

CITIZEN ENGAGEMENT APPROACH IN COMMUNITY INFRASTRUCTURE DEVELOPMENT: SOUTH AFRICA

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

APPROACH TO THE PRESENTATION

Locate participation within the:

- legislative framework,
- budget process
- Relationship between spheres of government
- Integrated Development Planning process

Why?

- Locate infrastructure delivery within the broader budgeting process (**one budget process**)
- SANT does not directly engage communities:
 - works through Provincial Departments of Treasuries (09)
 - works through national sector departments
 - sets and agrees on good practices and processes to be implemented by different spheres of government.

LEGISLATIVE FRAMEWORK: ROLES OF NATIONAL TREASURY IN RELATION TO LOCAL GOVERNMENT

- Constitutional mandate:

216. Treasury control

- (1) National legislation must establish a national treasury and prescribe measures to ensure both **transparency** and **expenditure control** in each sphere of government, by introducing
 - (a) generally recognised accounting practice;
 - (b) uniform expenditure classifications; and
 - (c) uniform treasury norms and standards.
 - (2) The national treasury must enforce compliance with the measures established in terms of subsection (1), and may stop the transfer of funds to an organ of state if that organ of state commits a serious or persistent material breach of those measures.
- In relation to local government, the national legislation referred to in section 216 of the Constitution includes the following:
 - The **Municipal Finance Management Act**;
 - The sections of the annual Division of Revenue Act that set treasury norms and standards;
 - The Municipal **Fiscal Powers and Functions Act**; and
 - The Preferential Procurement Policy Framework Act.

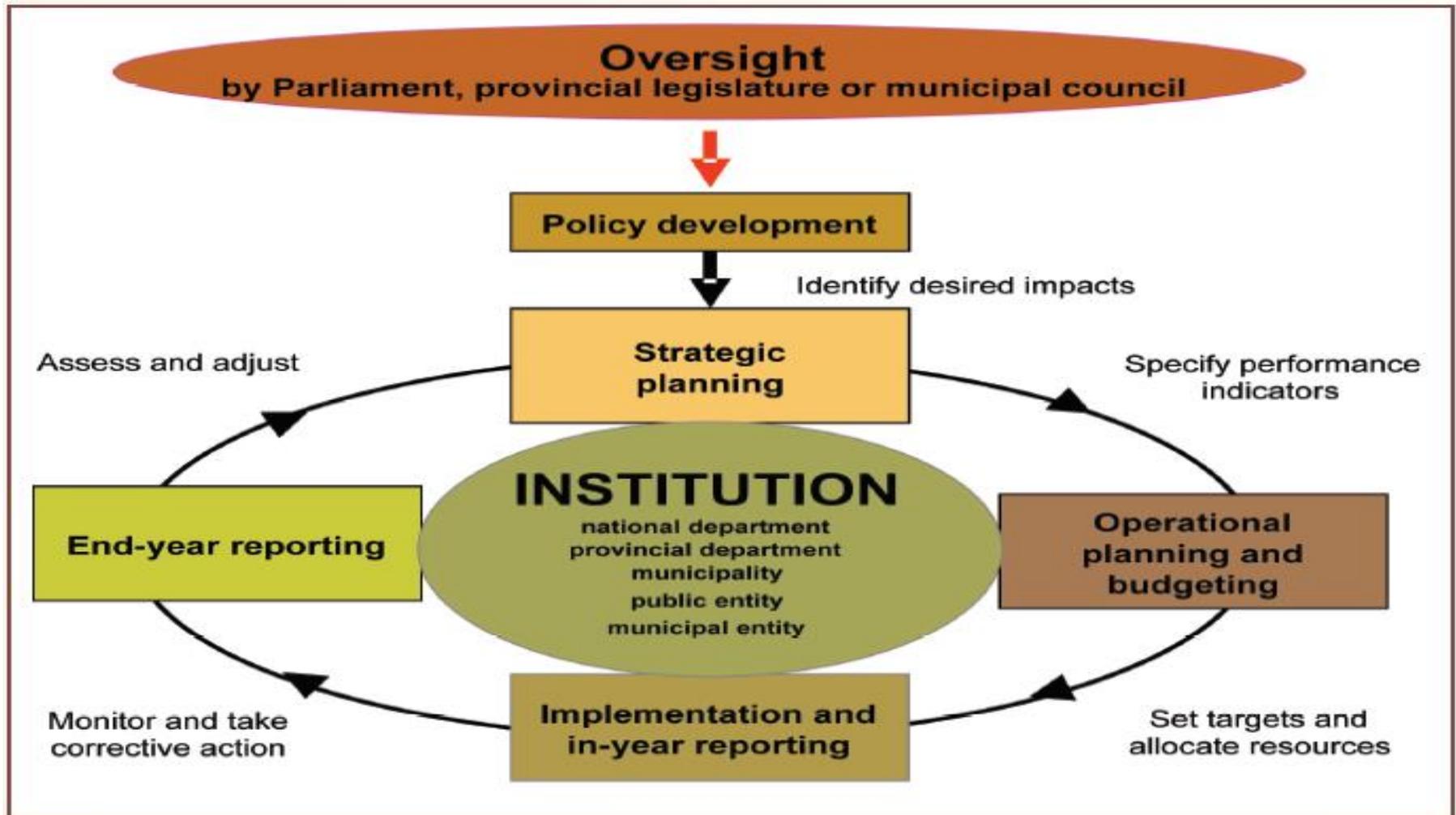
FUNCTION SPLIT: ROLES OF NATIONAL TREASURY IN RELATION TO LOCAL GOVERNMENT

- National Treasury has delegated responsibility for 249 municipalities to the respective provincial treasuries
- Provincial treasuries take lead from National Treasury
- Provincial treasuries' role with regards to municipal budgeting
 - Ensure compliance with the MFMA, including:
 - Adherence to the time-lines for tabling and approval of municipal budgets;
 - Implementation of the Municipal Budget and Reporting Regulations, especially the new budget formats;
 - Application of the funding compliance assessment; and
 - Overall evaluation of municipal budgets
 - Provide budget related training to municipalities
 - Assist municipalities with implementation of budget related reforms
- Work with Depts. of LG and provincial sector departments to ensure proper co-ordination of provincial and municipal plans and budgets.
- Chapter 3 of the Constitution and Chapter 5 of the MFMA require national and provincial governments to build capacity of municipalities for efficient, effective and transparent financial management

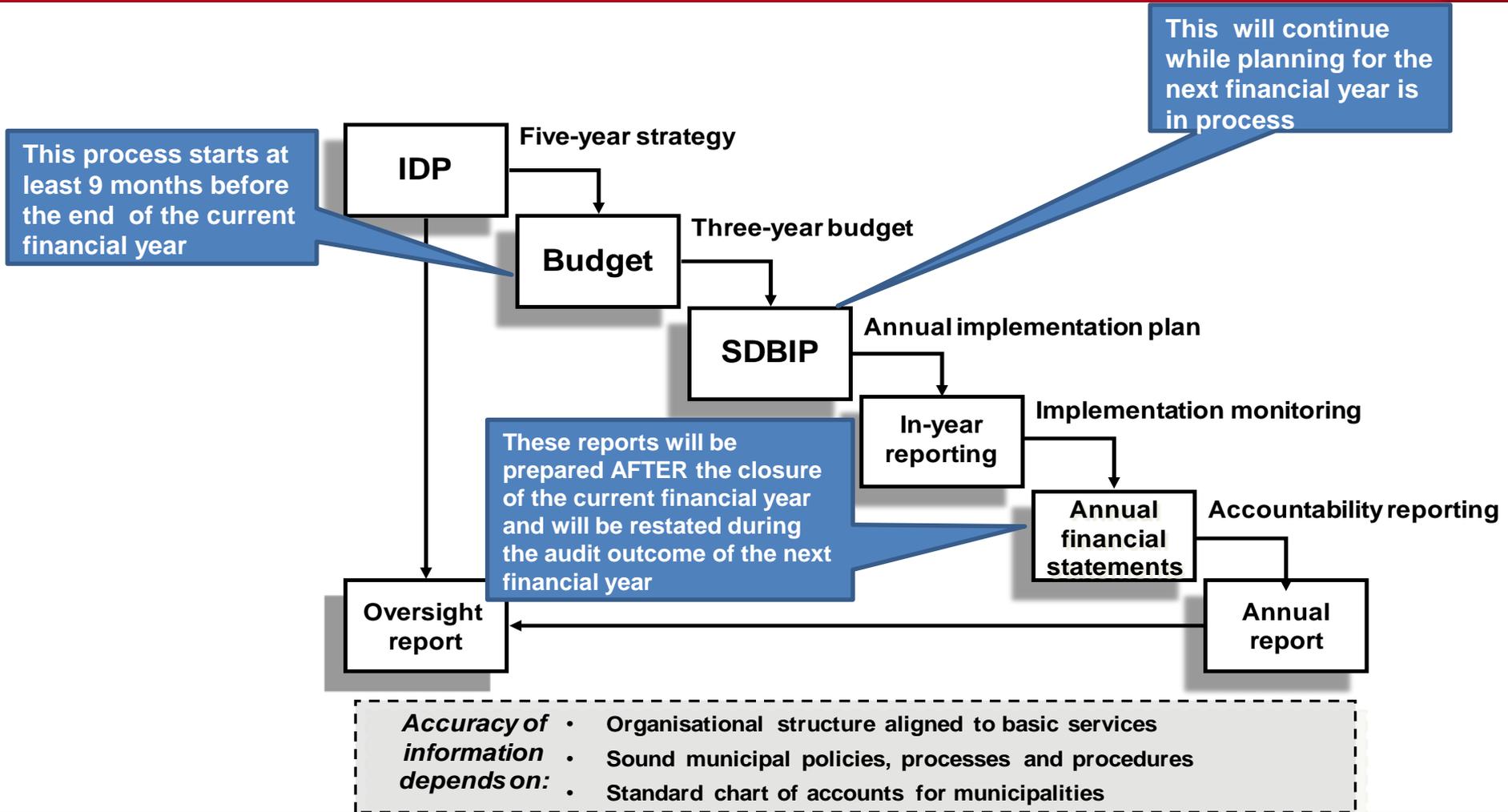
THE BUDGET PROCESS

- The Mayor **must** establish a budget steering committee to provide technical assistance in discharging, amongst others, the following responsibilities:
 - General political guidance over the budget process and the priorities that must guide the preparation of the budget;
 - Co-ordination of the annual revision of the Integrated Development Plan;
 - Take all reasonable steps to ensure that the budget is approved before the start of the financial year;
 - That the Service Delivery Budget Implementation Plan is approved by the Mayor 28 days after the approval of the budget;
 - Ensure annual performance agreements are in place for the municipal manager and senior management;
 - Compliance to legislation i.e. MFMA; and
 - That the budget is linked to measureable performance objectives.

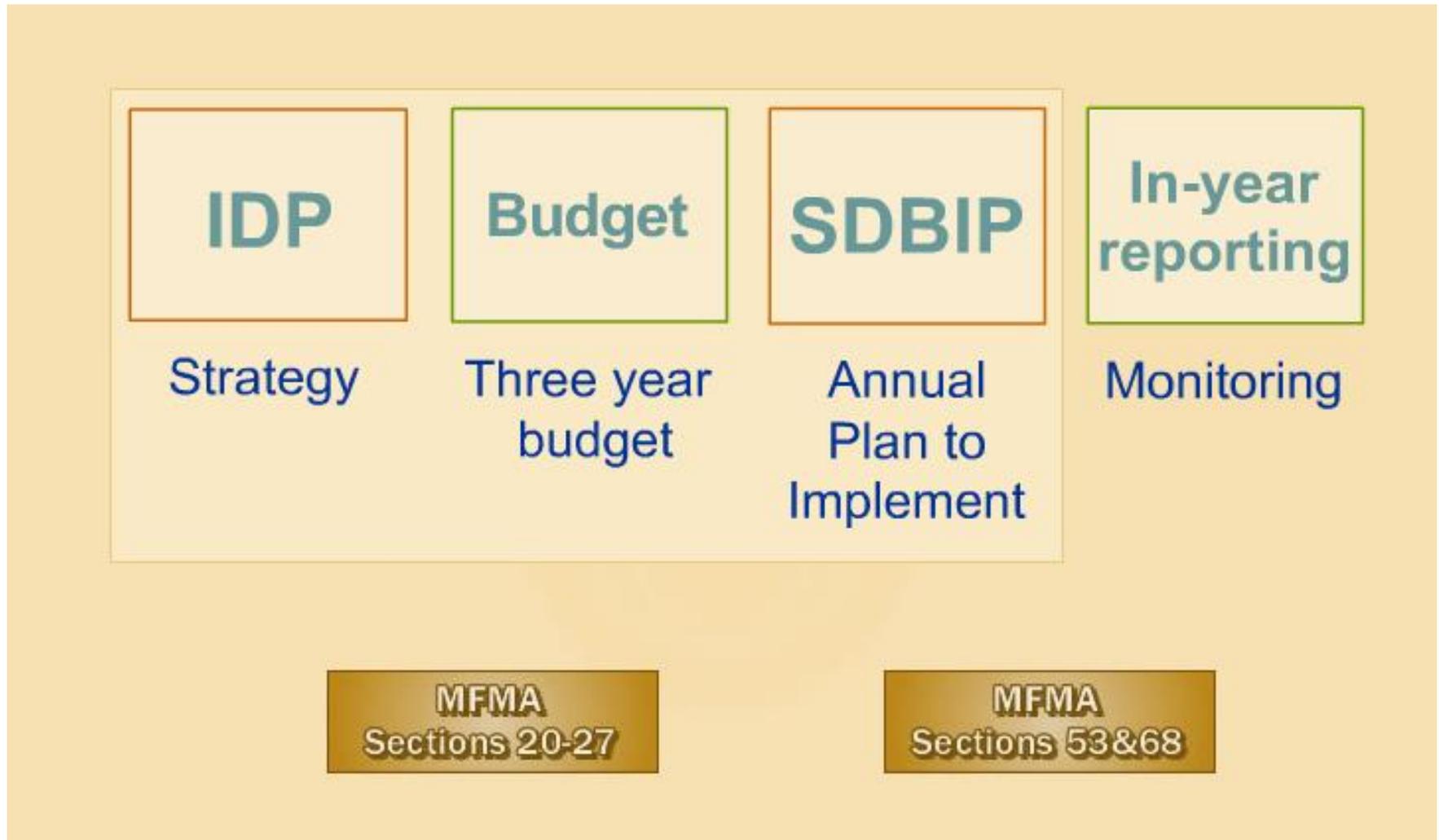
PLANNING, BUDGETING AND REPORTING CYCLE



Local government Reporting cycle



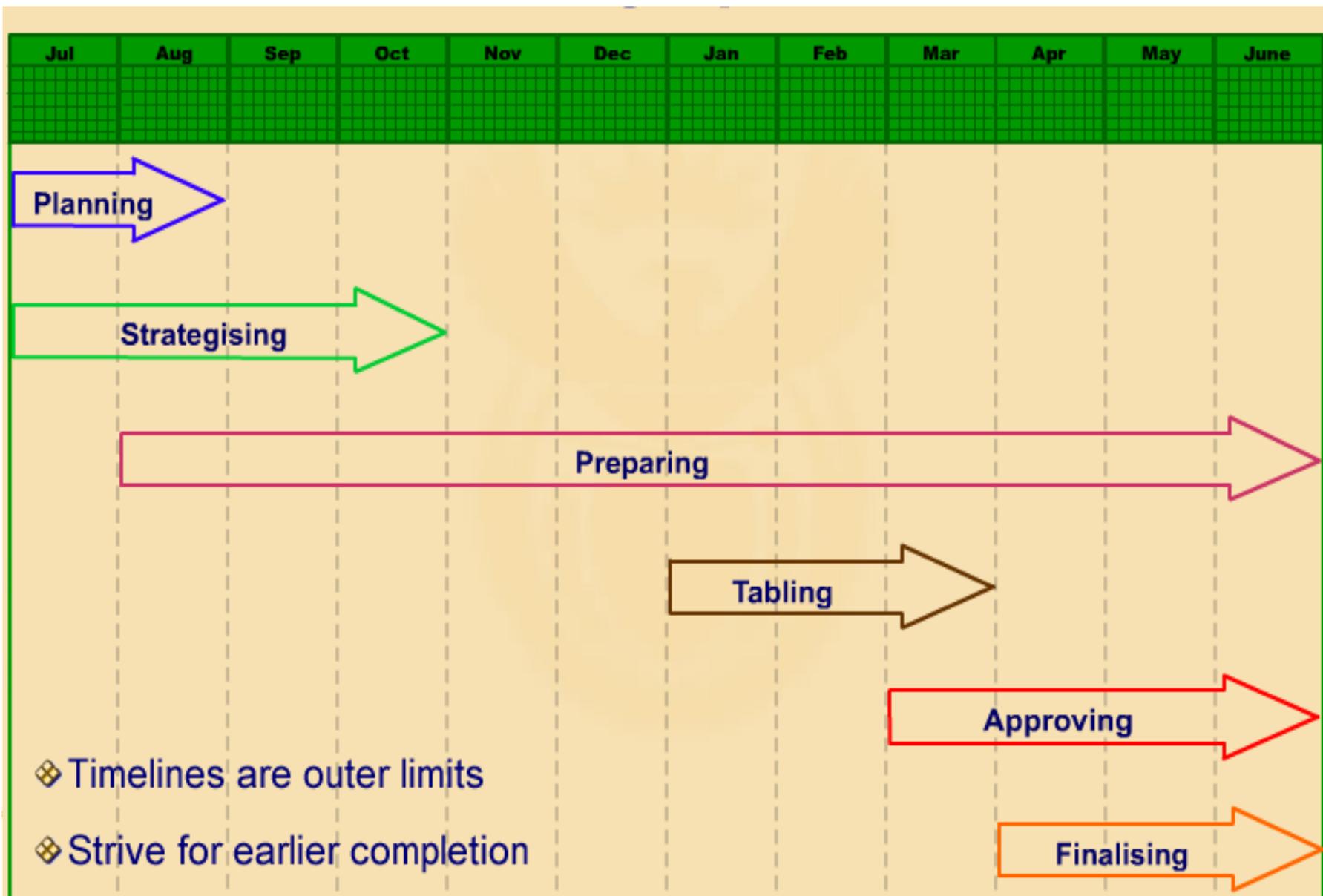
ELEMENTS OF A MUNICIPAL BUDGET



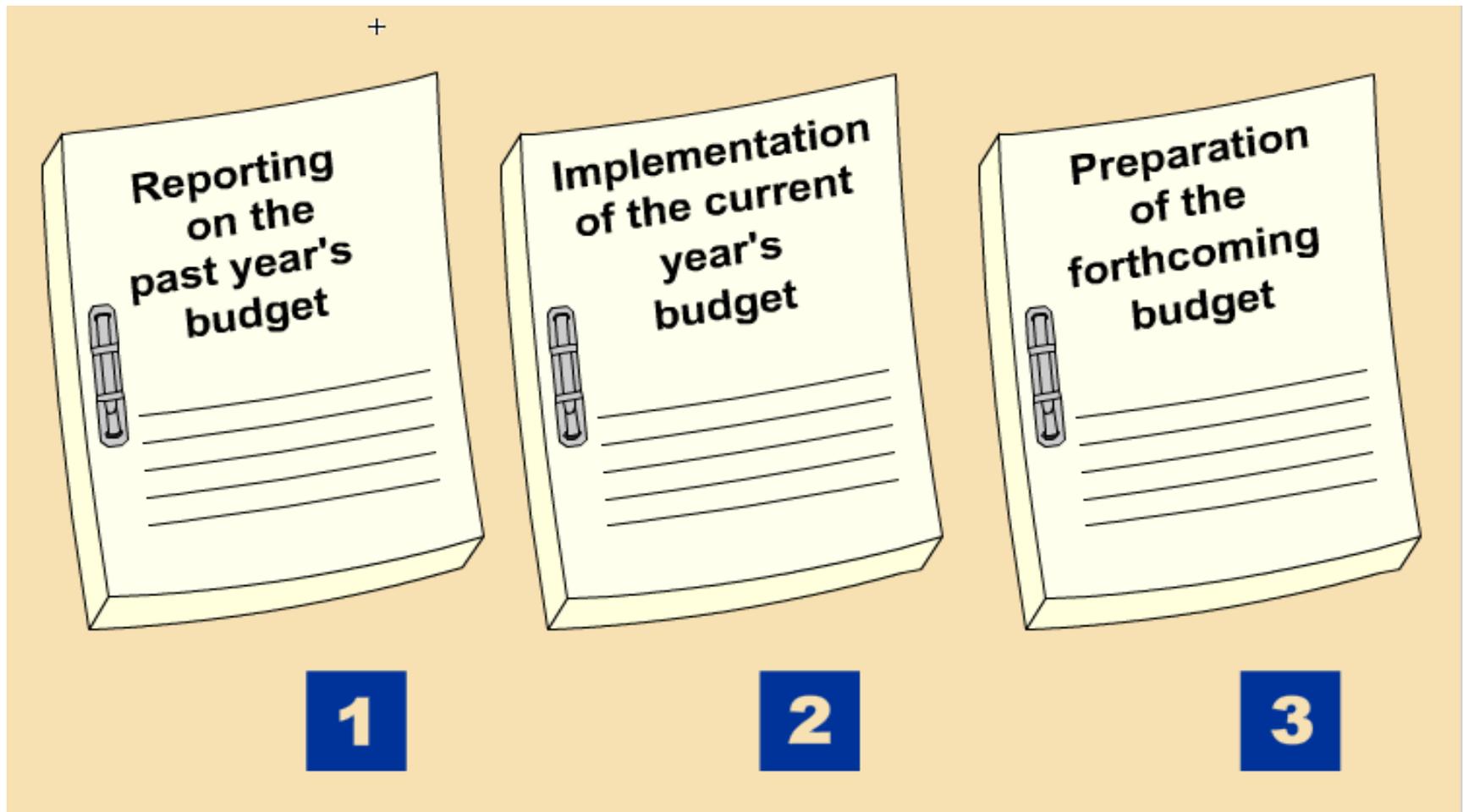
SIX STEPS TO PREPARING THE BUDGET

1	Planning	Schedule key dates, establish consultation forums, review previous processes
2	Strategizing	Review Integrated Development Plan, set service delivery objectives for next 3 years, consult on tariffs, indigent policies, credit control policies, free basic services and consider local, provincial and national issues, previous year's performance and current economic and demographic trends
3	Preparing	Prepare budget, revenue and expenditure projections, draft budget policies, consult, consider local, provincial and national priorities
4	Tabling	Table budget, revised IDP and budget related policies before council. Consult and consider formal local, provincial and national inputs and responses
5	Approving	Council approves budgets, revised IDP and budget related policies
6	Finalising	Publish budget and approve and publish SDBIP and annual performance agreements and indicators

BUDGET PROCESS TIMELINE



THREE BUDGETS PROCESSES IN OPERATION ALL THE TIME



THE INTEGRATED DEVELOPMENT PLANNING: STAKEHOLDERS

- **The Municipality**
 - IDPs guides development plans of municipalities
- **Councillors**
 - Make decisions based on the needs and aspirations of their constituencies
- **Communities**
 - Articulates their needs and priorities through a structured process
- **Other stakeholders**
 - Any other stakeholder who resides or conducts business within the municipal boundaries;
 - Registers their needs
- **National and provincial sector departments**
 - Brings their priorities and resources into the development of the municipality's IDP
 - Alignment and joint prioritization

THE INTEGRATED DEVELOPMENT PLANNING: THE PROCESS

Must be drawn up consisting of:

- The structure that will manage the planning process
- The public participation process / structures for public participation
- Time lines for the planning process
- Roles and responsibilities, and
- The establishment of the monitoring process.

THE INTEGRATED DEVELOPMENT PLANNING: THE PHASES (1/5)

PHASE 1: ANALYSIS

Gathering of information. analysis of problems. identification of available resources. prioritization of solutions.

End product of Phase 1

- An assessment of existing levels of development
- Community generated priority list
- Information on available resources.

THE INTEGRATED DEVELOPMENT PLANNING: THE PHASES (2/5)

PHASE 2: STRATEGIES

Stakeholders collectively seeks solutions to the issues / problems assessed in phase 1

End product of Phase 2

- The vision for the municipality
- Development objectives
 - Statements of what the municipalities would like to achieve
- Development strategies
 - What is the best way to get to the identified objectives
- Project identification
 - Key projects that will take us there.

THE INTEGRATED DEVELOPMENT PLANNING: THE PHASES (3/5)

PHASE 3: PROJECTS

- Projects identified during phase two are planned designed.
- Details of each of the identified projects are worked out.

End product of Phase 3

- Project information details including costing and implementation timelines.
- Setting of targets and indicators

THE INTEGRATED DEVELOPMENT PLANNING: THE PHASES (4/5)

PHASE 4: INTEGRATION

- All identified projects are checked if they are still aligned with the objectives as in Phase 2 = the overall picture of the development plans.
- Integration of all development plans including such plans like poverty alleviation etcetera.

THE INTEGRATED DEVELOPMENT PLANNING: THE PHASES (5/5)

PHASE 5: APPROVAL

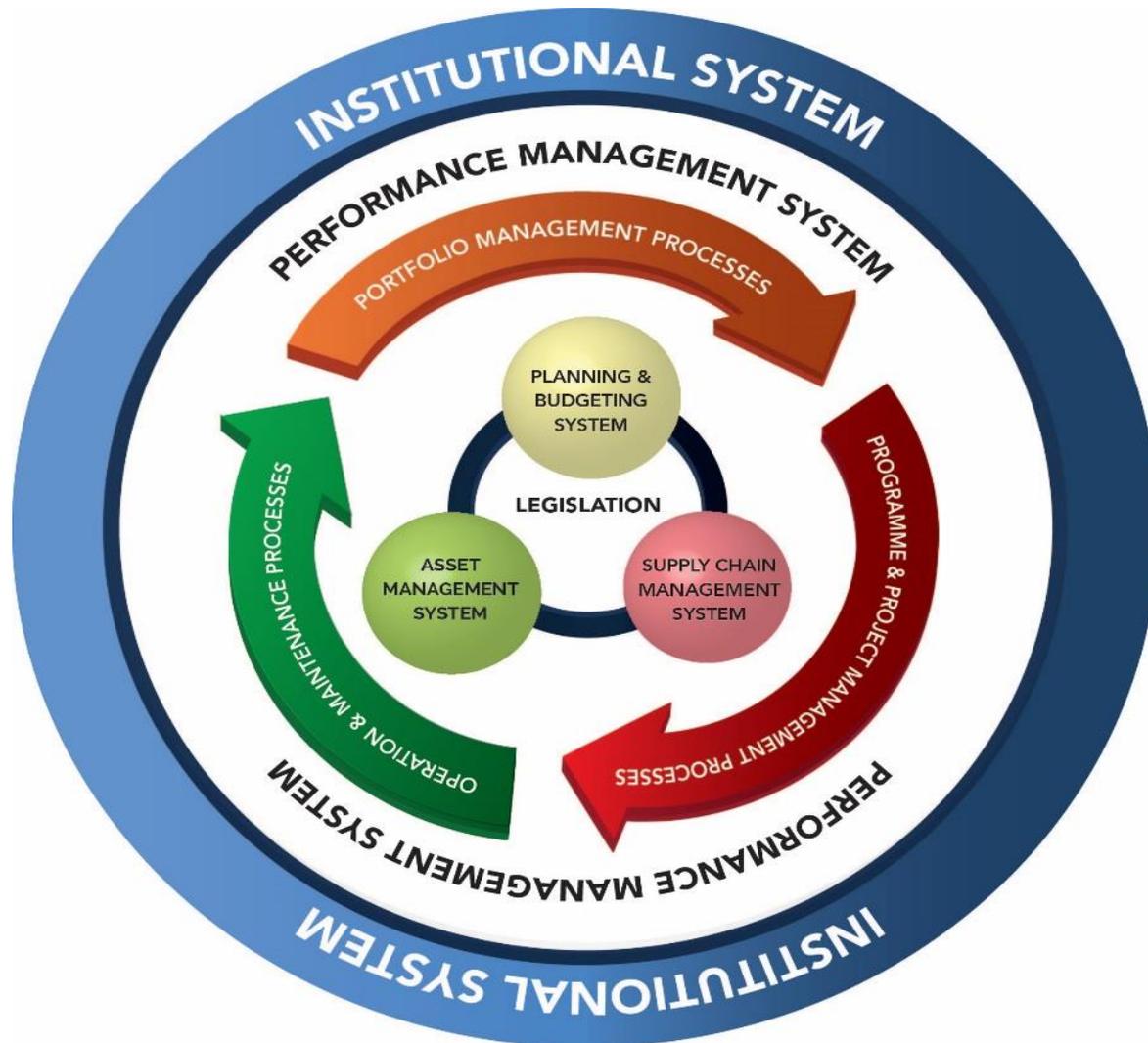
The IDP is presented to the Municipal Council for consideration and adoption.

The municipal council may decide to adopt a draft and allow for public consultation before approval

FAILURE TO APPROVE IDP AND BUDGET BY 30 JUNE

- In case of failure to approve the IDP and budget by the 1st day of the budget year, the following applies:
 - Mayor must **immediately** report to the MEC for LG
 - Provincial Executive may intervene i.t.o S 139(4) of the Constitution, including dissolving of Council and appointment of administrator
 - S26(4) funds may be withdrawn only with the approval of the MEC for Finance to defray capex and opex for votes appropriated in the previous year
 - S32 any expenditure incurred will be unauthorized
 - Municipality will receive an audit qualification

THE INFRASTRUCTURE DELIVERY PROCESS WITHIN THE INTEGRATED PROCESS



IDMS comprises three core systems:

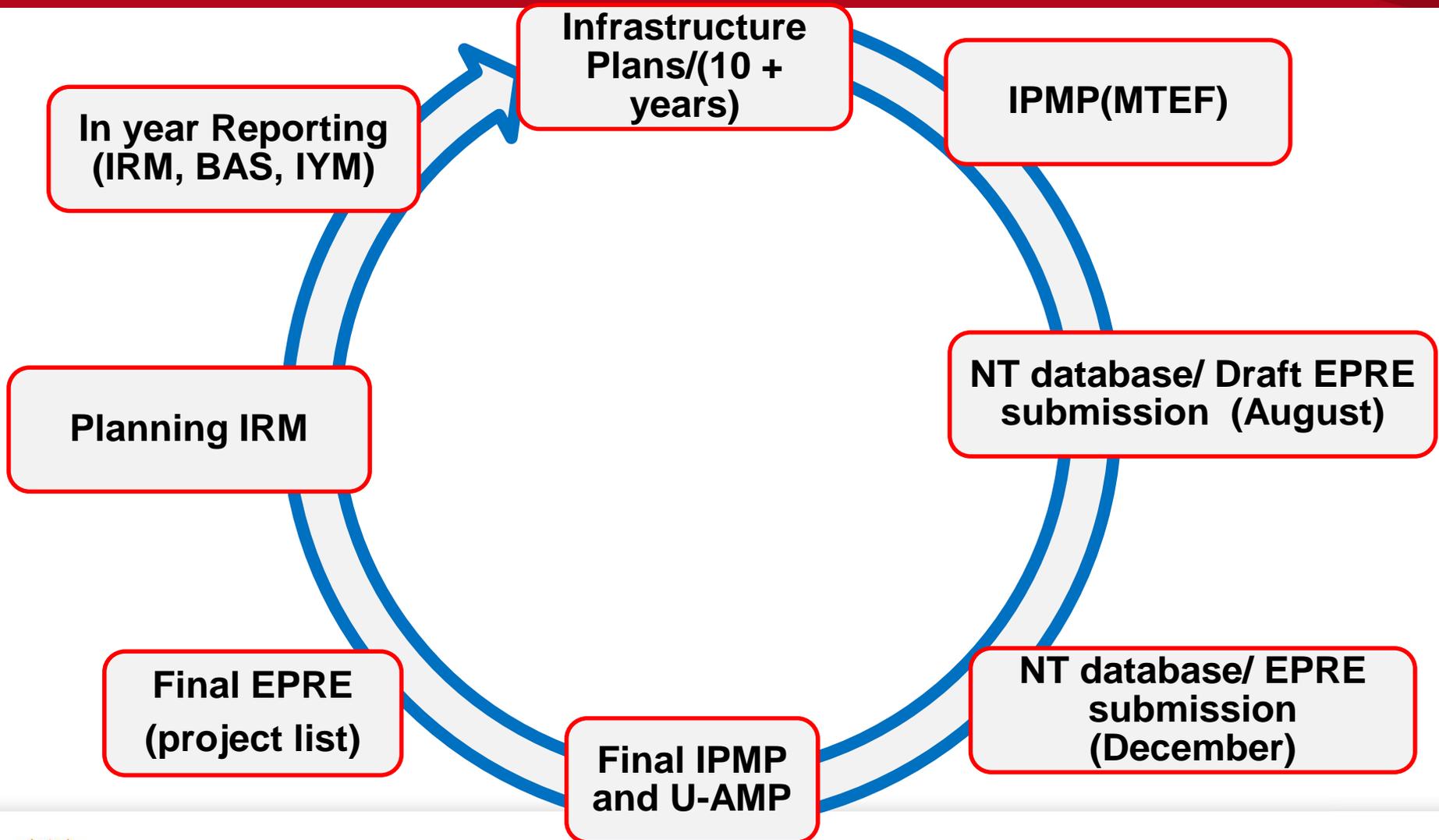
- a planning and budgeting system
- a supply chain management system
- an asset management system

These core systems:

- have forward and backward linkages
- are located within portfolio, programme and project management and operation and maintenance processes

Collectively these processes and systems, together with a performance management system, establish the institutional system for infrastructure delivery

PROVINCIAL INFRASTRUCTURE PLANNING PROCESS





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