?

YES	NO
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Please explain

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14. Does your Local Municipality capacitated implement infrastructure projects?

YES	NO
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Please explain

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15. When recruiting employees in strategic financial positions what are competences you are looking for?

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16. Does the office of the Chief Financial Officer in your municipality capacitated to ensuring MIG spending?

YES	NO
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Please explain

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17. Does your local municipality have sufficient physical resources to ensure financial management?

YES	NO
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Please explain

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18. Does your Local Municipality have technical and administrative skills to manage MIG projects?

YES	NO
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Please explain

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19. How often do you as an organization train and develop employees in these strategic positions?

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20. How often does your municipality report on MIG funding to the National Treasury as legislated?

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Any other comment

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**Thank you for your support.**



Fax: 01526828683174  
Tel. 0152862684  
Cell: 0822198060  
[Rammalaj@ul.ac.za](mailto:Rammalaj@ul.ac.za)

Dr J R Rammala  
440B Mankweng  
Box 4019  
Sovenga  
0727

To whom it may concern

30 August 2016

Confirmation letter: **Maake K R**

This memo serves to confirm that I edited a dissertation by the above-mentioned candidate entitled: **Causes of unspent municipal infrastructure grant in the Capricorn District Municipality: A case of two selected local municipalities.**

In the process I looked at editing on language usage and technical issues as stated by our Research Administration and Development Manual for postgraduate Research. The manual prescribes the typology and referencing style within the text. It also provides choices for the referencing styles in the reference list. Unless this is specified by a particular discipline the candidate must be consistent with the choice they make.

The first document send is marked with track changes indicating what I changed and what I suggested should be changed. With this document I made remarks about serious omissions done in the document. On chapter one only I discovered more than ten sources not acknowledged in the reference list and sent the names to the candidate and she rectified them and submitted to me again for verification.

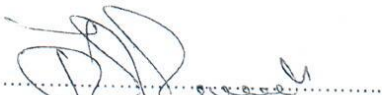
I then accepted the track changes on the second document which I send for the candidate to submit for assessment..

I confirm that the document is now readable and clean with regard to language issues and recommend that it can be submitted for assessment.

Thanks

Signed:.....

Dr J R Rammala

A handwritten signature in black ink, appearing to be 'Dr J R Rammala', written over a dotted line. The signature is stylized and cursive.