

Implementation Challenges and Solutions for Integrated Infrastructure Planning in Practice

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Development Dialogues

“ In terms of capacity, there should be a differentiated approach to the assignment of projects to municipalities. Some municipalities do not have capacity while others have over-capacity... ”

Thabo Mokwena, Strategic Infrastructure Project 7





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Planning of SIP 6 to achieve positive development impacts for municipalities with large backlogs

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SIP 7 Challenges and opportunity for large-scale integration

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What has and can still be learnt about integrated development planning in municipalities?

Richard Goode Development Bank of Southern Africa

Context of Integrated Infrastructure Planning

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“ One of the challenges is that the IDP process is currently done on a sectoral basis - so the needs analysis and identification is done on a sector basis; and we are proposing that it be done in an integrated manner.

Bethuel Netshiswinzhe, DBSA ”

Implementation Challenges and Solutions for Integrated Infrastructure Planning in Practice

1. Introduction

Taking an integrated approach to infrastructure planning is often mooted as the optimum solution to improving infrastructure delivery and addressing infrastructure backlogs. In general, integrated infrastructure planning is viewed as an effective way to achieve more efficient outcomes, greater coordination and increased savings at both planning and implementation stages. Recognising that infrastructure planning and delivery is complex, a holistically integrated approach could conceivably comprise several dimensions including policy alignment, institutional arrangements, financing challenges, social and economic delivery implications, and multiple partner/stakeholder agreements.

The purpose of this Roundtable was to examine key issues related to the practical challenges associated with integrated infrastructure planning by looking at how it is being pursued, identifying impediments within the current framework and exploring how current practice could be improved in South Africa.

Three presentations provided the basis for the ensuing discussion and focussed on Implementation Challenges of the Strategic Integrated Projects (SIPs), SIP 6 and 7, in addition to Insights on Integrated Development Planning at a local level.

2. The Issues

2.1. The core issue

Integrated infrastructure planning can be defined as:

...a joint planning exercise that ensures participation of all stakeholders and affected departments. Its objective is to examine all economic, social, and environmental costs and benefits, in order to determine most appropriate options and to plan a suitable course of action.

While the definition stresses the importance of joint planning, i.e. horizontal coordination between government functions, in practice it is difficult to achieve alignment across the different functions and institutions within government, and to escape the 'silo' mode of operation.

South Africa has a formal system of planning that is embedded in its constitutional, legal and regulatory framework which allocates responsibilities to particular branches of government and provides for intergovernmental relations. The resulting process reflects choices and culminates in a set of national priorities, enables the allocation of resources and reflects all this in the national budget. If done well, this will provide the best choice for society but when it does not work well in practice, it leads to problems. An example might be a situation where an infrastructure asset is designed and built, but the supporting infrastructure it requires to function properly is not in place due to lack of coordination between government agencies. For example, good integrated planning ensures

coordination between departments, so that when a school or clinic is constructed, the roads and services such as water and sanitation are provided at the right time.

Integrated infrastructure planning emphasises the need to focus on getting the intersections between different institutions to align properly. This requires constant effort to secure the correct balance of cooperation, trade-offs and communication necessary for integration to work. Sensitivity to the needs and requirements of the different institutions influencing the process will help to understand the kind of accommodations required to get an efficient and fully operational system.

Despite a significant drive by government for increased infrastructure investment and delivery, infrastructure development and spending occurs at a slow pace. This can be attributed to a need for strategic and integrated planning, for synergy in infrastructure planning and national priorities, as well as poor coordination, with weak implementation capacity and poor project planning. In response to these challenges and in light of the importance of addressing the problem, the Presidential Infrastructure Coordinating Commission (PICC) was established in July 2011.

2.2 Improving infrastructure investment decision-making

Addressing the legacy of apartheid spatial planning raises the issue of urban to rural balance and / or differentiation in infrastructure planning and implementation. There is no clear consensus on where the balance lies between an urban focus and directing resources to less developed areas neglected under apartheid. What has changed in the current discourse on infrastructure has been the advent of national plans for development and growth, and programmes for implementation with strong political support in the form of the PICC and the SIPs.

The aim of SIP 7 is to implement projects by strategically using infrastructure to support urban development, overcome apartheid spatial planning, build integrated and sustainable communities, reduce public transportation costs and time, and promote green urban development in the country's twelve largest cities.

The question was raised as to whether this was the best strategy and if it reflected where the greatest need was, especially since larger cities are already established and the more they are developed, the more urban migration is encouraged. Would it not be better for this kind of infrastructure investment to be directed to smaller cities such as Giyani, Mafikeng and Ladysmith?

On the other hand, SIP 6 is an integrated municipal infrastructure project to assist the twenty-three least-resourced district municipalities and their associated local municipalities to address backlogs in water, electricity and sanitation bulk infrastructure and enhance service delivery.

A perspective on the issue was that we need to be clear about what we are solving for with respect to integrated infrastructure planning, and it is possible that we are not solving for coordination deficiencies, but rather for a lack of skills.

The issues of what investment will be made, where the infrastructure will be built, and what criteria inform the choices, remain central; and thus project selection and prioritisation continue to be core to infrastructure planning and execution by the PICC.

2.3 Potential for optimising the role and value of new structures within the system

There are definite benefits to an integrated development programme that coordinates the different sectors engaged in infrastructure planning and implementation, collective budgeting and funding, sharing resources (expertise, technology and funding), ownership across all spheres, and accountability by the state.

The challenge of horizontal coordination results from the way that powers and functions are organised around sectoral economic and social services. Further, there is also a problem of vertical coordination arising from the concurrent national, provincial and municipal functions such as water, electricity and transport that involve various configurations of national, provincial and local government.

In practice, projects are often planned in isolation. For example, a bulk water project in an area does not address reticulation, which is done by a different department with different funding. In this case, the participants agreed that what is needed is a single, fully integrated programme that will deal with bulk water, waste water treatment, reticulation and other infrastructure, with funding for the whole intervention including the alignment and implementation. This implies that stakeholders should be brought together so that planning can be viewed and aligned from a regional perspective.

It is also important to note that in situations where integration has worked, it was often the result of an individual's initiative and networks rather than institutionalised processes. This means that an individual on a project applies common sense so that when integration issues crop up in a project, he/she arranges the necessary interactions to ensure coordination within the project. This requires officials who have a good understanding of the sector and work but this is sometimes undermined by the rapid turnover of staff in the public service¹. The nature of institutions is that the longer people stay, the more contacts they have and the deeper the network. This is why it is much easier for people who have been in an organisation for longer periods to get things done.

Still, departments are expected to deliver on their infrastructure targets. What is expected of people is to step outside their particular mandate and consider other projects that might be required, and get the sequencing and cooperation right. Is it possible to rely on people's good sense or are checks and balances, and/or systems needed?

In this context, the forum raised the question of the responsibility for coordination, and whether the PICC and the SIPS are adding to integration and coordination or just adding another layer of complexity. Will the PICC and the SIPS be superseded by other structures? Will the PICC be institutionalised within government or will it only serve as an interim structure?

¹ The Inter-American Development Bank (IADB) assesses state capacity using the assumption that organisations do not work effectively if they have a staff turnover time of less than eighteen months.



A further question was whether problems were being correctly identified or if the addition of new structures was being seen as a solution when in fact the real problem was located elsewhere, for example, in areas such as skills and capacity?

While these questions are important, the need to take a pragmatic view and to focus on ways of using integrated infrastructure planning to improve performance in the existing situation was emphasised. At present there is no clear consensus view in the country on the big issues like legislative reform and potentially major structural changes to the way public administration works. As such, a twin track approach seems necessary so that tweaking the existing system to build infrastructure and provide services, while also trying to find the space to resolve some of the big issues should be considered. Instead of viewing the PICC as an extra structural layer, it should rather be viewed as an instrument to drive projects. Taking this approach could be the best way of optimising its role.

2.4. Challenge of value-add of the SIPs

The large municipalities believe that unless the SIPs add value by presenting solutions to the challenges they face around funding, policy and/or capacity, the SIPs will gain little commitment from the municipalities.

It was not clear what would change for municipalities if the SIPs were implemented successfully but unless the SIPs could make good on the objective of building sustainable human settlements, they might well be seen as just adding another layer of complexity. Cities and municipalities already have to report on projects to government departments and now, in addition to normal consultation and reporting, they might have to deal with two or three SIPs.

With respect to the operations of SIPs, there are accountability issues that need to be considered if they are involved in procurement for projects. There is also a question of accountability for things that go wrong in project implementation. At the moment the only real accountability lies with accounting officers within local government. Additional mechanisms for financial accountability at project level, and for socio-political and technical accountability, are needed.

Objective criteria for project selection of the SIPs need to be clearly defined. Failing this, project selection has the potential to lead to conflict between municipalities. This would impede the implementation of SIPs in situations where the support of other municipalities was needed for effective execution. SIP7 used specific criteria that projects needed to comply with such as job creation and promoting integration that would help to meet the objectives of the PICC.

2.5 Addressing infrastructure funding challenges

Funding is a key challenge for SIPs. Currently SIPs rely largely on grants from national government either for specific projects or in the form of the equitable share for projects at a municipal level. Of SIP 7's sixty-four projects, fourteen were fully funded, thirty were partially funded (with funding limited to the first three years of a project that might span six to ten years), and the remaining projects had no funding.

Initially, funding for SIP 6 was to come from unspent funds in terms of the Division of Revenue Act (DORA) allocations. However, this money is not sufficient to meet infrastructure needs.

Most municipalities do not have cost recovery mechanisms in place to bridge the gap. In general, while municipalities are prepared to look for other funding sources many of them lacked the capacity to take on additional debt. This also raises issues around financial accountability that had not been clearly resolved, with accountability in many cases defaulting to the National Treasury, which has limited capacity to finance programmes.

Further, the different subsidy mechanisms that exist also cause problems with alignment and coordination. Poor project management in terms of planning and managing implementation, as well as a host of other issues around operation and maintenance, pose challenges.

Amongst other options, the possible role of development finance institutions such as the Development Bank of Southern Africa (DBSA) should be explored. Considerably more work is needed on how to effectively address the financing challenges of the SIPs.

2.6 Enhancing capacity / skills

Skills and capabilities are fundamental to effective integrated infrastructure planning and implementation. Apart from the metros, the majority of municipalities face challenges in this respect. Lack of proper project planning and preparation was a key reason why municipalities and provinces are not able to spend their budgets. In most cases there are statements of needs but these had not been packaged into projects that could be delivered. When plans are drawn up they often do not cover full lifecycle costs and most of the municipalities, especially the less well-resourced municipalities, do not have cost recovery mechanisms in place. Putting these mechanisms in place may create problems of affordability for end users. Both SIP 6 and 7 have capacity building interventions in municipalities but it was also acknowledged that in general, a wider issue relating to education also exists.

2.7 Promoting engagement with communities

The Integrated Development Plan (IDP) processes in municipalities underline the importance of community engagement for effective planning and implementation. In the case of top-down implementation, failure to consult with communities has led to wasteful expenditure, such as building schools that are not used because of poor proximity or lack of infrastructure support such as water, electricity and sanitation. On the other hand, bottom-up planning, without ongoing communication with communities including consultation on performance monitoring, has led to dissatisfaction and protest action in some cases.

SIP programmes need to ensure clarity on who is responsible for consultation and communication with communities. Efforts that have been made to link community-based planning with national government plans using participatory approaches provide pointers on how to bridge the gap in communication with communities. The needs analysis and identification for IDPs, which is currently done on a sectoral basis, should be done in an integrated manner so that sectoral plans are anchored in identified needs.



Although there are many problems with the IDPs that need to be fixed, the idea that local government must know what is happening in its area, what was being done with available resources and who was doing it, is sound.

Integration and centralised decision making comes with a range of challenges including delayed decision making, overshadowing of local players by outside experts, cherry picking and political influence over project selection and finance; all of which could lead to lack of local ownership. There are also clear benefits. Greater integration could help to overcome a tendency to focus narrowly on a single municipality, an important consideration for development of regions.

3. Conclusion

The presentations and discussion underlined the need to adopt a twin track approach to improve integrated infrastructure planning. The first determination would be to understand what the current status is, the enabling environment, the political economy and what drives the actors within that environment through incentives and disincentives. At the same time, it is important to recognise how the structures that have been created (PICC) could be used and to find ways to optimise their role in selecting and driving projects.

In terms of improving implementation practices, the idea of fine-tuning is important. The discussion raised questions that need to be pursued, and highlighted the idea of an audit of what needs to be changed in the system in order to render better infrastructure delivery. Repeatedly, in the conversation on integrated infrastructure planning, the issue of urban and rural contexts, and migration, emerge. Greater clarity on information over the long term, the time period considered, and what is sustainable, are needed. More work is required in this area. In the interim, it would be valuable to identify those areas where some institutions and processes can be changed in order to get greater levels of cooperation.

With respect to changes, the areas where significant change is required must also be ascertained. Developing an understanding of small and much larger change imperatives required, would be one way of taking this debate forward and of developing proposals that could contribute to the systemic improvement of integrated infrastructure planning.