

"Financing Infrastructure for Long-Term Public Value"

REIMAGINING PUBLIC FINANCE LEADERSHIP FOR A CHANGING SOUTH AFRICA

PANEL DISCUSSION: UIFW
07 October 2026

CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

KWAZULU-NATAL PROVINCE
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
REPUBLIC OF SOUTH AFRICA

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The Context

- ***Civic work must deliver more than efficiency…***
- ***How do we measure what really matters?***
- Public institutions exist to serve people. But somewhere along the way, many were reoriented to serve metrics instead—budgets, throughput, risk aversion. Efficiency became the goal, even when it came at the expense of dignity, equity, or long-term outcomes.
- In contrast, the idea of **public value** reminds us that the true measure of success in government isn't just cost savings or speed, it's whether the work improves life for the public.
- Lived reality must change for the better!!!

Defining Public Value

Core Dimensions of Public Value

- ❑ **Service Quality:** Providing accessible, reliable, and fair daily community services like waste management, road maintenance, and clean water.
- ❑ **Social Outcomes:** Improving local safety, public health, community inclusion, and environmental sustainability.
- ❑ **Trust and Legitimacy:** Earning civic confidence through transparent governance, democratic accountability, and ethical leadership.

The Strategic Framework (Moore's Strategic Triangle)

Local government leaders create public value by balancing three continuous conditions:

- ❑ **The Public Value Proposition:** Identifying what specific community needs or societal conditions require improvement.
- ❑ **Legitimacy and Support:** Securing the authorization and backing of elected officials, stakeholders, and the local citizenry.
- ❑ **Operational Capacity:** Deploying the municipal staff, physical assets, and financial budgets required to deliver the results. (Moore: 1995)

Public Value ≠ Value for Money

AGSA Findings on Infrastructure Funding

- R42,55 billion through five grants with 96% spent (R40,98 billion) (MIG, Public Transport Network, RBIG, Urban Settlements Dev., & WSIG)
- 71 municipalities underspent allocated grants by more than 10%.
  - Main reasons for underspending were delays in commencement of projects due to delayed appointment of contractors or community unrest, and delays in project progress due to contractor underperformance.
- High levels of spending are not a reliable indicator of effective grant management or infrastructure delivery.
  - Report on compliance and consequences indicate 25 municipalities (11%) did not spend the conditional grants in accordance with grant frameworks as per DORA.
  - 21 municipalities (9%), non-compliance related to utilisation of the MIG, RBIG and WSIG.
  - Grants spent on operational costs / not in accordance with business plan, and/or spending information and evidence not made available for audit. (Irregular Expenditure)
- 71% of municipalities, there was not enough cash in the bank at year-end to pay back the unspent portion of conditional grants received (all grants)

AGSA: 2024/2025 General Report

AGSA Findings on Infrastructure Funding

- Reasons for average **project delay** of 25 months included changes in scope, changes to designs as thorough feasibility studies and needs assessments were not conducted, late payment of invoices, late appointment/replacement of contractors and ineffective contract administration by project managers.
- Findings prevalent across all types of projects, impacting all service delivery areas. E.g. Electricity, Housing, Roads, Water, Sanitation, Water etc.
  - **Cost findings** include budget overruns, overpayments, payments for goods and services not received and poor project budget processes. **UIFW… Is this a finance or Technical problem?**
  - **Commissioning findings** include projects completed without addressing end-user needs, such as providing access to water and sewerage connections for completed houses and infrastructure completed but not used.
  - **Build quality findings** relate to poor-quality workmanship. These issues should have been detected by professional service providers such as appointed consulting engineers.
- Estimated value of the selected projects was R14,16 billion. Only a sample… 129 projects at 62 auditees… Frightening if extrapolated across the population.

Infrastructure failures



Sewage holding area at the inlet of the pump station – posing a risk to groundwater sources and nearby households.

Value for Money?
Public Value?



Sewer overflows and blocked drainage along the roadway and pavement.



Pavement distress evident: surface rutting, delamination, transverse cracking, and uneven surfacing



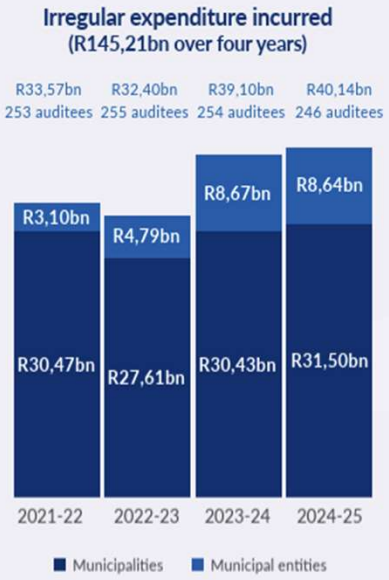
Leachate Pond 1 which had evidence of an overflow of leachate spilling into the environment.

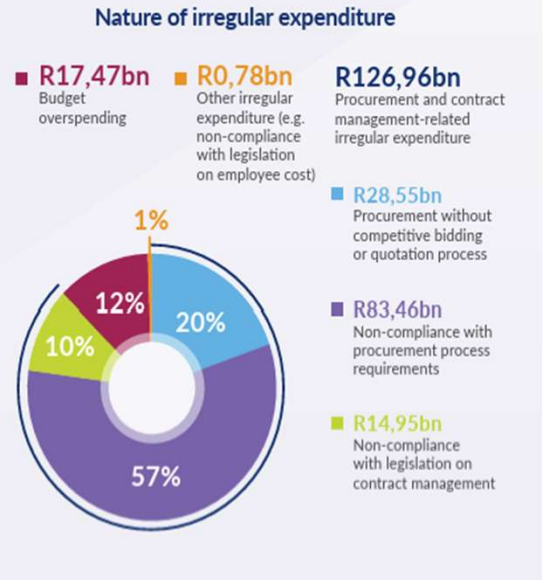
Causing Harm!
Material Irregularities!!!

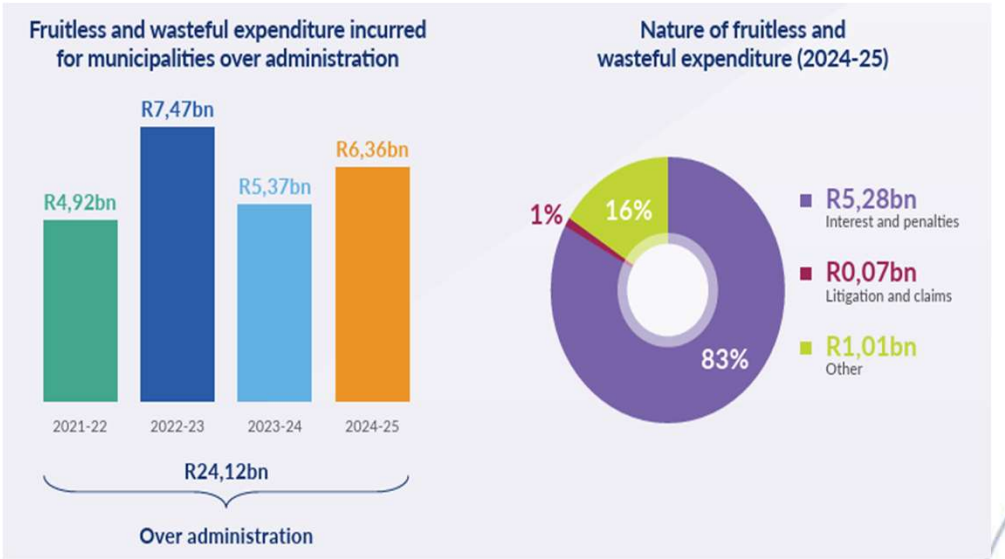
Unauthorised, Irregular & Fruitless and Wasteful Expenditure... 2024/2025

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Operationalising the Strategic Triangle in Infrastructure Financing

- **The Public Value Proposition (Substantive Value):** Infrastructure cannot merely be "financially viable"; it must target multidimensional societal outcomes. Academics contrast projects that yield direct user fees (e.g., toll roads or water utilities) with those that generate diffuse value through avoided losses or environmental resilience (e.g., flood defense or public parks). Public value creation requires a blend of quantitative cost-benefit analyses and qualitative appraisals of social equity and environmental sustainability.
- **The Authorising Environment (Legitimacy & Governance):** Infrastructure projects routinely fail or face intense public resistance due to poor alignment within the authorising environment. Securing legitimacy requires matching the funding mechanism to the community's willingness to pay. For instance, implementing aggressive user fees without democratic consultation can alienate citizens, transforming them from "co-creators" of civic infrastructure into resentful consumers.
- **Operational Capacity (Financial Engineering & Delivery):** This node assesses the internal and external capacity required to deliver the asset. Because public entities often face strict fiscal constraints, operational capacity relies heavily on choosing optimal procurement and delivery models. May include sovereign debt and municipal bonds to complex blended finance mechanisms.

Structural breakdown of UIFW vs Public Value Creation

Unauthorised Expenditure (Overspending or Misalignment)

- ❑ Expenditure exceeds the total amount appropriated by the legislature/council, or money spent on a purpose completely outside the approved vote or mandate.
- ❑ **Impact on Public Value:** It severely undermines the **Authorising Environment**. In a democracy, public value is defined and legitimized through the legislative budget process. When public managers bypass this process, they usurp democratic authority, redirecting resources away from community-agreed priorities toward unvetted initiatives.

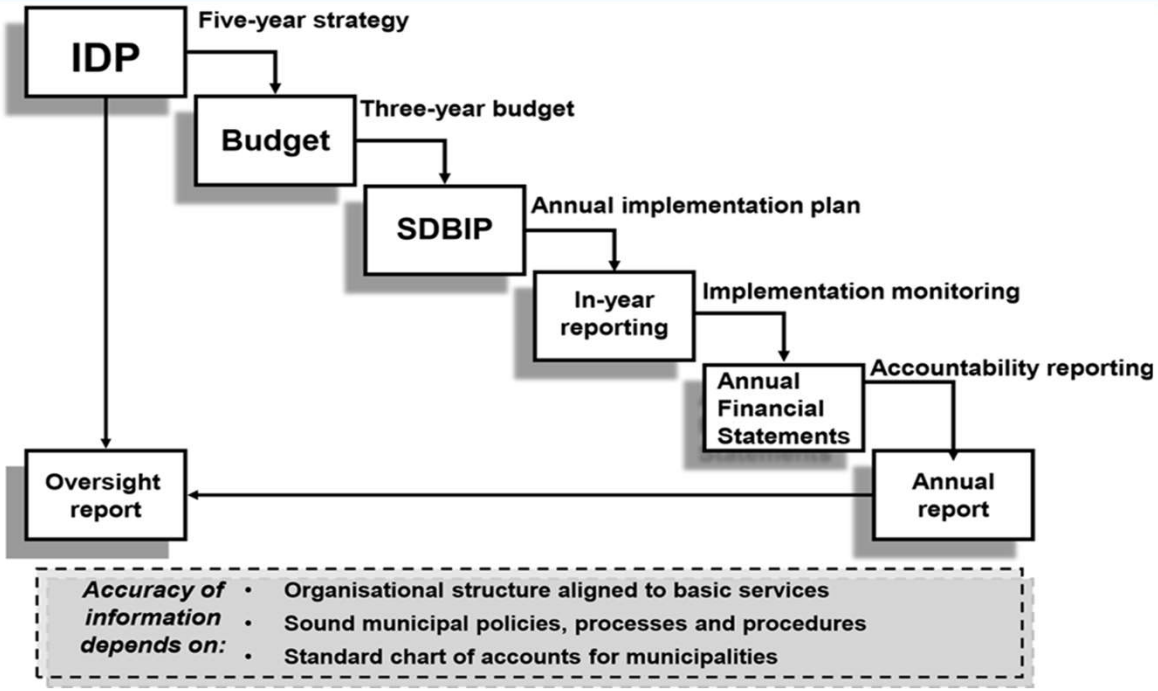
Irregular Expenditure (Procedural Non-Compliance)

- ❑ Expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation (e.g., bypassing competitive supply chain management/procurement laws).
- ❑ **Impact on Public Value:** It damages **Trust and Legitimacy**. While irregular expenditure does not automatically mean money was wasted—the infrastructure asset might still be physically built—the *manner* of delivery erodes public confidence. Procedural deviations invite corruption, nepotism, and market distortions, which directly degrades the ethical and social dimensions of public value.

Fruitless and Wasteful Expenditure (Economic Loss)

- ❑ Expenditure made in vain and would have been avoided had reasonable care been exercised (e.g., paying cancellation fees, interest on late payments, or buying unusable equipment).
- ❑ **Impact on Public Value:** It is a direct destruction of **Operational Capacity**. This expenditure yields absolutely zero substantive value for the citizenry. Every unit of currency spent fruitlessly represents an opportunity cost—money stripped away from primary healthcare, road maintenance, or educational infrastructure.

Infrastructure Funding and Addressing UIFW



How do we ensure that we create value with communities as co-creators?

- ❑ Integrated Development Planning
- ❑ Budgeting with a longer term view
- ❑ SDBIP implementation
- ❑ Monitoring and evaluation
- ❑ District Development Model
- ❑ Next 5 year term – moving forward what needs to change?

Conclusion: The Value Proposition

The Strategic Triangle: Dissecting municipal decision-making through Moore's tripartite framework:

- ❑ **Public Value Definition:** What substantively valuable things are being produced for the collective community?
- ❑ **Authorising Environment:** How do local governments secure legitimacy and political/social backing from a fragmented network of elected officials, community groups, and regulatory bodies?
- ❑ **Operational Capacity:** What internal organizational resources, technology, and external partners are required to achieve the public value goals?

Moving from micro (internally focussed) to macro environmental context…

Creating public value is complex, but not impossible…

It requires navigating tensions: between what's measurable and what's meaningful, between near-term wins and long-term impact, between political mandates and community needs.

Designers and civic practitioners can play a key role by helping:

- ❑ Surface what matters most to the public, not just policymakers
- ❑ Co-create outcomes with community members, not just for them
- ❑ Redesign systems to reflect real-life priorities, not abstract ideals
- ❑ Develop new ways to measure success: qualitative, quantitative, and relational

This isn't soft work. It's system-level recalibration.

Why it matters now

- ❑ Increased demand for public services, stretched budgets, and rising public skepticism.
- ❑ Efficiency alone won't restore trust—but value can.
- ❑ By aligning systems with what people truly need and expect, we create services that are not just faster, but fairer.

What can we work on immediately?

Operational Capacity: ***What internal organizational resources, technology, and external partners enable achievement of public value goals?***

- ❑ UIFW
  - Basic control environment issues
  - Enhancing governance and oversight
  - King V principle of apply or explain…
  - Accountability and Consequence Management
  - Ethical Leadership
- ❑ Planning and Budgeting
  - 5 year strategic plan
  - 6th Administration for Local Government
    - Handover Report to the new Council
    - Take stock
- ❑ Change the measurement metrics
- ❑ Innovate – reimagine
- ❑ Go beyond transactional success and reflect deeper outcomes: trust, wellbeing, inclusion, accountability, and care.

Conclusion: The Value Proposition

Key Academic Debates & Research Themes

- **The Democratic Deficit vs. Managerial Autonomy:** A central critique in public administration literature (notably by scholars like Rod Rhodes) questions whether giving unelected municipal managers the autonomy to define "public value" undermines elected local politicians and democratic accountability.
- **Co-Production and Co-Creation:** Contemporary research heavily explores how local governments collaborate with citizens, NGOs, and private actors to design and deliver public services, positioning public value as an open, networked governance process rather than a top-down mandate.
- **Measurement and Evaluation:** Academics struggle with the operationalization of public value. Unlike private sector profit, public value is multi-dimensional, requiring complex qualitative and quantitative indicators to measure abstract concepts like social equity, trust, civic pride, and environmental resilience.



Thank You!

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