



**SALGA**  
South African Local Government Association

# Select Committee on Economic Development

## Progress relating to the implementation of Integrated National Electrification Programme (INEP)

14 February 2012

# Historical performance of the program

Year	Connections Target	Connections completed to date	% Completed
2006/7	76,305	74,253	97%
2007/8	66,875	66,131	99%
2008/9	48,447	46,381	96%
2009/10	76,263	67,002	88%
2010/11	84,235	28,976	34%
<b>Total</b>	<b>352,125</b>	<b>282,743</b>	<b>80%</b>

Always behind schedule and catching up in the following years

# 2011/12 performance of the program

Province	No. planned	Project complete with energy supply	> 50% progress	< 50% progress	Construction not started
Eastern Cape	80	35%	28%	11%	26%
Free State	16	50%	25%	6%	19%
Gauteng	14	71%	21%	7%	0%
KwaZulu Natal	79	9%	0%	53%	38%
Limpopo	85	60%	6%	8%	26%
Mpumalanga	26	35%	15%	4%	46%
North West	6	83%	17%	0%	0%
Northern Cape	23	39%	13%	22%	26%
Western Cape	34	56%	6%	15%	24%
<b>Total</b>	<b>363</b>	<b>40%</b>	<b>12%</b>	<b>20%</b>	<b>28%</b>



**SALGA**  
South African Local Government Association

# Some issues for consideration

- Discussed in terms of
  1. Rural
  2. Urban
  3. Informal Settlements

## INEP Rural

- 75 % of backlogs
- Largely areas in which Eskom is a licensed distributor
- Municipalities (non-licensed and licensed) access money from DoE, Provincial Governments to implement projects in these Eskom areas of supply
- Hand over infrastructure to Eskom on completion for O&M

## Some concerns

### INEP - Rural

- Non- distributing municipalities do not have electricity departments – completely rely on consultants
- Also many distributing municipalities have vacancy levels of skilled resources exceeding 50% of established posts (ref: EDI Holdings ring-fencing study) – but still stretch themselves to Eskom areas
- Consultants approach municipalities to be appointed for designing and managing implementation of projects
- The design cost is purported to be at risk and the payment is recovered once the project submitted by the municipality is approved; no real risk
  - Desperate MMs take the first available “support” they can get
  - No capacity to review the appropriateness of proposed projects and quality of work
  - INEP offices have no capacity either to support municipalities in this regard

# Current situation

## INEP - urban

- A fraction of the 25% of backlog
- Largely areas in which 177 municipalities are licensed distributors
- DoE does not allow upgrade of existing infrastructure required for electrification projects
- Infill connections
  - DoE reluctant to fund infill connections – demand for these connections in existing developments is increasing as more houses are built; contrary to the objective of densification of spatial development patterns to improve urban efficiency.
  - Requirement for 80% occupancy of housing developments has also been a delaying factor; also leading to public protests about incomplete houses

# Current situation

## INEP – Informal settlements

- A significant component of the remaining 25% backlog
- Numbers of informal settlements are increasing with a consequent requirement from political leaders and communities for `regularisation' (including electrification) of these areas
- DoE currently providing for the electrification of informal settlements.
- Apart from providing the required electrical reticulation, each informal dwelling is also provided with a Pre-paid meter connection and basic connections for electrical fittings.



# Current situation

## INEP – Informal settlements

- Need for the planning alignment of the Informal Settlement Upgrading Programme with the electrical reticulation programme of the Department of Energy to ensure that electrical grid is available when settlement upgrading projects commence.
- Will require that provincial governments to make their approved Multi Year Housing Development Plans and priority development objectives available to the DoE enable the latter to align its electrification programme accordingly.

# Current situation

## INEP – Informal settlements

- Agreement required on the removal and recovery of the installed Pre-paid Meters from informal dwellings and the re-installation thereof in the new dwelling units, constructed through the National Housing Programme.
- This initiative will require that the National Housing Programme to be adjusted to include funding for the removal of the existing meters and the re-installation thereof in the new dwellings.

# Some concerns

## INEP - General

- Inequitable funding from DoE
  - DoE policy to partially fund electrification connections by municipalities (urban and rural subsidies) but provide the full cost of connections provided by Eskom
  - Municipalities are thus required to `top-up' funding of electrification projects which impacts the overall municipal budget
  - The costs have become higher for the remaining difficult areas
  - Some municipalities have severe cash shortage problems
- Funding application process
  - Not aligned with the municipal budgeting process
  - Lack of certainty of three-year DoRA allocations
  - National Treasury will only release funding to municipalities wef 1 July of each year

# Some concerns

## INEP - General

- Bulk infrastructure
  - Some projects may not proceed without the availability of bulk infrastructure
  - Frequent cause of delay in electrification projects
  - Misalignment between Eskom infrastructure and municipal dev. Plans
- MFMA procurement process
  - Many municipalities point to the drawn out procurement process to appoint consultants and purchase the necessary equipment and materials as reasons for the delay in completing electrification projects; balance between ensuring accountability and<sup>2</sup>functionality

# Recommendations

- Need some shared capacity to provide technical support to under-capacitated municipalities; capacitate INEP regional offices to play this role
- INEP offices be the points of coordination/ planning alignment between various electrification projects funding agencies
- Provincial Housing Departments must make their approved Multi Year Housing Development Plans and priority development objectives available to the DoE enable the latter to align its electrification programme accordingly
- DoE to allow upgrade of existing infrastructure required for electrification projects
- DoE to fund infill connections
- Requirement for 80% occupancy of housing developments be done away with

# Recommendations

- Adjustment of the National Housing Programme to include funding for the removal of the existing meters and the re-installation thereof in the new dwellings
- DoE policy should provide the full cost of connections in areas provided by both Eskom and municipalities
- Eskom to enter into SDAs with municipalities where Eskom is a distributor so as to ensure alignment of expectations



**SALGA**  
*South African Local Government Association*

**THANK YOU**