



# the dplg

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Department:  
Provincial and Local Government  
**REPUBLIC OF SOUTH AFRICA**

## **Municipal Infrastructure Grant:**

A Guide for the  
Establishment of a Project  
Management Unit (PMU)  
by municipalities  
2007/08 – To be reviewed  
yearly if necessary.

**MARCH 2007**

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***NOTE: A Project Management Unit is a ring-fenced dedicated project management function within municipalities. It should not be conceived as a structure but a ring –fenced integral function of a municipality***

## ACRONYMS AND ABBREVIATIONS

CBPWP	Community Based Public Works Programme
CMIP	Consolidated Municipal Infrastructure Programme
CDIC	Chief Directorate Internal Communication
CDMC	Chief Directorate Marketing and Communication
CEOs	Chief Executive Officers
CFOs	Chief Financial Officers
CPSI	Centre for Public Service Innovation
DGs	Director Generals
DEAT	Department Environmental Affairs and Tourism
DME	Department of minerals and Energy
The <b>dplg</b>	Department of Provincial and Local Government
DoH	Department of Housing
Dot	Department of Transport
DPW	Department of Public Works
DWAF	Department of Water Affairs and Forestry
EPDW	Extended Public Works Programme
FBS	Free Basic Services
FBSI	Free Basic Services and Infrastructure
GSM	Governance Stakeholder Map
IDPs	Integrated Development Plans
ISRDP	Integrated Sustainable Rural Development Programme
LEDF	Local Economic Development Fund
MCAs	Macro Control Auditors
MIG	Municipal Infrastructure Grant
MITT	Municipal Infrastructure Task Team
MIT3	Municipal Infrastructure Technical Task Team
MSCC	Multi Sectoral Communication Committee
NT	National Treasury
NMU	National MIG Unit
PMITT	Provincial Municipal Task Team
PPMUs	Provincial Project Management Units
PMUs	Project Management Units
SMIF	Special Municipal Infrastructure Fund
SRSA	Sport and Recreation South Africa
SALGA	South African Local Government Association
URP	Urban Renewal Programme
WSCF	Water Service Capital Fund

## 1 INTRODUCTION

The Municipal Infrastructure Grant (MIG) Programme is a new municipal infrastructure arrangement. It was established through the consolidation of:

- The Consolidated Municipal Infrastructure Programme (managed by **dplg**);
- The Water Services Capital Grant (managed by DWAF),
- The Community Based Public Works Programme (managed by Public Works);
- The Building for Sports and Recreation Programme (Sport and Recreation SA);
- The Urban Transport Grant (Department of Transport).

The electrification funding will be incorporated after the restructuring of the electricity distribution industry has been finalised. Individual national line function departments will continue to lead the monitoring and support of project implementation according to their specific functions and responsibilities.

The vision of the Municipal Infrastructure Grant (MIG) programme is aimed at providing all South Africans with at least a basic level of service by the year 2013. This will be achieved through providing grant finance to cover the capital cost for basic infrastructure for the poor.

The MIG programme is part of government's overall strategic programmes to eradicate poverty and create conditions for local economic development. It will, therefore, maximise opportunities for employment creation and enterprise development. The programme is demand-driven and service delivery is decentralised to municipalities. Municipalities play a central role in coordinating development activity and the delivery of municipal infrastructure in their jurisdictions.

The entire approach of MIG is focused on improving the capacity, efficiency, effectiveness, sustainability and accountability of local government. Whilst national and provincial government are responsible for creating enabling policies, financial and institutional environment for MIG the programme, municipalities are responsible for planning municipal infrastructure and for using MIG to deliver the infrastructure. This can be seen in the MIG policy framework that encourages moving the responsibility for municipal infrastructure development to the lowest possible level.

The National Municipal Infrastructure (MI) Unit is located within **dplg**. It is responsible for the administration of MIG funds (ensuring that the funds are properly allocated and spent on appropriate projects) and for macro planning. The sector departments remain responsible for policy, regulation and capacity building relating to municipal governance, as well as for administration, planning and operations activities. The National MI Unit also plays a supportive role by assisting municipalities to establish effective project management capacity and also by coordinating and monitoring the performance of municipalities on the implementation of the MIG.

## 2 ROLES AND RESPONSIBILITIES OF RELEVANT STAKEHOLDERS

The overall responsibilities of national departments, provincial departments and municipalities relating to the MIG programme are summarised below - and certain of them are discussed:

***The Department of Provincial and Local Government (the dplg) is responsible for:***

- Exercising financial accountability for the MIG programme;
- Administering grant transfers;
- Setting up the IMC (the restructured Municipal Infrastructure Task Team(MITT)), chairing the IMC and its technical committee (MIT3) and providing them with the secretariat function;
- Setting up the National MIG Unit;
- Compiling an annual report to Parliament on the MI programme, including the MIG;
- Monitoring performance in respect of generic conditions and overall progress with programme implementation.

***The National Treasury (NT) is responsible for:***

- Administering financial legislation that has implications for the MIG programme - notably DORA (Division of Revenue Act – Act 5 of 2004);
- Incorporating MIG conditions and transfers into DORA;
- Ensuring that municipalities operate within the macroeconomic framework driven by national government.

***The Department of Water Affairs and Forestry (DWAF) is responsible for:***

- Policy making, including the setting of norms and standards for water services infrastructure;
- Planning oversight (regional and water service development plans);
- Monitoring water sector-related conditions and progress made towards meeting targets;
- Initiating intervention related to water services activities.

***The Department of Public Works (DPW) is responsible for:***

- Setting criteria related to poverty alleviation and employment generation;
- Advising municipalities on intensive labour-based processes, systems, techniques and approaches;
- Liaising with municipalities on procurement reforms;
- Monitoring performance in relation to employment generation, labour-based technology and SMME involvement.

***The Department of Minerals and Energy (DME):***

Initially, the DME's responsibilities will relate to policy development. Once the Integrated National Electrification Programme (INEP) has been incorporated into the MIG programme, the DME's responsibilities will be similar to those identified for DWAF.

***The Department of Transport (DoT) is responsible for:***

- Implementing policy relating to municipal roads and municipal transport;

- Monitoring the performance of municipalities in the provision of roads and compliance with conditions applicable to this sector;
- Ensuring that funds allocated to transport infrastructure are properly spent.

***The Department of Housing (DoH) is responsible for:***

- Coordinating policy and planning related to housing development;
- Ensure provision of bulk infrastructure through the MIG programme;
- Synchronising the activities of the MIG programme and the Housing Fund.

***The Department of Sport and Recreation South Africa (DSRSA) is responsible for:***

- Implementing policy relating to sports and recreation.
- Ensuring that MIG funds are properly applied to building infrastructure.
- Monitor conditions applicable to this sector.

***The role of the Provincial Departments***

The role of provincial departments in terms of the MIG programme is:

- To ensure that Integrated Development Plans (IDPs) are properly prepared in line with the national guidelines; and
- To develop the capacity of the municipalities to effectively manage their infrastructure assets.
- To monitor and support municipalities

In addition, the provincial departments are involved in monitoring the financial performance of the municipalities and also provide technical advice on the MIG programme related to infrastructure.

Provincial departments fill a number of roles which have an impact on the MIG programme. These include:

- Ensuring that municipal IDPs combine to form a viable development framework across the province, and are vertically integrated with the Provincial Growth and Development Strategy;
- Ensuring that IDPs give priority to the basic needs of communities and promote the social and economic development of communities;
- Promoting the development of local government capacity to enable municipalities to perform their MIG function;

***The role of the municipalities***

The role of the municipalities according to the Constitution, section 153 is as follows:

- Structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community.
- Participate in national and provincial development programmes

Municipal responsibility is based on the Cooperative Governance principles reflected in section 88 of the Municipal Structures Act (Act No. 117 of 1998) which stipulates:

- (1) *A district municipality and the local municipalities within the area of that district municipality must cooperate with one another by assisting and supporting each other.*

- (2) (a) A district municipality on request by a local municipality within its area may provide financial, technical and administrative support services to that local municipality to the extent that that district municipality has the capacity to provide those support services.
- (b) A local municipality on request of a district municipality in whose area that local municipality falls may provide financial, technical and administrative support services to that district municipality to the extent that that local municipality has the capacity to provide those support services.
- (c) A local municipality may provide financial, technical or administrative support services to another local municipality within the area of the same district municipality to the extent that it has the capacity to provide those support services, if the district municipality or that local municipality so requests.

The MIG is a grant to municipalities. For this reason, the management of the grant at municipal level must occur within the planning, budgeting, financial management and operational arrangements within the municipality. The Municipal Manager as accounting officer is responsible for the effective management of capital funds.

All municipalities need to develop capacity to administer MIG funds and manage infrastructure projects because all municipalities have to address infrastructure backlogs of one type or another. The aim, therefore, is to establish project management capacity in all municipalities. However, some local municipalities do not at the moment have the necessary capacity to implement the MIG programme and it might take time to develop this capacity. In these cases, the approach is for the district municipalities to administer MIG funds and to provide project management capacity until the local municipalities are able to take over these functions themselves.

A municipality qualifies to receive the MIG allocations:

- Where a local municipality is able to produce capital plan and operational budgets (as required by the Municipal Finance Management Act (MFMA)) and which reflect projects to be funded in each sector (roads, water, sanitation, and so on) or is eligible through other criteria;
- Where the municipality qualifies to receive a MIG allocation directly from the national transferring officer;
- Through a district municipality – if a municipality is not in a position to develop a capital plan and operational budget or is not eligible for direct transfers due to other criteria used for fund transfers.

It is important to note that project management capacity is essential for a municipality to be in a position to implement capital projects in an effective and efficient manner and taking into consideration the aspects of costs, time and quality. For this reason, project management is an integral function of any municipality that has a developmental role in terms of the Constitution of South Africa, 1996 (Act 108 of 1996).

Municipalities are required to set up or to share through the shared services model a Project Management Unit (PMU), which will have the following functions in relation to the municipalities they serve:

- Responsibility for project managing and administration of MIG funding, within the relevant municipal accounting system, for infrastructure projects of their own using MIG funds and for projects of other municipalities where they are delegated this authority;

- Coordination of the project identification process between municipalities served by the PMU, in terms of the relevant IDPs;
- Coordination of the project feasibility process, with involvement of other municipal departments where appropriate, in terms of the relevant IDPs;
- Establishment and approval of contracts with contractors and consultants for each project, including feasibility studies;
- Project management, including ensuring that projects meet planning objectives;
- Coordination of project-based capacity building initiatives: the PMU is responsible for ensuring that project-related capacity building and development objectives are met; and
- Management of MIG Management Information System (MIG –MIS) for registration of projects, facilitate the capture of backlog information, monitoring and preparation of all necessary reports.
- Build capacity to operationalise and manage the MIG-MIS

It is important to note that the PMU is a function or shared function within a municipality. All it requires are the planning, organising, coordinating, controlling and directing of the activities of a project. The municipalities will decide on a manner in which a PMU is established and resourced. In all instances, a project management function should be viewed as a ring-fenced function – possibly called a “unit” – that is absolutely accountable to the Municipal Manager. It implies that municipalities should, where possible, use existing internal staff before considering the employment of new staff members.

It should be noted that the PMU is not responsible for integrated development planning, but that it will liaise closely with municipal planning departments and the Planning, Implementation, Management and Support System (PIMMSS) centre on developing comprehensive infrastructure plans for municipalities.

Municipalities will be encouraged to include capital works funded from other sources within the competence of the PMU.

The model of the PMU will be decided by a municipality and approved by the National MIG Unit.

### **Process of Establishing a PMU**

The following process to establish Project Management Units in municipalities should be followed:

- A municipality will submit a business plan for approval to the National MI Unit to establish a PMU in the first year of establishing a PMU;
- The business plan will outline the model that is to be followed in terms of clarifying whether the PMU will be according to a shared services model or within an individual municipality;
- If a PMU is to be established at a district municipality, consultations should be made with the local municipalities;
- If a PMU is to be established at a local municipality, a district municipality should be informed;
- A district or a local municipality establishing a PMU should indicate in its business plan the details and qualifications of the human resources that are to be utilised, including a detailed budget, as well as how the PMU is going to benefit the municipalities it is going to serve;

- Details and qualifications of the human resources to be deployed in the PMU should also be forwarded to the district municipality or local municipality, depending where the PMU is located;
- The National MIG Unit will record the contact details on the database for the Project Management Units;
- The resource database will be audited on a six-monthly basis to establish if the model and the initial indicated resources still exist;
- The contact database will be updated as monitoring and confirmation of the model of establishment and resources are verified;
- A municipality or a district municipality should submit a revised business plan to **dplg** if the original model of the established PMU has changed if it remained unchanged it is however only necessary to submit an annual budget to **dplg** by 15 February of each year .

**The concept of shared services must be considered by municipalities, especially new receiving municipalities that do not have sufficient capacity to establish their own PMUs, or municipalities not receiving sufficient funds to run a PMU. If the top slice of the MIG allocation that a municipality can use to establish the PMU function is below R1 million per financial year a municipality must not even consider establishing a PMU function on its own. In the case of shared services, a number of municipalities could make use of one municipality with sufficient capacity to do the project management for all of them, and contribute the top slice of their allocation for that purpose.**

### **3 PMU FUNCTION WITHIN A MUNICIPALITY**

Competent staff within a municipality must be identified to perform the required programme management functions. The **dplg** should be informed about human resources allocated to perform project management so that it can implement infrastructure projects.

The PMU will be responsible for the services included in the scope below, and will get strategic and policy guidance from the Provincial MIG Manager (PMM). A suitably qualified project manager or an engineer (professional or technical) will manage the PMU on a full-time basis. The PMU established at a district level may be expected to take responsibility for the MIG programme within the district municipality and for other municipalities where this responsibility has been delegated to the PMU. Alternatively, the PMU may be expected to place dedicated human resources in the municipalities.

The following personnel are required within the municipality to resource the functions of the PMU:

- Project Manager;
- Engineer;
- Technician;
- Secretariat;
- Financial personnel;
- Legal personnel;
- Administrative personnel;
- OH & S personnel
- Data Capturer;
- IT personnel; and
- Community officer/communications personnel.



The existing personnel of a municipality could be utilised to perform the project management functions of a municipality.

The PMU can make use of the available GIS facilities located within the Provincial Project Management Units (PPMUs) especially in terms of planning/feasibility phases, the operation and maintenance planning and specifically in the compilation of municipal asset registers. Where specialist IT intervention is required in respect of the MIG MIS this will be sourced from the National MIG Unit.

It is important to note that, in instances where municipalities have agreed to establish a PMU according to the shared services model, there should be committed human resources at or for every municipality. This matter should be managed through a service level agreement between the municipalities. Such arrangements should be detailed to explain the roles of different parties and how deliverables will be managed.

## **4 SCOPE OF WORK OF THE PMU:**

In keeping with the MIG principles, the crosscutting conditions and the sector-specific conditions stated above – the PMU would be responsible for the following key functions and outputs at an operational level:

### **4.1 Financial Management:**

The PMU is responsible for the administration and financial management of MIG funds within the municipal and national accounting systems for infrastructure projects of the municipality, and for any other municipalities where this authority has been delegated to the PMU. This function should be closely aligned to the Financial Management of the whole municipality.

### **4.2 Project Identification / Feasibility process:**

The coordination of the project identification and prioritisation process for municipalities served by the PMU ensures proper integration of the respective Infrastructure Investment Framework (IIF) and Integrated Development Planning (IDP's) with the appropriate input from the various other government departments to ensure synchronised service delivery. The feasibility process necessitates that due consideration be given to the feasibility of the project in terms of Provincial Growth and Development strategies, integrated regional-level infrastructure planning and technical feasibility of the project.

The PMU is not directly responsible for planning but will liaise closely with the municipal planning department and the relative PIMSS centre.

Either the relevant national department, or its provincial counterpart working in conjunction with the municipality and the PMU, will guide this process.

### **4.3 The Special Municipal Infrastructure Fund(SMIF):**

The coordination of SMIF project applications will support the provision of large scale bulk and connector infrastructure involving a number of municipalities.

**4.4 Contract Administration:**

This involves the coordination of the administration of service agreements and contracts with contractors and consultants for each project - including feasibility and backlog studies.

**4.5 Programme / Project Management:**

The PMU will be responsible for the management of the local infrastructure programme (municipal scale) as well as physical project implementation activities while ensuring:

- That all projects meet overall planning objectives and specific key performance indicators as determined by the MIG policy framework;
- The coordination of regular progress meetings at local level and representation at the national progress meetings;
- That the associated project management administrative functions, from project registration and evaluation through to final project completion reports, are taken care of.

**4.6 Monitoring Database MIG MIS:**

The PMU will be responsible for the management of the MIG MIS and the preparation of all necessary reports to municipalities and the Provincial MIG Management Units and the National MI Unit the relevant provincial and national departments.

**4.7 Project Monitoring and Evaluation:**

The PMU will be responsible for:

- Socio-economic impact assessments detailing how the MIG programme has impacted on the communities and municipalities in terms of skills development, community involvement, municipal partnerships, local economic development and how the lives of the communities have improved;
- The facilitation of backlog studies and environmental impact assessments of projects when necessary.

**4.8 Other capital works funding:**

Capital works funded from other sources will be included within the competence of the PMU.

**4.9 Project-based capacity building:**

The PMU will be responsible for the coordination of project-based capacity building and developmental initiatives.

This capacity building component of MIG is concerned with projects only. The arrangements relating to the effective delivery of municipal infrastructure and will be targeted in the following manner:

**Table 1: MIG Capacity Building Component**

Scale of initiative	Type of activity	Key features
Project level	Project implementation	Capacity building is associated with improving the ability of communities to become involved with project planning and the construction of projects. With regard to construction, the focus is on labour-based construction and small contractor development.
	Operation	Under this category the project includes an undertaking to train the future services provider (or operator) to operate the infrastructure. Typically, this would involve community-based organisations but it may also be aimed at municipal staff. In some cases the obligation to support services providers may extend for up to three years. Such costs may be included under project costs.
Programme (municipal scale) 4.10 4.11 4.12 4.13	Programme management	The focus of the national effort under the National MIG Unit will be on building the capacity of Project Management Units (PMUs) to ensure that they can fulfil their functions.
	Project implementation	There may be a local motivation to establish programme scale initiatives, which could include district scale labour-based construction programmes, particularly for roads. Such initiatives typically have a strong capacity building element.

**4.10. Operations and Planned Maintenance:**

Municipal Infrastructure Investment Planning, together with Integrated Development Planning, is necessary for long-term financial sustainability of municipal assets. In support of this, it is critical that municipalities have planned maintenance programmes for their assets on one hand and the necessary resources and capacity on the other.

It is the responsibility of the PMU to ensure that the municipality has the resources to fulfil the operations and maintenance obligations for all capital projects. The PMU will assist directly or indirectly wherever possible with regard to the planning and implementation of the Operations and Maintenance (O&M) programmes.

**4.11. GIS:** It is envisaged that the GIS functions will be based at the provincial offices or District Municipality. PMUs are expected to make use of these facilities - especially during the project planning / feasibility phases, the O&M planning and the development of asset registers etc.

**PMU's may also make use of the GIS module within the MIG- MIS.**

#### **4.12. Community Liaison / Development:**

It is critical to the success of the programme that there is the appropriate communication and liaison with the community in respect of project planning and implementation to ensure buy-in and long term sustainability of the projects. Communities need to understand the need to pay for services and the development of community-based partnerships for the purposes of O&M as discussed above under the point "Project-based capacity building".

### **5. OPERATIONAL RESPONSIBILITIES/ OUTPUTS:**

It must be understood that project management is an integral function of a municipality. The utilisation of internal staff should be maximised before new external staff are recruited.

#### **5.1. Project Manager / Engineer**

The Project Manager/Engineer is primarily responsible for:

- Integrating, coordinating, project-managing and financially administering the MIG in his area of jurisdiction;
- Ensuring project compliance with all applicable legislation, policies and conditions applicable to MIG;
- Conducting project performance and cash flow reviews;
- Liaising with the Provincial and the Senior MIG Manager as well as other line function departments through formal regular evaluation/progress meetings and on an *ad hoc* basis;
- Submitting monthly, quarterly, bi-annual, annual and *ad hoc* reports to **dplg** as determined in applicable legislation or as required by the National MIG Unit;
- Managing the PMU team and their respective outputs.

Should a municipality have a fully functional technical department, the PMU should be located in the Technical Department and the PMU Manager should report to the Chief Technical Manager. The function of the PMU manager could be that one of co-ordinating the implementation of infrastructure projects for a municipality. Under no circumstances should a Project Management Unit be isolated from a municipality and its reporting structures

#### **5.2. Secretariat**

Secretariat responsibilities include:

- Administrative and coordination support to the Project Manager;
- HR and related functions.

#### **5.3. Technician**

Each technician's responsibilities include:

- Delivering technical support and evaluating proposed projects in alignment with the respective municipal IDPs and the regional and provincial growth and development plans;
- Project-managing labour-intensive projects in line with the EPWP framework and the related reporting requirements;
- Arranging regular project progress meetings;
- Ensuring compliance with all legal aspects and conditions, as required by the various spheres of government;
- Conducting site visits/meetings to ensure compliance with business plan conditions;
- Managing cash flows and committed project expenditure;
- Verifying payment certificates and preparing monthly payment schedule documentation;
- Maintaining project performance data on a national database;
- Assisting with other related municipal infrastructure programmes.

#### **5.4. Financial/Legal staff**

Financial/legal staff responsibilities include:

- Performing final compilation of monthly, quarterly, bi-annual and annual reports to the MIG Manager;
- Monitoring the consolidated cash flow performance reports on each project and on the regional programme collectively;
- Verifying and reconciling quarterly transfers from national to the district and local municipalities;
- Compiling all financial reports required by the (DORA) and submit it monthly to the PMMU and the National MIG Unit;
- Auditing compliance of all legal conditions, required by the different spheres of government;
- Auditing and administering the monthly claims and expenditure.

#### **5.5. Administration/OH&S auditing staff**

Administration/OH&S auditing staff responsibilities include:

- Supporting and assisting with all administrative duties required by the PMU team;
- Processing related correspondence and assisting with report generation;
- Performing data audits;
- Performing register maintenance: site-visit reports, OH&S register etc.

#### **5.6. Data Capturer/limited IT capabilities**

Data capture (and similar) staff responsibilities include:

- Managing and maintaining the national monitoring database;
- Liaising with provincial and national IT specialists on related issues;
- Providing data and information technology and quality control;
- Manipulating data for the preparation of all necessary reports to municipalities and the relevant provincial and national departments.

### **5.7. Community Officer / Communications**

Community Officers and Communications staff responsibilities include:

- Designing and implementing a communications strategy in line with provincial and national objectives. This embraces:
  - ✓ Press releases
  - ✓ Coordinate opening and hand-over ceremonies
  - ✓ MIG orientation workshops etc.
- Preparing and implementing a MIG capacity-building business plan in alignment with the municipal LGCBF business plan;
- Facilitating community liaison linkages to ensure full community participation at all stages of a project's life cycle;
- Conducting bi-annual socio-economic impact assessments on selected projects as required by the National MIG Unit;
- Coordinating project-based capacity building in terms of:
  - ✓ Job creation, with the focus on introducing labour-based construction methodology and the development of SMMEs where technically feasible
  - ✓ The development community-based partnerships for the operation and maintenance of the infrastructure.
- Monitoring and reporting on implemented capacity building initiatives.

The municipality, in conjunction with the province and the **dplg**, reserve the right to expand or reduce the scope of work as circumstances dictate. It is envisaged that the IT and GIS specialists will be located within the provincial structure and report directly to the Provincial MIG Manager.

### **5.8. Training**

In terms of the MIG Policy, the National MIG Unit will support the capacity building of the PMU utilising MIG funds.

The types of interventions will obviously depend upon the qualifications and experience of the PMU team members but may include the following:

- a) MIG orientation workshops – national (as per national training schedule)
  - MIG Fund management systems and institutional requirements;
  - Inter-departmental orientation:

- ✓ Inter-departmental line functions (roles and responsibilities)  
DWAf, DoT, DoH, SALGA, NT, DPW, PIMMS etc.
  - ✓ Sector-specific conditions
  - ✓ Departmental Reporting requirements
  - MIG Administration systems;
  - MIG Data Information systems;
  - MIG lines of communication;
  - MIG reporting requirements;
  - Monitoring and Evaluation – Impact Assessments.
- b) Technical training
- Infrastructure Investment planning;
  - Integrated development Planning;
  - Project management - municipal Infrastructure related;
  - Labour-based methodology – NQF 5 to NQF7 (In terms of the EPWP);
  - Operation and maintenance planning;
  - Asset management;
  - OH & Safety standards;
  - IT - national database training;
  - GIS planning.
- c) Legal Services training
- Contract documentation;
  - Local Government law including Departmental conditions.

Capacity Building interventions, training requirements, associated budgets and timelines will be formulated once all the capacity gaps have been identified and will be implemented by a multi-sectoral team.

#### 5.9. **Implementation of the MIG Programme Management systems**

As mentioned previously, the **MIG programme management system (MIG MIS)** developed by the National MI Unit will have to be established within municipal systems by the PMU. It includes:

- The implementation of **communication, documentation, and information flows** generic to all sectors and departmental policies;
- The implementation of the **generic reporting mechanisms**, formats and procedures;
- The implementation of the **MIG National Fund Administrations system**;
- The implementation of the **MIG Data Information system**;
- **Assist municipalities to populate the Backlog Reporting Module**
- The implementation of **ISO quality control** standards.

## 6. PMU FUNDING ARRANGEMENTS

PMUs which is basically a ring-fenced project management function, will be funded from the MIG grant allocation made to the municipality. The funding for PMU's will be subject to a minimum of 0,5% and a maximum of 5% to the limit of R3,5 million of the total grant allocation for the PMU area. The sliding scale is included at the end of this document for guidance.

In the first year of establishing a PMU, a municipality must submit a PMU business plan to the Province for approval and ratification by the **dplg**. This will include the assessment of the business plan on the viability of the PMU taking into consideration that more municipalities will receive funds directly now that almost all municipalities are receiving funds directly.

**The dplg will not approve the business plan / budget of the PMU if it is not according to the guidelines and/or if the PMU under performed in the previous financial year(s).**

Province, and the **dplg** where necessary, will provide assistance with the implementation of the PMU's and with operational issues on an ongoing basis. The business plans must include the following:

- Detailed budget for the PMU
- Implementation Timelines;
- Dedicated MIG project management staff structure, detailing key responsibilities and competencies as well as the related personnel budget;
- Detailed planned office environment and support IT hardware, equipment, and other office resources;
- Detailed lines of reporting/communication with all stakeholders – national departments, provincial line departments etc.;
- Training/orientation programmes and timelines. (Project based interventions);
- In particular, where external consultants have been appointed – a detailed skills transfer exit-strategy must be developed in keeping with local government capacity constraints. The strategy must detail the following outputs/objectives and form part of the PMU business plan:
  - ✓ Nominated staff / positions to be trained
  - ✓ Identify specific training needs
  - ✓ Realistic strategy timeline based on municipal capacity gaps & training needs
  - ✓ Handover milestones of operational and technical functions.
- A PMU serve all the receiving municipalities in its area of jurisdiction. The receiving local municipalities contribute financially to a PMU established at a district level. A district municipality and/or the local municipalities must enter into a service level agreement.



- A local municipality could establish a PMU on its own only if it is able to fund and perform the project management function. The minimum estimated funding required to set up the PMU function is R1million.

**It is imperative for a municipality that has established a PMU to inform the dplg about the committed resources to perform project management function from the 2<sup>nd</sup> year of existence of the PMU by the 15<sup>th</sup> of February of every year so that information could be updated in the contact database of the PMUs.**

### 6.10. Project Lifecycle: The cycle illustrates the extent of work to be completed by PMUs in the project lifecycle

PHASE	DESCRIPTION	RESPONSIBILITY
PROJECT IDENTIFICATION	<ul style="list-style-type: none"> <li>- The IDP should incorporate a proper community participation process and thereby ensure that the true needs of the community are being addressed by the identified projects. The IDP will also form the basis for alignment between the MIG programme and other Sector Departments.</li> <li>- PMU to facilitate the feasibility studies in the municipalities. The participation of sector departments is crucial.</li> <li>- Prioritise residential infrastructure for water, sanitation, electricity, refuse removal, streets, housing connector, and other municipal infrastructure like roads, in line with any MIG of Sector policies established before the start of the municipal financial year.</li> <li>- The Municipal Council must approve the three-year capital plan linked to the IDP and budget and it must reflect the operational and maintenance costs.</li> <li>- Municipalities must also adhere to the labour-intensive construction methods in terms of the EPWP guidelines agreed between Department of Public Works, National Treasury and SALGA, for at least low volume roads, sidewalks, stormwater drainage, trenching, etc.</li> </ul>	PMU / PPMU / SECTOR DEPARTMENTS
PROJECT PRIORITISATION / SELECTION  ✓	<p>The following conditions will be applicable on the MIG Programme and must be taken into account in the prioritisation process:</p> <p><b>6.11. Division Of Revenue Act</b></p> <hr/> <ul style="list-style-type: none"> <li>- <b>Cross-Cutting Conditions</b></li> <li>- <i>Conformity with IDPs</i></li> <li>- <i>Limitation on operational spending</i></li> <li>- <i>Restrictions on eligibility:</i></li> <li>- <i>Adequate attention to rehabilitation:</i></li> <li>- <i>No Pledging of funds to secure loan finance:</i></li> <li>- <i>Achievement of specified basic service coverage targets:</i></li> <li>- <i>Poverty alleviation</i></li> <li>- <i>Reporting:</i></li> <li>- <i>MIG funds to be allocated in municipal budget:</i></li> <li>- <i>Registration of MIG</i></li> <li>- <b>Sector Specific Conditions</b></li> </ul> <p>Each sector department (DWAF, DME, DoT and DSRSA) may establish further conditions specific to their sectors. Such conditions will be included at the discretion of the Municipal Infrastructure Task Team.</p>	✓ PMU / PPMU / SECTOR DEPARTMENTS

	<b>SMIF</b> <ul style="list-style-type: none"> <li>- The coordination of SMIF project applications; in support of cost effective regional-level bulk and connector infrastructure involving a number of municipalities.</li> <li>-</li> </ul>	PMU / PPMU / SECTOR DEPARTMENTS
FINAL PROJECT LIST	<ul style="list-style-type: none"> <li>- The result of the deliberations should be a prioritised list of projects that comply with all the MIG criteria and an estimated cashflow over the duration of the implementation period for all the identified and already approved projects that ties in with the DORA allocation.</li> <li>- Concurrence must be obtained from the Sector Departments on the final project list</li> <li>- The final project list to be submitted to the PPMU and NMU.</li> </ul>	PMU / PPMU / SECTOR DEPARTMENTS
PROJECT REGISTRATION	National MIG (MIS) <ul style="list-style-type: none"> <li>- The PMU will be responsible for the (IT) management of the monitoring database and the preparation of all necessary reports to municipal and the relevant provincial and national departments.</li> <li>- Generation of registration forms/ feasibility studies</li> <li>- <b>Data capture, updating and replication of all data and KPIs</b></li> <li>-</li> </ul>	PMU / PPMU
	<ul style="list-style-type: none"> <li>- The PMU to appoint Consulting Engineers according to the supply chain management procedures</li> <li>- The PMU activates the Project Registration Form on the website.</li> <li>- The PMU completes the Project Registration Form on the website. A hard copy of the Project Registration Form is printed out for filing purposes.</li> <li>- Prepare and finalise Technical report as required by DWAF. A hard copy of the Technical report is printed out for filing purposes.</li> <li>- The Municipal Manager (PMU) signs the Project Registration Form off on MIS.</li> </ul>	PMU / PPMU
	The PMU submits the Project registration forms and Technical Report to Sector departments for approval.	DWAF
	The PPMU evaluates Project Registration Form and signs the form off on MIS.	PMU
	The NMU evaluated Project Registration Form and signs the form off on MIS.	NMU
	The NMU submits the registration letter to the municipal PMU.	

DESIGN	<ul style="list-style-type: none"> <li>- The municipality appoint a project consultant and capture the consultant's details on the MIS.</li> <li>- Projects must be allocated to consulting engineers through the supply chain management process to ensure that an equitable spread of work is achieved between the different companies.</li> <li>-</li> </ul>	PMU / PPMU
	<p><i>Design alternatives</i></p> <p>The first task that the consulting engineer will perform is to identify the different design alternatives that can be used for the project. Examples are:</p> <ul style="list-style-type: none"> <li>- The use of technology with a high operation and maintenance cost. These costs will have to be carried by the municipality for the duration of the project's design lifetime.</li> <li>- The potential to employ labour on a project is often influenced by decisions taken during the design phase e.g. to tar a road or to rather pave it by hand with concrete paving bricks.</li> <li>- Because of the long-term implications to the municipality of the design alternative selected, it is important that the municipality endorse the selected alternative.</li> </ul>	PMU / PPMU / SECTOR DEPARTMENTS
	<p><b>Preliminary design</b></p> <ul style="list-style-type: none"> <li>- The consulting engineer will complete all the necessary surveys as well as the preliminary design based upon the selected design alternative.</li> <li>- The municipality to endorse the design report.</li> </ul>	PMU / PPMU / SECTOR DEPARTMENTS
	<p>✓ Detailed design</p> <ul style="list-style-type: none"> <li>- <b>The consulting engineer can now complete the detailed design for the project based upon the approved preliminary design report.</b></li> </ul> <p>✓</p>	PMU / PPMU
	<p><b>Tender document</b></p> <ul style="list-style-type: none"> <li>- The schedule of quantities and tender document is based upon the final design for the projects and can be drawn up after the detailed design has been completed.</li> <li>- The prescribed preferential procurement procedures that will be used to evaluate the tenders received must be described in detail in the tender document.</li> <li>- Tender report to be endorsed by the municipality.</li> <li>- Preparation and placing of Tender advertisements</li> <li>- Evaluation of tenders and submission of tender evaluation report to the Municipal Council for approval.</li> <li>- Approval of responsive tenderer by the Municipal Council.</li> </ul>	PMU / PPMU
	Occupational Health and Safety Plan must be compiled and submitted.	PMU / PPMU

✓ CONSTRUCTION	<p><i>Contractor appointment</i></p> <ul style="list-style-type: none"> <li>- After the municipality has approved the tender evaluation report, the municipality can appoint the successful contractor for the construction of the project.</li> <li>- Capture contractor's details on MIS</li> <li>- The contractor can then commence with construction of the project in terms of the design and project business plan.</li> <li>- The consulting engineer will represent the municipality during this period and supervise the work carried out by the contractor. However, the contractor will be responsible for the quality and correctness of the work performed in all cases.</li> <li>- Register contractor with Construction Industry Development Board</li> </ul>	PMU / PPMU
	<p><i>DORA Certificate of Compliance</i></p> <p>The municipality must complete and submit the DORA Certificate of Compliance to the PMMU and NMU.</p>	PMU / PPMU/ NMU
	<p><i>Project management</i></p> <p>The PMU will be responsible for the management of the local infrastructure programme (municipal scale) as well as physical project implementation activities while ensuring that:</p> <ul style="list-style-type: none"> <li>- all projects meet overall planning objectives and specific key performance indicators as determined by the MIG Unit.</li> <li>- the coordination of regular progress meetings at local level and representation at the national progress meetings.</li> <li>- the associated project management administrative functions from project registration, evaluation through to final project completion reports.</li> <li>- Project manage the labour-intensive projects in line with the EPWP framework and the related reporting requirements</li> <li>- Conduct site-visits / meetings to ensure compliance to the Project Registration Form, the Letter of Acceptance.</li> <li>- Manage cash flows and committed project expenditure</li> </ul>	PMU / PPMU/ NMU
	<ul style="list-style-type: none"> <li>- Monitor progress and quality.</li> <li>- Monitor adherence to the Occupational Health and Safety Plans</li> <li>- Implement the training programme</li> <li>- Conduct site visits and compile site visit reports</li> <li>- Complete all monthly progress reports</li> <li>- Capture all reports of the MIS</li> <li>- Verify and update MIS information on a regular basis</li> <li>- Quantification and certification of monthly progress certificates for work completed according to the specifications</li> <li>- Process progress payments (consultants and contractors) on financial system</li> <li>- Compile "As-Built" drawings, operation and maintenance manuals</li> </ul>	PMU / PPMU/ NMU
	✓ Financial Management	PMU / PPMU/ NMU

	<ul style="list-style-type: none"> <li>- The PMU is responsible for the administration and financial management of MIG funds, within the municipal and national accounting systems for infrastructure projects of the municipality and any other municipalities where the PMU has been delegated this authority.</li> <li>- The PMU is responsible for the compliance of all conditions contained in the Division of Revenue Act framework (DORA) relating to all funding mechanisms.</li> <li>- The PMU is directly responsible for the reconciliation and timely submission of all DORA reporting and adhoc reporting as and when required.</li> <li>- Final compilation of monthly, quarterly, bi-annual and annual reports to the MIG Manager</li> <li>- Monitor the consolidated cash flow performance reports on each projects and on the regional programme collectively</li> <li>- Verify and reconcile quarterly transfers from national to the municipalities</li> <li>- Audit and administer the monthly claims and expenditure</li> </ul>	
	<ul style="list-style-type: none"> <li>✓ Communication</li> <li>- Facilitate community liaison linkages to ensure full community participation at all stages of a project's life cycle.</li> <li>- Develop and implement a communication strategy in line with provincial and national objectives</li> <li>- Press releases</li> <li>- Coordinate opening and hand over ceremonies</li> <li>- MIG orientation workshops etc</li> <li>- Prepare and develop MIG capacity building business plan in alignment with the municipal LGCBG business plan.</li> <li>- Coordinate the project-based capacity building in terms of:</li> <li>- Job creation, with the focus on introducing labour-based construction methodology and the development of SMME's where technically feasible.</li> <li>- The development community-based partnerships for the operation and maintenance of the infrastructure.</li> <li>- Monitor and report on implemented capacity building initiatives.</li> </ul>	PMU / PPMU/ NMU
<div>OPERATION AND MAINTENANCE</div>	<ul style="list-style-type: none"> <li>- After completion of the project, the contractor is responsible to repair any defects that may arise during the defects liability period of the contract.</li> <li>- Once the project has been completed, the consulting engineer will issue a physical completion certificate.</li> <li>- Capture the physical completion certificate on the MIS.</li> <li>- If the project was completed for an amount that is less than the approved project budget, budget maintenance will have to be done on the MIS to reflect this saving.</li> <li>- <b>Municipal Infrastructure Investment Planning together with Integrated Development Planning is necessary for long-term financial sustainability of municipal assets. In support of this, it is critical that municipalities have planned maintenance programmes for their assets on one hand and the resources and capacity on the other.</b></li> <li>- <b>It is the responsibility of the PMU to ensure that the municipality has the resources to fulfil the operations and maintenance obligations for all capital projects. The PMU will assist wherever possible with regard to the planning and implementation of the O&amp;M programmes, directly or indirectly.</b></li> <li>- Promote Municipal Service partnerships for maintenance and operational functions.</li> </ul>	PMU / PPMU

## 7. MONITORING OF PROJECT MANAGEMENT UNITS (PMUs)

The **dplg** is responsible for assisting the municipalities with the establishment and monitoring of the Project Management Function within municipalities or Project Management Units. A municipality should, in the first year of establishing a PMU, submit a PMU business plan to the province and to the **dplg** for ratification of the model used for the establishment of the PMU. A contact list of the human resources in the PMUs should be submitted every six months after ratification of the business plan in the first year of establishment. A municipality should submit a reviewed business plan if the original model of establishment is changed. The contact database of human resources of the human resources in the PMU will be established and updated every six months. This process will assist in assessing the human resources gaps and the capacity requirements to close the performance capacity of the municipalities on project management.

*It is imperative for a municipality that has established a PMU to inform the provinces and the **dplg** every year about the resources committed to perform the project management function from the 2<sup>nd</sup> year of existence of the PMU. This information should be submitted by the 15<sup>th</sup> of February annually so that the information can be updated in the contact database of the PMUs.*

## 8. CAPACITY BUILDING OF PMUs

The **dplg** and sector departments have a responsibility to build capacity of the municipalities. The **dplg** is responsible for ensuring that the PMUs are established and functional. This implies that the systems that exist in the municipalities to manage the programme should be functional so that projects can be effectively implemented. Sector departments are responsible for ensuring that the PMUs are competent to plan the projects, implement them, report on financial and non-financial indicators and also monitor the projects.

## 9. SLIDING SCALE FOR PMUs

Allocation R'000	%
Less than 30 000	5.00%
30 000 - 49 999	4.00%
50 000 - 59 999	3.70%
60 000 - 79 999	3.30%
80 000 - 99 999	2.70%
100 000 – 109 999	2.50%
110 000 – 129 999	2.30%
130 000 – 159 999	2.10%
160 000 – 179 999	1.70%
180 000 – 209 999	1.65%
210 000 – 239 999	1.50%
240 000 or more	1.35%

\*The allocation for a PMU cannot exceed the limit of R3.5 million.