

**INTERGOVERNMENTAL RELATIONS
AND
SERVICE DELIVERY
IN
SOUTH AFRICA**

A TEN YEAR REVIEW

**COMMISSIONED
BY THE
PRESIDENCY**

Final report completed

by

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CONTENTS	PAGE
ACKNOWLEDGEMENTS	5
CHAPTER 1	6
1. INTRODUCTION	6
1.1 Terms of Reference	6
1.1.1 Main Objectives	6
1.1.2 Research Questions	6
1.1.3 Methodology	7
CHAPTER 2	8
2. CONSTITUTIONAL FRAMEWORK FOR GOVERNMENT IN SOUTH AFRICA	8
2.1 The structure of government	8
2.2 Principles of co-operative government and intergovernmental relations	9
2.3 Managing intergovernmental relations	10
2.4 Mandatory legislation in terms of section 41(2) of the Constitution	11
CHAPTER 3	12
3. EVOLUTION OF INTERGOVERNMENTAL RELATIONS IN SOUTH AFRICA	12
3.1 Transforming the South African state and government	12
3.2 Evolution of the intergovernmental system	12
3.2.1 The establishment of intergovernmental forums	13
3.2.2 Current systems, processes and procedures for coordination	15
3.2.3 Implementing joint work, programmes and projects	16

CHAPTER 4

4.	KEY CHALLENGES FOR IMPROVING INTERGOVERNMENTAL COORDINATION	21
4.1	Challenges for intergovernmental forums	21
4.2	Challenges for coordinating through systems and processes	23
4.3	Challenges for joint work and projects	25

CHAPTER 5 **28**

5.	LEGISLATION AND OTHER MEASURES TO IMPROVE INTERGOVERNMENTAL COORDINATION	28
5.1	Introduction	28
5.2	legislation to implement section 41	29
5.3	Other measures for improving coordination	33
5.4	Joint work and projects	35

CHAPTER 6 **37**

6.	LOCAL GOVERNMENT FINANCE	37
6.1	Local Government Budget Priorities	37
6.2	Policy and Budget Reforms	39
6.3	Equitable share	40

CHAPTER 7 **42**

7.	COLLABORATION WITH THE DPLG	42
7.2	Branch: Governance and Development	43
7.2.1	Chief Directorate Intergovernmental Relations and Directorate IGR Co-ordination and Implementation	43
7.3	Directorate: Research (Governance)	46
7.4	Directorate: Development Planning and LED	47
7.5	Directorate: Infrastructure Implementation	49
7.6	Branch: Institutional Reform and Support	51
7.6.1	Directorate: Fiscal Transfers	51
7.7	Directorate: Infrastructure Implementation	53
7.8	Directorate: Municipal Finance Monitoring	55
7.9	National Co-ordination of the Local Government Transformation Programme (LGTP)	56

CHAPTER 8	59
8. INTEGRATED SUSTAINABLE RURAL DEVELOPMENT PROGRAMME AND URBAN RENEWAL PROGRAMME	59
8.1 Assessment of Project Progress	59
8.1.1 Assessment of ISRDP Nodal Progress	60
8.1.2 Assessment of URP Nodal Progress	70
CHAPTER 9	78
9. REPORT ON STUDY TOUR OF MUNICIPALITIES	78
9.1 Significance of Study Tour	78
9.2 An Overview	78
9.3 The Way Forward	82
REFERENCES	84
ANNEXURE: I	85
ANNEXURE: II	86
ANNEXURE: III	92

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CHAPTER 1

1. INTRODUCTION

1.1 Terms of Reference

1.1.1 Main Objectives

To identify and analyze key features of service delivery through the intergovernmental system with special reference to social services, and to assess how efficient and effective the government has been in delivering these basic services.

1.1.2 Research Questions

- How have the functions of government contributed to the efficient and effective delivery of services?
- Has government delivered these services at the lowest possible cost?
- What were the main blockages to service delivery?
- Can good practices be identified?
- What were the main features of failures as well as successes in intergovernmental service delivery?
- Identify major intergovernmental projects.
- Identify projects experiencing:
(i) major blockages and (ii) good practices that could be studied in more depth and recorded as case studies.
- What are the major problems of Administration/Management, Implementation and Delivery?
- Recommendations?

1.1.3 Methodology

A proper understanding of South Africa's system of intergovernmental relations and how it evolved since 1994 should be established. Information is to be obtained through a literature study and close collaboration with the Department of Provincial and Local Government (DPLG).

Major intergovernmental projects should be identified under the main themes contained in the objective above. Existing studies of intergovernmental projects and interviews with key informants should be conducted on each identified project. Blockages and good practices should be identified.

Projects experiencing major blockages and good practices should be studied in more depth, and recorded as case studies (The Presidency, 2003).

CHAPTER 2

2. CONSTITUTIONAL FRAMEWORK FOR GOVERNMENT IN SOUTH AFRICA

2.1 The structure of government

The Constitution states that "government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated" (s 40(1))¹. The "distinctive" element reflects that each sphere exists in its own right; it is the final decision-maker on a defined range of functions and is accountable to its constituency for its decisions.

The Constitution allocates government functions on either an exclusive or shared (concurrent) basis. The national government is exclusively responsible for national defense, foreign affairs, the criminal justice system (safety and security, courts), higher education, water and energy resources and administrative functions such as home affairs and tax collection. The bulk of social services are shared competencies between the national and provincial governments. They include school education, health services, social security and welfare services, housing and agriculture. In these areas the national government is responsible for policy formulation, determining regulatory frameworks including setting norms and standards, and overseeing the implementation of these functions. The provinces' function is largely that of implementation within the national framework. There are a limited number of exclusive provincial functions including the granting of liquor licenses, provincial roads, ambulance services and provincial planning. Municipalities are responsible for the provision of basic services, such as water, electricity, refuse-removal, and municipal infrastructure. These functions are performed within nationally and provincially set regulatory frameworks.

Although provinces are "distinctive", they exercise their powers and perform their functions within the regulatory framework set by the national government which is also responsible for monitoring compliance with that framework and, if need be, intervening when constitutional or statutory obligations are not fulfilled. Municipalities are likewise subject to both the national and provincial regulatory and supervisory powers. It is this relationship of regulation and supervision that defines how the three spheres are "interrelated"; provinces and municipalities exercise their distinctive powers within imposed frameworks and under supervision.

¹ This section draws largely on the (Draft) National Framework for Intergovernmental Co-ordination.

Within the regulatory frameworks and subject to supervision, provinces and municipalities enjoy relative autonomy, remaining accountable to their constituencies to reflect their policy preferences. However, they must still exercise their powers to the common good of the country as a whole by co-operating with the other spheres. In this sense the spheres are "interdependent"; only collectively and in cooperation with one another can they provide government that meets the needs of the country as whole.

2.2 Principles of co-operative government and intergovernmental relations

In spelling out the principles of co-operative government and intergovernmental relations, the Constitution binds all spheres of government and organs of state in each sphere of government to three basic principles:

- First, there is a common loyalty to the Republic as a whole. This means that all spheres are committed to securing the well being of all the people in the country and, to that end, must provide effective, transparent, accountable and coherent government for the Republic as a whole. This is the object of cooperative government.
- Second, the distinctiveness of each sphere must be safeguarded. This entails the following: the constitutional status, institutions, powers and functions of each sphere must be respected; a sphere must remain within its constitutional powers; and when exercising those powers, a sphere must not do so in a manner that encroaches on the geographical, functional or institutional integrity of another sphere.
- Third, spheres of government must take concrete steps to realize co-operative government by -
 - fostering friendly relations;
 - assisting and supporting one another;
 - informing one another of, and consulting one another on, matters of common interest;
 - co-ordinating their actions and legislation with one another;
 - adhering to agreed procedures; and
 - avoiding legal proceedings against one another.

2.3 Managing intergovernmental relations

The Constitution builds in a tension between national direction (national government defining how to secure the well-being of all the people) and locally defined preferences (provincial and local governments determining their preferred choices within their areas of jurisdiction). The object of intergovernmental relations is to manage this tension - to get coherent government that delivers services to the nation through the three spheres of government. In other words, intergovernmental relations are not an end in themselves, but a means for marshalling the distinctive effort, capacity, leadership and resources of each sphere and directing these as effectively as possible towards the developmental and service delivery objectives of government as a whole. Intergovernmental relations in our country have this developmental character.

In delivering government to the nation through co-operative government, the Constitution sets four requirements in section 41(1)(c):

- **Effective government** - co-operative government must entail the effective and efficient use of resources, not wastage and duplication, but the unlocking of synergy of collective effort.
- **Transparent government** - co-operative government should not be an entangled web of committee and consultations, making it difficult to determine who is responsible for what task.
- **Accountable government** - the system and processes of cooperative government should not impede holding executives accountable for their decisions and actions.
- **Coherent government** - government should be rational, informed by best information with due regard to consultation between spheres of government. Contradictory or overlapping policies should not arise by oversight, the absence of consultation or poorly informed decisions.

Success in delivering government to the nation requires "a whole of government" approach. However, the Constitution does not, for this purpose, create an "intergovernmental sphere" of government. Executive authority lies with the government of each sphere. Where the executives of the spheres meet to align their plans and combine their efforts, they do not create a new government structure; they can only bind themselves, through the exercise of their own executive authority, to common systems, processes and joint work.

2.4 Mandatory legislation in terms of section 41(2) of the Constitution

Section 41 (3) of the Constitution requires an Act of Parliament to -

- (a) establish and provide for structures and institutions to promote and facilitate intergovernmental relations; and
- (b) provide for appropriate mechanisms and procedures to facilitate the settlement of intergovernmental disputes.

While some aspects of intergovernmental relations have been legislated on, there is as yet no comprehensive legislation that meets the constitutional mandate.

CHAPTER 3

3. EVOLUTION OF INTERGOVERNMENTAL RELATIONS IN SOUTH AFRICA

3.1 Transforming the South African state and government

The democratic government, elected in 1994, faced the task of transforming a society built on centuries of racial segregation and apartheid, resulting in wide disparities in levels of income and development. The goal of the government is, then, to democratize state institutions, redress inequality and extend services to all. It has done so by putting in place economic policies focusing on poverty alleviation and service delivery. To enable the state to realize these policies, a number of important reform initiatives were undertaken. Fiscal reform emphasized equity among spheres of government and transparent and multi-year budgeting. The establishment of a single public service for both the national government and the provinces under the Public Service Act was a major achievement, effecting the successful integration of pre-existing provincial and homeland administrations. Municipal employees are not yet part of this public service, but their incorporation is under consideration.

The municipal election of December 2000 brought the final transitional phase of local government to a close with the establishment of 284 fully elected municipalities. Local government is now positioned as the key site of delivery and development and stands central to the entire transformation project of post-apartheid South Africa.

At the national sphere the quest for integrated governance saw institutional reforms resulting in the new cabinet system that "clusters" work of ministries and departments in related functional areas. This system that was introduced in 1999/2000, also provides for provincial participation by including provincial directors-general as members of clusters. In some provinces the cluster system has also been replicated.

3.2 Evolution of the intergovernmental system

The intergovernmental system evolved rapidly from 1996-2003 with only moderate legal regulation. The Organized Local Government, the Intergovernmental Fiscal Relations and the Municipal Systems Acts as well as certain other Acts governing concurrent functions, provide for particular aspects of intergovernmental relations. Some have established specialist intergovernmental forums while others cater for intergovernmental dispute settlement in a specific context. Outside of this body of legislation, intergovernmental relations are largely unregulated, and practices have evolved

pragmatically as government in all three spheres sought to give effect to the founding principles of co-operative government. The intergovernmental system is founded on complex formal and informal, but interrelated institutions, processes and practices.

To meet the challenge of co-operative government, the three spheres of government have over the past nine years –

- Developed intergovernmental forums at national and provincial level dealing with issues of alignment, integration and coherence;
- Developed systems and processes in terms of which national, provincial and local governments pursue their common objectives; and
- Engaged in joint work and common projects to give effect to common objectives.

3.2.1 The establishment of intergovernmental forums

A number of intergovernmental forums have been established at national and provincial level, most of which are non-statutory.

(a) President's Coordinating Council

At the outset the Intergovernmental Forum (IGF) sought to bring together all the role players of the intergovernmental relations system. This forum, encompassing the national cabinet, all provincial executives and organized local government, failed in its endeavour largely due to its unwieldy size and lack of focus. In its place emerged in 1999 the President's Coordinating Council (PCC), comprising of the President, the Minister of Provincial and Local Government, and provincial premiers. Organized local government attended on invitation. The PCC is a consultative body that deals with cross-sectoral issues and presents an opportunity for provinces to impact on national policy and to ensure the coordinated and integrated implementation of national policies and programmes at provincial level.

(b) MinMECs

Since 1996 informal IGR forums have been formed along sectoral lines, consisting of national ministers and their provincial counterparts in so-called MinMECs. Only the financial and educational sectors have formalized their structure into statutory bodies. Where local government issues have been discussed, SALGA has represented organized local government in these forums. MinMECs performed multi-purpose functions:

- They have been used for information sharing and consultation.
- They have been used by supervising spheres to consult with supervised spheres on supervision issues.

- As a forum of co-operative government, they have been utilized to align policies and coordinate actions.

(c) Budget Council and Budget Forum

The Intergovernmental Fiscal Relations Act established the Budget Council and the Budget Forum. The Budget Council comprises of the national Minister of Finance and the nine MECs responsible for finance in the provinces. The Budget Forum consists of the members of the Budget Council and representatives of organized local government. The function of both bodies is to facilitate co-operation and consultation in the budget process.

(d) Technical forums

Tracking the political IGR forums are the numerous technical forums of bureaucrats, the most important of these being the Forum of South African Directors-General (FOSAD), consisting of the national and provincial directors-generals. Apart from the forums that developed, intergovernmental relations take place through a dense network of informal task teams, workshops, conferences, interpersonal telephone and e-mail communications.

(e) Provincial IGR forums

Intergovernmental forums have also proliferated in the provinces. In the majority of provinces an all-inclusive IGR forum has been established that links the province executive with organized local government. However, some forums exist in name only or function poorly. The latter problem has been attributed to the fact that there are too many forums, resulting in the lack of substantive agendas for each. Forums with a large membership also encounter difficulties in finding suitable meeting dates and then fade into obscurity. There are a number of effective provincial forums, of which the North West Intergovernmental Forum is a good example. Its goals and composition are set out in Case Study 1.

Case Study 1:

North West Intergovernmental Forum

The stated objectives of the Forum are to:

- Enhance and promote cooperative governance;
- Ensure policy synergy between the two spheres of government at the horizontal and vertical levels;
- Create a platform for the coordination of legislation and actions of provincial and local governments;
- Create a channel of communication between the province and local governments;
- Encourage an integrated approach to service delivery;
- Promote the principle of integrated development in the province and, in particular, consolidate the thrust towards a provincial Growth and Development Plan; and
- Monitor the implementation of national programmes and policies and provide a supportive role in respect thereof.

The Forum has two components, namely a political component (which meets quarterly) and a technical component (which meets on a monthly basis). Collectively these allow participation by the following role-players:

- Politicians at provincial and local government level (including the Premier as chairperson);
- Organized local government in the province;
- Representatives of the provincial House of Traditional Leaders;
- Major service providers in the province; and
- Provincial government officials.

In some provinces a dual approach to IGR forums is followed, creating two complementary institutions. One is broad and all-inclusive, meets once or twice a year, and deals with broad policy issues. The other, drawn from the first, is lean and effective and deals on a more regular basis with concrete questions of service delivery.

The manner of local government participation in the provincial forums varies. In most forums local government politicians are represented by the provincial associations of local government on the basis that these represent the voice of municipalities. In others, municipalities are directly represented through their mayors. On issues of service delivery an IGR forum representative of the implementing authorities, it is said, can best ensure that decisions taken collectively are actually implemented in practice.

The IGR forums are non-statutory, established in terms of a Memorandum of Understanding or a protocol. In some forums the partnership principle comes through strongly. In the Free State the chairpersonship of the provincial IGR forum (PROVLOG) and the Premier's Mayoral Forum rotates between the Premier and the Chairperson of Freloga.

(f) Local government's participation

Since December 2000 local government has increasingly taken its rightful place in intergovernmental forums. On invitation, SALGA, representing organized local government, attended the December 2001 PCC meeting on local government. SALGA further participates in the Budget Forum, a number of MinMECs and technical IGR forums.

3.2.2 Current systems, processes and procedures for coordination

The object of Intergovernmental relations is to establish a system in which all of spheres of government plan together to provide a coherent approach to service delivery and development. An overall planning framework of government has thus been the goal. Central to this planning framework is the Medium Term Strategic Framework that, in turn, informs the Medium Term Expenditure Framework. The latter Framework (and the accompanying Medium Term Budget Policy Statement) is used as a tool to encourage cooperation across ministries

and planning in three-year cycles. Introduced in July 2001 the planning framework ensures that policy priorities of all governments are derived from the electoral mandate and that these priorities inform budgeting.

The underlying principle of integrated developing planning across spheres is that it must be a dialogue between spheres. National priorities are influenced and shaped by the articulation by communities of their needs through the municipal integrated planning process. A cabinet lekgotla in July 2001 resolved that national and provincial government should plan and budget around local needs as a matter of principle. In December 2001 the PCC articulated this principle as follows: in a system of state-wide planning municipal integrated development plans (IDPs) must serve as the basis for aligning the policies, planning and budgeting of all three spheres. IDPs are thus seen as an intergovernmental planning instrument for the whole of government.

3.2.3 Implementing joint work, programmes and projects

Effective IGR forums and processes are realized in the concrete practices of joint work, programmes and projects. The poverty alleviation and development programmes such as the Integrated Sustainable Rural Development Programme (ISRDP), Urban Renewal Programme (URP), and Free Basic Services (FBS) are the most prominent. They have established consultation structures specific to their needs. The ISRDP and URP are designed to be managed through joint task teams comprising representatives of many organs of state and spheres of government. A good example of the successful implementation of the URP has been the Alexandra Renewal Programme, as set out in Case Study 2.

Case Study 2:

Alexandra Renewal Programme

The Alexandra Renewal Programme was managed by the Gauteng Department of Housing with strong linkages to the Johannesburg Metropolitan Council via a designated programme manager. It is perhaps this location at provincial level management, which enabled the programme to tap into provincial resources, which is often a challenge in other nodes. This also translated into practice the emerging role of provinces of integrating government programmes.

The provincial Department of Housing that led the programme also delivers a spatial structuring service. This made it easier to pull in resources from departments rendering "support" service such as education and health.

Given the size of the programme, it would have been impossible to manage all its aspects centrally. This challenge was managed by having a number of cluster leaders, who in turn drove the sectoral aspects, within the framework of the broader programme objectives. The overall programme manager still had the responsibility of managing the sectoral components and continually ensuring that they fit into the "bigger picture".

The fact that project planning was detailed also made it easy to define the roles and responsibilities of the various sectors and spheres.

One of the key success factors of the Alexandra Renewal Programme is the fact that the programme had a detailed business plan with clear financial projections in place prior to commencing engagements with various departments across the three spheres. This went a long way in cementing the credibility of the programme.

The said business plan was also compiled with a clear understanding of the financial cycles of the various spheres and this was taken into account in the compilation of the business plan and scheduling of implementation. Once in principle agreements were reached with various departments, resources were "locked" using a variety of tools, such as Memoranda of Understanding (MOU).

Joint work is not limited to cross-sphere participation. Important initiatives are also taking place within spheres. In the national sphere the Municipal Infrastructure Grant (MIG) channels grants from various departments through one department to municipalities. Joint programmes are also envisaged between provinces. The Declaration of Intent on Cooperation between the Eastern Cape, the Western Cape and the Northern Cape foresees joint planning and programmes in the area of agriculture, which may, then, open opportunities for broader cooperation, as is explained in Case Study 3.

Case Study 3:

Declaration of Intent on Cooperation between the Eastern Cape, Western Cape and Northern Cape

The premiers of the Eastern Cape, the Western Cape and the Northern Cape signed a declaration of intent on 22 August 2002 to "strengthen friendly relations within the spirit of cooperative government as set in section 41 of the Constitution" and to promote cooperation in the field of agriculture.

The envisaged cooperation is still mainly in the form of declarations but the purpose is clear that the three provinces will cooperate on a number of agricultural matters and possibly also other matters. After the three premiers had met and signed the declarations the applicable officials met and worked out further detail and reported back to the provincial governments. Cooperation is already occurring on a few matters in practice and the agreement has formalized this, on the one hand, and has opened the opportunity for broader cooperation, on the other.

The formation of the South African Urban Cities Network (SACN) is an important step in furthering cooperation between the nine largest cities in the country. They face similar problems and through the pooling of expertise and best practices, the SACN may make a significant contribution to urban renewal through the promotion of integrated governance. In Case Study 4 the background and purpose of the SACN are outlined.

Case Study 4:

South African Cities Network

Background and purpose of programme

The SACN is a network of South Africa's major municipalities (Buffalo City; Cape Town; Ekurhuleni; eThekweni; Johannesburg; Mangaung; Msunduzi; Nelson Mandela and Tshwane) that encourages the exchange of information, experience and best practices on urban development and city management. It is an initiative of the Minister for Provincial and Local Government and nine city municipalities, in partnership with the South African Local Government Association (SALGA), national and provincial government departments, and several global city networks. The cooperation between the cities themselves, and the three spheres of government, occurred due to the political initiative of the Minister working closely with the Mayors of the nine cities, and a process of extensive consultation.

The establishment of the SACN is based on an analysis of the impact of global economic integration and the changing role of cities. Increasingly, cities and regions are the new units of competitiveness and productivity within the global economy. The degree to which cities are productive and well governed therefore becomes an increasingly important component of national economy policy and strategy, and no longer simply a local government matter. An important issue is explaining local success - why apparently similar cities do better than others.

The goals of the SACN are to promote good governance and management of South African cities; analyze strategic challenges facing South African cities, particularly in the context of global economic integration; collect, collate, analyze, assess, disseminate and apply the experience of large city government in a South African context; and, promote a shared-learning partnership between different spheres of government to support the governance of South African cities.

The activities of the Cities Network are designed to update leaders from all spheres of government on current and emerging changes and trends in urban policy across the world and in South Africa; promote innovation and strategic thinking between cities and other spheres of government; foster cooperation and exchange of best practice; generate options and make recommendations to members; mobilize the capacity of cities to support local government and national development; and, strengthen linkages between cities and their hinterlands.

Core programme: City development strategy and intergovernmental alignment

The SACN's core programme focuses on city development strategies. This includes building the capabilities of South African cities, in partnership with other spheres of government, to analyze their comparative competitive advantages in the global economy, adopt a 15-20 year development plan for the city, and mobilize stakeholders and resources for implementation.

Municipal plans and city development strategy are not synonymous. A core element of city development strategy focuses on the way in which the sum total of all public sector policies, programmes and investments, including those of parastatals and public entities, can be aligned and coordinated within any given city area:

Knowledge sharing methodologies include information exchanges, training and capacity building, frameworks and guidelines, research, electronic exchanges, peer review, best practices and benchmarks, networking and technical support. SACN knowledge sharing partnerships operate both horizontally (city to city) and vertically (intergovernmental):

Success factors

One of the success factors relates to the fact that the role of the SACN is clearly defined. The SACN is a differentiated, specialist support programme targeting cities as the engines of the national economy. It generates options and recommendations for members and partners. The SACN does not play the role of an intergovernmental forum like a MINMEC or the PCC. Neither does it represent the views or act on behalf of its members in official policy-making processes, the role of organized local government.

Another success factor relates to the way in which the SACN operates on the basis of outcomes-based partnerships and deliverables. For example, the SACN economic development programme works in partnership with the Department of Trade and Industry (DTI) and the economic departments of the nine provinces, and focuses on specific research outputs and information-sharing activities.

The Coega Development Project is another case study of good intergovernmental cooperation.

Case study 5:

As the first of a number of Industrial Development Zones (IDZ) in South Africa, Coega has been a pilot project for the economic development of the country.

Having recognized limitations to the private sector leading the process, national Government agreed to spearhead the Coega Project initiative and established the Coega Implementing Authority, drawing together national, provincial and local government structures. A new corporate structure, the Coega Development Corporation (Pty) Ltd, was subsequently registered, with the South African Government as sole shareholder, to implement the strategy for the Coega IDZ.

The conduct of and relationship between the various spheres of Government as shareholders are regulated through a formal Shareholders' Agreement.

At national level the Department of Trade and Industry (DTI), in co-operation with the Provincial Government of the Eastern Cape, has been working on the Coega Project since 1996. DTI was involved in providing policy direction of why the project had to be done and also provided funding for the project. For instance, DTI has been coordinating the negotiation team with the French company, Aluminium Pechiney, which intend setting up the aluminium smelter in the Coega IDZ, on matters that relate to government responsibilities, all with a view to seeing to it that negotiations succeed.

At the provincial level the Department of Economic Affairs in the Eastern Cape Province was responsible for the implementation of the pronounced policy direction. The provincial government also provided the bulk of the funding for the project.

At the local level the Nelson Mandela Metropolitan Municipality played a role in involving the community and local businesses, to champion the project and to provide strategic support. The Coega Development Corporation has worked closely with the Nelson Mandela Metropolitan Municipality to ensure that the planning for the IDZ fits into the municipality's long-term framework plan. A joint steering committee ensures that there is synergy between IDZ infrastructure and what is available or planned for the greater metropolitan area.

Critical success factors identified were good stakeholder management and leadership from the side of the Coega Development Corporation and the support of the three government spheres.

Stakeholder management of all levels of government was a central aspect with the strategic aim of keeping government informed of the project. This is that the three spheres individually are kept informed of the progress, constraints and difficulties with the project.

Leadership was also a critical factor and had to be alive to both the strategic intent of government and the business environment in which they were operating. Government had a strategic intent to provide in terms of its social responsibility to create jobs. Leaders had to be aware that the purpose of the business environment in which they were operating is to attract investment.

The support that the project has enjoyed and continues to enjoy from government at all levels contributed to the success of the project thus far. All layers of government provided strategic support to the project in various ways and have shown that they own and champion for the project. Thus, apart from just funding, government at all levels has shown demonstrable interest for the success of the project.

CHAPTER 4

4. KEY CHALLENGES FOR IMPROVING INTERGOVERNMENTAL COORDINATION

The IGR forums, systems, processes and joint work that have evolved over the last nine years, have been delivering, on the whole, integrated government to the nation. The range of best practice that has emerged in this short time has been commendable. Nevertheless, integrated government has and will present implementation challenges as the new systems begin to take root. The challenges relate to all three aspects of intergovernmental relations: IGR forums, systems and processes, and joint work.

4.1 Challenges for intergovernmental forums

An effective system of intergovernmental relations and cooperative government is predicated on appropriate and effective institutions. These institutions are responsible for the development of appropriate systems and processes as well as initiating and overseeing joint work and projects. The current practice of the institutions poses a number of challenges for the successful realization of co-operative government.

(a) Need for clarity on status and role of forums

IGR forums function optimally when there is clarity on their status, role, governing principles and the relationship between them and the executive authorities they comprise of. Uncertainty and confusion about the ground rules result in inconsistent practices, unreasonable expectations and unconstitutional conduct. These consequences are, unfortunately, not uncommon. A practice has developed where decisions of a MinMEC are taken to be binding decisions on the executive of provinces. MECs do not always table important MinMEC decisions to their executive for approval (or even noting). Not only does it undercut the executive authority of the Executive Council, but it also creates confusion about whether a policy has really been adopted by a government. Moreover, it opens national government to continual claims of unfunded mandates. Clarity on the ground rules of IGR forums is thus essential for the stability and predictability of the system of intergovernmental relations.

(b) Formalizing the President's Coordinating Council

The PCC is the heart of the IGR system, the central forum to which other IGR forums are linked and with which they form channels of communication. It gives central coherence to the system. Yet, the PCC functions informally, without a basic framework describing its composition and functions. The stability and

predictability of the entire IGR system can only be enhanced by formalizing the basic framework of the PCC.

(c) Full participation by local government

As the key site of service delivery and development - the point of delivery where all spheres of government converge - local government must play its rightful role in intergovernmental relations. Without its full participation, the vital contribution of locally articulated preferences (based on municipalities' participatory governance procedures - ward committees and IDP processes) will be missing. Yet, the participation of local government in national and provincial intergovernmental processes is ad hoc rather than systematic. In many instances local government is not represented in these processes because the institutional machinery does not exist. The participation of local government in national and provincial IGR forums and processes should therefore, where appropriate, be institutionalized.

(d) Effective functioning of provincial-local IGR forums

Integrated governance in provinces is the product of both the provincial executive and municipalities. The effective delivery of services and the promotion of development depend on their collective effort. This requires the alignment of strategic plans, the coordination of legislation and cooperation around joint work. The practice of provincial IGR forums to effect these objectives, is, however, patchy at best. In some provinces there is no all-inclusive political forum where the province and municipalities can meet (for example in KwaZulu-Natal, Western Cape). In others the provincial forums exist on paper only (for example, Eastern Cape).

The premier and the mayors in a province carry the executive responsibility for provincial-local relations and they must give effect to cooperative government through, among other things, effective intergovernmental forums.

(e) Effective integration of IGR forums

There will be a system of intergovernmental relations where the various players are well connected and integrated. This requires at an institutional level that there be clear channels of dialogue between the various IGR forums. The practice of IGR suggests, however, ineffective linkages. With no clear lines of information flowing between a MinMEC and the PCC and between a provincial IGR forum and MinMECs, uncoordinated results inevitably follow.

4.2 Challenges for coordinating through systems and processes

IGR forums by themselves do not and cannot constitute co-operative government; it is the systems and processes they produce and implement in the spheres that make co-operative government work. At this level there are a number of challenges for the system to work better.

(a) Clarity in operational concepts

For consistent practices and sound decision-making processes, all players in the intergovernmental relations system, must work from the same ground rules; there must be clarity on the content of core concepts such as coordination, integration, consultation and alignment. Currently, these concepts are used interchangeably and loosely or are poorly understood. In as much as these shape the legal powers, functions and responsibilities of spheres of government and organs of state, precise terminology must be used precisely.

(b) Integrating strategic planning between spheres

The basis of coordinating legislation, policies, programmes and budgets is integrated strategic planning. Joint work and common programmes are not possible if the strategic plans of participating spheres do not "speak" to one another. However, in practice the alignment of strategic planning between spheres of government is weak or absent. It thus becomes difficult to cascade national priorities into provincial and municipal strategic planning, and to match local development opportunities articulated in municipal IDPs with the resources allocation decisions of national and provincial governments. The lack of integrated strategic planning is the result of a number of factors:

- It is unclear what constitutes the strategic plans for national government and for provinces.
- National and provincial strategic planning, unlike municipal IDP, does not have a spatial dimension. The result is that plans are seen as statements of intent in that they do not have a spatial and geographic impact.
- Provincial growth and development strategies either do not exist, are dated, or do not speak to municipal and national plans.
- National and provincial sector departments have, in general, not engaged municipalities on the content of the latter's IDPs.
- National/provincial and local budget cycles are different. While the MTSF is trying to address integrated planning for service delivery, there are still problems with synchronizing "whole of government" budgeting and planning cycles. Different budget cycles in national and provincial as against local government result in grant allocations being squeezed into a 6-month financial year.

(c) Integrated service delivery

Following on integrated strategic planning comes integrated service delivery, a seamless web of services that cuts across jurisdictional boundaries. Conversely, uncoordinated strategic planning and unilateral delivery action by departments contribute to fragmented service delivery. Fragmented planning may result in mismatch between programme design and community needs and opportunities. The role of national departments in relation to service delivery is not clear, particularly where these services create long-term costs for provinces and municipalities. There is no clear policy on whether (and therefore which) service delivery functions that could be performed elsewhere than by national government, should be progressively devolved to provinces and municipalities.

(d) Integrated and coordinated regulation of local government

Good governance requires that the national government and the provinces execute their regulatory function over municipalities in an integrated and coordinated manner. Several national departments exercise regulatory responsibilities that impact on municipalities. If each of the departments works with an own understanding of the role and place of local government and its own regulatory powers, the risk is that there are as many concepts of local government as there are departments. The cumulative effect of these different concepts amounts to a burden on local government. If a province's own understanding of its regulatory powers over local government is added, the end result is even more burdensome and confusing to municipalities. The practice of regulation suggests that there is no consistency in approach to local government by line departments at both national and provincial level. National and provincial legislation and policies are also at times at odds. Furthermore, national government does not set integrated medium term policy priorities for local government as a sphere of government. Rather, each national department has considerable discretion to determine its own strategic priorities for local government, which may or may not correspond with other sector priorities or the interests of the local sphere as a whole.

There are currently no institutions that deal directly with the problem. There is no clearing house for national policy affecting local government. The MinMEC on Local Government is not able to address issues that are multi-sectoral. In particular the disjunction between financial budgeting and sectoral planning must be bridged. What is required is a "whole of government" approach to local government.

(e) Integrated and coordinated supervision of local government

The effective and efficient supervision of local government requires an integrated and coordinated approach between national departments supervising local government as well as between provincial departments performing a similar function. Different monitoring regimes are both burdensome and costly, leading to duplication and confusion. Currently, monitoring and oversight functions are fragmented between national and provincial departments and, at provincial level, thinly resourced, which impacts on timeous detection of service delivery failures for the purposes of corrective action. Departments do not have integrated information systems or consistently work off common data sets, which may lead to fragmented policy.

(f) Effective processes and procedure for settlement of intergovernmental disputes

The Constitution obliges spheres of government and organs of state within spheres to avoid litigating against one another. This duty is demanding as section 41(3) requires that every organ of state "must make every reasonable effort to settle the dispute by means of mechanisms and procedures provided for that purpose, and must exhaust all other remedies before it approaches a court to resolve the dispute." The courts may enforce this duty by referring a dispute back to the parties if the requirements of section 41(3) have not been met. The Constitutional Court has taken compliance with this duty seriously. It said that a court, including itself, would "rarely decide an intergovernmental dispute unless the organs of state involved in the dispute have made every reasonable effort to resolve it at a political level."

There is as yet no Act of Parliament, as required by the Constitution, that provides a basic framework on (a) the types of disputes subject to the obligation, and (b) the steps parties to a dispute must take before approaching a court. Although the incidences of litigation have been limited, and most disputes have been resolved within the intergovernmental relations system, the Constitutional Court has in a number of cases refused to hear a matter because parties failed in their basic obligation to pursue alternative dispute resolution methods.

4.3 Challenges for joint work and projects

Joint work and common projects are the products of successful co-operative government initiatives. However, their effective implementation poses formidable challenges.

(a) Clear financial accountability

Accountability for public expenditure resides in one entity. This principle has meant that, amongst other things, funds cannot be shifted from one vote to another without sanction by Parliament. Joint work thus requires finding new and efficient ways of getting different entities working together whilst retaining single-point accountability for public expenditure.

(b) Effective and efficient decision-making

Joint work is aimed at the better delivery of public goods and services, which requires effective and efficient decision-making. Working across spheres, however, can lead to decision-making paralysis by diluting the decision-making effectiveness of executive authorities within an amorphous proliferation of meetings and forums.

(c) Promoting a joint work ethos within the public service

Joint work will flourish when it makes sense for senior managers to engage in such enterprises. However, the conventional line-function culture of votes per department, specialist ministerial mandates, and rewards and sanctions for individual performance is pervasive. Senior managers, for instance, will have their own performance contracts that relate to specific mandates and do not provide for work in joint teams. Consequently, joint work becomes an additional task rather than core business. A change in ethos that emphasizes cross-sectoral cooperation and work must thus address the structural bias in favour of sectoral work.

(d) Integrated planning linked to budgets

Joint work must be underpinned by integrated planning and aligned budgets. Interdepartmental work must be translated into individual departmental budgets. Too often there is a disjuncture between plans and budgets; officials are unable to commit their organization to a joint task, because their departmental budget does not reflect commitments made in joint teams.

(e) Clear mandates for intergovernmental forums

Joint work produces results where the status and role of management forums, created to drive the projects, are certain. Interdepartmental and intergovernmental task teams are often hampered by unclear mandates, particularly with regard to political decision-making.

(f) Full participation in municipal IDPs

The participation of national and provincial sector departments in municipal IDP reviews is a cornerstone of integrated planning. Municipalities are dependent on information about sector expenditure plans that have costs for municipalities or require technical assistance from departments. In practice, however, participation has been weak.

CHAPTER 5

5. LEGISLATION AND OTHER MEASURES TO IMPROVE INTERGOVERNMENTAL COORDINATION

5.1 Introduction

The January 2003 Cabinet Lekgotla endorsed the view that the central challenge in intergovernmental relations is to ensure that the machinery of government works better, in a more integrated way, and more efficiently to deliver services to communities and people. A resolution was taken that stability, certainty and predictability within the system of intergovernmental relations, the main elements of which have been in place for some time, in itself was a step towards improving and accelerating service delivery.

Giving effect to this view, the system that exists must be made more efficient, transparent and effective. The approach adopted is to build on the existing system, and to confirm and elaborate on the best practices that have developed. While government across three spheres is by its very nature complex and all challenges are difficult to address fully, the object of this Framework is to improve coordination and effect integrated government. The following two-fold intervention strategy should be followed:

(a) Intergovernmental Relations Bill

In giving effect to the constitutional injunction of section 41(2), the Intergovernmental Relations Bill seeks to "facilitate and promote intergovernmental relations" by anchoring the system within a broad statutory framework. It does so by -

- Articulating the key objects of co-operative government;
- Providing the institutional spine of the system by regulating IGR forums; and
- Providing a basic framework for the settlement of intergovernmental disputes.

(b) Other non-statutory measures

Since IGR comprises of relations between executives of distinctive spheres, and are thus inherently political, the system should not be overregulated by law. A number of non-statutory measures should therefore be adopted to provide for the necessary systems and procedures required for cross-sphere coordination.

5.2 LEGISLATION TO IMPLEMENT SECTION 41

5.2.1 Approach

The statutory anchoring of the IGR system is informed by the following considerations:

- As the system of intergovernmental relations is political - the relations between executives - legislative intervention should be minimal; the processes of politics should dominate. This is also the practice in other decentralized countries; intergovernmental relations are mainly informal, making them flexible to respond to changing circumstances. The Bill therefore does not seek to govern intergovernmental relations in its totality but provides only the broad framework in terms of which spheres of government must interact with one another.
- As intergovernmental relations encompass all three spheres of government, local government must take its rightful place in the system.
- Certainty and clarity are sought on the objects of intergovernmental relations as well as the functions of forums created to conduct intergovernmental relations. Stability, certainty and predictability in themselves are steps toward improving the system.

5.2.2 Principles and objects of intergovernmental relations

The first goal of the Bill is to set out the key principles and objects of intergovernmental relations. The point of departure is that the principles place the focus on the outcomes that must be achieved, and not on the system itself. The primary object of co-operative government is not cooperation for its own sake, but to provide effective and efficient government. Co-operation between spheres must therefore be geared towards –

- Sustainable development;
- Integrated delivery of public goods and services; and
- Effective implementation of legislation.

These overall objects are to be achieved by an intergovernmental system that ensures -

- Mutual consultation on policy and legislation;
- Co-ordinated strategic planning; and
- Accountability for performance and expenditure in terms of legislation.

Concrete steps must be taken to achieve these objects, including -

- Establishing intergovernmental forums;
- Information sharing;
- Joint programmes of actions;
- Measuring and monitoring the conduct of intergovernmental relations;
and
- Strategic planning.

Strategic planning is a key instrument for giving effect to the objects of co-operative government. While each sphere is responsible for strategic planning within its own sphere, each one must inform, and be informed by, other spheres regarding planning.

As local government is the key site of delivery and development, the Bill entrenches the duty of other spheres of government to consult with local government. Local government is further entitled to participate in any intergovernmental forum when policy matters materially affecting local government are discussed.

5.2.3 Intergovernmental forums

The IGR system functions rationally and in a predictable manner where all IGR forums work from the same ground rules. This requires clarity on their status, role, governing principles and the relationship between them and the executive authorities they comprise of.

(a) Ground rules

The Bill establishes the following operational principles:

- Intergovernmental forums are not executive decision-making bodies but may take resolutions or make recommendations to the executives of the participating spheres of government. It is for the executive of each sphere to decide whether or not to adopt a resolution or recommendation.
- Intergovernmental forums should regularize their functioning by adopting a protocol that deals with the basic operational framework of the forum.
- Technical support structures may be established and duly authorized to undertake technical tasks.

(b) President's Coordinating Council

The only intergovernmental forum that is given statutory form is the President's Coordinating Council (PCC). The reason is clear; the PCC is the heart of the intergovernmental relations system, encompassing the leadership of all three spheres of government. As the center of the system, it provides predictable lines of dialogue with other IGR forums. Casting the PCC in statute provides the necessary certainty and stability on which other systems and processes can be built. The task of the PCC is thus to –

- Facilitate the co-ordination of national, provincial and local strategic planning;
- To be a vehicle for the development of joint programs of action; and
- To be used for monitoring the implementation of national policy in provinces and municipalities.

(c) MinMECs

Confirming the current practice, a member of the national cabinet may establish an intergovernmental forum, which must conform to the basic operational framework set by the Bill. The Bill does not convert existing MinMECs into statutory structures; they continue to function as before but now within the broad prescribed framework. What is required from each IGR forum is to adopt its own protocol that must at least deal with membership, including the participation of local government, the position of the chairperson, and the terms of reference, the frequency of meetings, the effect of resolution taken and other administrative matters.

(d) Provincial-local IGR forums

Given the premier's responsibility for coordinating intergovernmental relations within the province with both the national and the local governments, he or she must establish provincial intergovernmental forums that suit the needs of the province. The only substantive requirement is that they must include at least the mayors of district municipalities. The Bill is not prescriptive with regard to the detail of the forums. A broad framework for a forum's protocol is set, the details of which are to be filled in by the forum itself. The purpose of a provincial forum includes –

- Discussing matters arising in the PCC and other national intergovernmental forums, thus establishing vital links between the provincial forums and national forums.
- Facilitating the coordination of strategic planning in the province -aligning provincial and municipal strategic planning;
- Consulting on policy matters of common concern; and
- Providing a mechanism for supporting municipalities and monitoring the

implementation of national and provincial policies.

5.2.4 Dispute settlement

The Bill provides a broad framework for the settlement of disputes. The Bill's approach entails the following principles:

- Parties to a dispute must take ownership of the dispute and seek to resolve it through their own endeavours.
- IGR forums must seek to settle disputes.
- The Department of Provincial and Local Government, through the Minister, merely plays an oversight role. The party initiating the dispute (the disputant) must notify the Minister, who only becomes involved when the parties have not resolved the dispute (or agreed upon the process to resolve the dispute) and one of the parties requests the Minister's intervention. In such a case the Minister convenes a meeting of the parties with the aim of facilitating
 - the identification of, and agreement on, the issues in dispute;
 - agreement on a process to resolve the dispute; and
 - with the agreement of the parties, the resolution of the dispute.If the agreed process to resolve the dispute fails, the parties must refer the dispute to a mediator for mediation.

The Minister may issue regulations on the procedures, time periods and other matters relating to the settlement of disputes. This will include a list of accredited mediators.

With regard to disputes within a province, the MEC responsible for local government performs the function of the Minister.

5.2.5 Supervisory role

The Minister of Provincial and Local Government performs an overall oversight role in respect of intergovernmental relations by –

- Submitting an annual report to Parliament, dealing with the general conduct of intergovernmental relations and the functioning and activities of national intergovernmental forums as well as the incidence and settlement of intergovernmental disputes; and
- Issuing regulations to give effect to the principles of co-operative government and the objects of intergovernmental relations provided for in the Bill.

5.3 OTHER MEASURES FOR IMPROVING COORDINATION

While the Bill anchors the system, non-statutory measures must provide the systems and processes that make the system work in a predictable yet flexible manner. The IGR forums will play an important role in developing protocols and processes that will enhance co-operative government.

5.3.1 Intergovernmental forums

(a) Protocol on intergovernmental coordination

Protocols should be developed which set out the lines of dialogue between the different IGR forums. They may include the following steps:

- With only Cabinet and provincial executive councils making binding decisions, all recommendations of MinMECs are referred to these executive authorities.
- Once Cabinet or a provincial executive has considered MinMEC recommendations, these could be referred to the PCC for its consideration and input.
- The PCC becomes the forum where all provincial and national executives can agree on policy.
- Where MinMEC recommendations have an impact on national legislation or policy within the ambit of the national sphere, the recommendations should be approved by Cabinet and the provincial executives before referral to the PCC.
- Where the recommendations would have provincial implications only, they can be tabled directly at the PCC after approval by the provincial executives.

(b) Local government MinMEC

The MinMEC on Local Government must be developed to deal with cross-sectoral issues. In particular, the disjunction between financial budgeting and sectoral planning must be bridged. A "whole of government" approach to local government should be forged by holding "joint MinMECs" where relevant sectoral departments participate.

(c) Local government's participation in national IGR structures

Commensurate with its position within the intergovernmental relations system, local government should also participate in the key technical IGR forums. The chief executive officer of SALGA should become a member of FOSAD, FOSAD management Committee, the Governance and Social Sector cluster and the technical committee for the PCC.

5.3.2 Coordinating systems and processes

The development of IGR systems and process to give effect to coordination across spheres and within spheres is a key objective. Local government, strategic planning, and budgeting are the main concerns.

(a) Coordinated and integrated approach to local government.

As a number of departments as well as provinces interact with local government, the challenge is to develop a coordinated and integrated approach to the regulation and supervision of this sphere.

- **Coherent national and provincial approach.** To secure a coherent national and provincial approach to local government a dedicated institution for the management of local government affairs that cuts across spheres is called for. At the technical side there is a need for a clearing house for all national policy affecting local government, the object of which is not to direct or prescribe but to highlight inconsistent and contradictory approaches that can be referred to the joint MinMEC on local government.
- **Budget-planning.** The National Treasury should introduce a special budget-planning meeting during the MTEF calendar for local government. Given the strategic importance of local government in service delivery, the 10x10 model (9 provincial departments and treasuries and the national department and treasury, used in the health and education sectors) should be applied to local government.

(b) Strategic planning within and across spheres

While the Bill positions strategic planning as an object of IGR, the implementation of a system of strategic planning within and across spheres occurs at an executive level.

- **Guidelines on intergovernmental planning.** The Department of Provincial and Local Government will produce guidelines during the financial year 2003/2004 in support of intergovernmental planning, and establish an information warehouse on development planning that is accessible to all organs of state. The Department will also introduce a support program to assist provincial strategic planning and alignment.
- **Report on strategic planning and budgeting formats.** Strategic planning and annual reporting regulations should require national departments to report on linkages with local government (including reprioritization to the nodes) as well as on broader alignment with municipalities. Provincial treasury regulations should require that provincial departments report on their interactions with municipalities.

- **Link between provincial strategic plans and IDP's.** Provincial Growth and Development Strategies should be explicitly required by legislation to take IDPs into account. Provincial treasuries could make allocation of funds to provincial line departments contingent on them demonstrating links to IDPs where appropriate.
- **Establishment of IDP Nerve Centre.** The challenge is the integration of information provision. Not only will it be cost effective, by avoiding duplication, but will also facilitate coordination and cooperation where departments and spheres work from the same data sets. The Department of Provincial and Local Government will establish an IDP nerve center containing all relevant information of IDP's, and will assist departments and spheres of government to utilize the IDP during resource allocation plans.
- **Training of national and provincial officials to understand developmental local government.** National and provincial government officials involved in policy design that impacts on municipalities should be trained to understand the different financial procedures and processes at local level, as well as the concept of "developmental local government", and how they can support these objectives.
- **Harmonization of service delivery boundaries.** National and provincial service delivery boundaries should be harmonized with the newly demarcated municipal boundaries.

5.4 Joint work and projects

Some of the challenges of coordination and integration have been to find new and efficient ways of promoting the "one government" ethos of joint work in public administration, while not eroding the lines of financial and political accountability for public expenditure. Within departments the following strategies should be followed:

(a) Proper mandating of officials participating in interdepartmental teams

For the effective execution of joint work, heads of departments should appropriately mandate officials representing their departments on interdepartmental teams. Where necessary, officials' performance contracts should be modified to provide for incentives for joint work.

(b) Coordination of policies on municipal infrastructure

An interdepartmental structure to manage and coordinate policies on municipal infrastructure will be established. It will serve as a useful lesson for joint management practices. An inter-cluster planning forum should be established to promote dialogue between the national, provincial and local government strategic planning for the purpose of informing the Municipal Infrastructure Grant programme. The latter programme will be the test case to see how the different departments' projects can effectively and efficiently be managed collectively.

CHAPTER 6

6. LOCAL GOVERNMENT FINANCE

6.1 Local Government Budget Priorities

Substantial resources are being made available to the local government sphere in the 2003 Budget, to provide for poverty relief, extend infrastructure delivery and further strengthen the local government system through skills development and capacity building. National transfers to local government increased at an annual average growth rate of 18,4 percent, from R8, 8 billion in 2002/03 to R14, 6 billion in 2005/06 (Refer to Budget Review 2003).

This increase is particularly significant when compared to the forward estimates of the 2002 Budget. The local government share rises by R1, 8 billion in 2003/04, R2, 4 billion in 2004/05 and R3, 1 billion in 2005/06 above the forward estimates published in the 2002 Budget, taking the local share of nationally raised revenue from 3,6 per cent in 2002/03 to 4,4 per cent by 2005/06.

The bulk of the additional resources will be targeted towards the provision of free basic services, the extension of services to areas not presently serviced and further infrastructure investment. In total, R4, 1 billion over the 2003 MTEF will be made available for water, electricity, refuse removal and sanitation as part of Government's commitment to provide free basic services to households that cannot afford them.

Infrastructure grants to municipalities remain a key instrument in urban renewal and rural development:

- The municipal infrastructure programme has benefited 2,5 million people since 1997
- The local economic development fund has contributed to 4550 permanent and 9 050 temporary jobs to date.
- Between 1994 and 2001 a total of 1,2 million new electricity connections were made.
- Some 8,5 million people have gained access to improved water services, 105 000 toilets have been constructed and 670 000 have benefited from water-related health and hygiene programmes.
- Sports facilities have been constructed or improved in 55 communities, providing about 2 200-job opportunities.

2003 Budget Review

Table: Transfers to local government

R million	2002/03	2003/04	2004/05	2005/06
Equitable share	3964	6343	7078	7698
Transition grant	223	-	-	-
Water & sanitation operating	700	836	858	934
Subtotal equitable share & related	4887	7180	7936	8633
Consolidated Municipal Infrastructure Programme	1 671	2246	2724	3016
Water Services Project	999	1 102	948	1 037
Community Based Public Works Programme	260	260	-	-
Local Economic Development Fund	111	117	-	-
Sport & Recreation facilities	76	123	-	-
National Electrification Programme	228	240	245	258
Urban Transport Fund	40	9	-	-
Integrated Sustainable Rural Development	32	-	-	-
Municipal Infrastructure Grant	-	47	117	97
Unallocated ¹	-	-	555	588
Subtotal capital	3416	4144	4588	4996
Restructuring grant	250	315	343	363
Financial management grant	154	212	199	208
Municipal Systems Improvement	94	150	182	423
Subtotal capacity building & restructuring	498	677	724	995
Total transfers to local government	8801	12001	13249	14624

1. Poverty relief allocations in 2004/05 & 2005/06 are subject to a Cabinet review and therefore unallocated

An additional R1, 8 billion over the next three years is allocated for infrastructure delivery of which R1 billion will be earmarked for labour-based infrastructure investments, to boost employment creation at a local level.

An additional R300 million over this MTEF is set aside for capacity building. An interim framework has been adopted for aligning the capacity building allocations into a single grant by 2005/06. Capacity building grants to municipalities that flow through provinces will be incorporated into the Municipal Systems Improvement Grant in 2005/06. This translates into an additional R233 million to the local sphere, and accounts for the sharp increase in the value of the grant in 2005/06. Increases will be focused on financial management and reform, and on improving strategic management and service delivery skills.

In terms of current legislation, the Minister of Finance is required to determine the maximum growth limits for municipal budgets. There is strong link between the rate of growth in municipal budgets and increases in service charges. The guideline growth rates for municipal budgets for the next three years are set at 9, 8 and 7 per cent, respectively. The guideline rates also take into account anticipated changes in service charges and tariffs for electricity and water, and medium term salary agreements between the South African Local Government

Association (SALGA) and relevant employee representatives.

6.2 Policy and Budget Reforms

Unlike provinces, local governments have significant revenue raising powers. However, the high proportion of poor household in some municipalities presents serious challenges to the efforts of local government to realize their revenue-raising potential.

While transfers from national government comprise 17 per cent of total local government revenue (the remainder raised through own revenue)², this percentage is much higher for the smaller and predominantly rural municipalities, which typically receive 60 per cent of their income in transfers.

Broadening the revenue base of local government remains an important objective. A number of policy developments are being considered to enhance the revenue raising capacity of local authorities. These include:

- The alignment of municipal fiscal powers and functions
- A review of the Regional Services Council levies to overcome administrative, compliance and other inefficiencies
- A review of the equitable share formula, primarily in light of new census data, and the need to give effect to government policy on addressing basic services
- Changes to powers and functions between category B and C municipalities as gazetted in January 2003
- Tabling of the Property Rates Bill, to regulate the levying of property rates by municipalities
- Restructuring of the electricity distribution industry and other service sectors
- Implementation of the Municipal Finance Management Act and other legislative reforms to financial management, such as the borrowing powers of municipalities.

For the first time this year, a breakdown of national transfers to local government by municipality is published in the Division of Revenue Bill on Budget Day, four months ahead of the municipal financial year. Early publication of municipal

² The National Treasury estimates actual budgets to be in the region of R68 billion. This estimate is lower than budgeted figures, since municipalities do not collect all revenue budgeted.

allocations from national government will enable municipalities to incorporate these allocations into their budgets, to improving planning and budgeting, and thus facilitating the timely execution of capital projects. This should also enhance transparency in the intergovernmental fiscal system.

Transfers to local government are made through three types of funding streams - the equitable share, infrastructure transfers and recurrent transfers for capacity building and restructuring purposes.

6.3 Equitable share

The equitable share is an unconditional transfer, intended to assist municipalities to deliver basic services such as water, sanitation, electricity and refuse removal. The equitable share formula, favours poorer municipalities.

The equitable share grows in significance from 45 percent of transfers to local government in 2002/03, to 53 per cent in 2005/06. In principle, the unconditional portion is set to grow relative to conditional grants in future as the intergovernmental system matures. The equitable share rises from R3, 9 billion in 2002/03 to R6, 3 billion in 2003/04, R7, 1 billion in 2004/05 and R7, 7 billion in 2005/06.

Over the 2003 MTEF, the equitable share has been supplemented with a R1, 4 billion allocation for free electricity, and R2, 7 billion for free basic water, sanitation and refuse removal services. These funds will flow to municipalities, either directly or through national department programmes and other agencies. Where other agencies provide these services, service level agreements will be negotiated. In 2002/03, 20 per cent of the equitable share went to category A municipalities (metropolitan councils), 67 per cent went to B municipalities (primary local councils) and 13 per cent to C municipalities (district councils).

Due to the reconfiguration of powers and functions between category B and C municipalities, the portion of the equitable share going to category C municipalities increases to about 17 per cent in 2003/04, with a corresponding decline in category B municipalities' share. Since category A municipalities are not affected by the shift in municipal powers and functions, their share of the total equitable share remains at approximately 20 per cent. Approximately 38 per cent of the equitable share is distributed to the 30 largest municipalities (measured in terms of budget), which house approximately 49 per cent of the poor.

The financial and fiscal reforms of the last five years substantially enhanced the capacity of provinces and local authorities. Significant increases in fiscal transfers to provinces and local government set out in this chapter will contribute to the consolidation of social services delivery and provision of free basic services to households that cannot afford them.

The Municipal Financial Management Act will facilitate extension and deepening of financial management and budget reforms at the level of local government, similar to those implemented at national and provincial level under the Public Finance Management Act. This will be accompanied by a review of the fiscal framework for local government to commence in 2003, entailing a range of reforms to accommodate shifts in powers, functions and fiscal capacity.

With Census 2001 results recently published, the equitable share formula will be reviewed. If changes are deemed necessary, they are likely to be introduced in the 2004 Budget.

CHAPTER 7

7. COLLABORATION WITH THE DPLG

A major study of the activities of the DPLG as it relates to service delivery was undertaken. Several senior managers and consultants were interviewed and a wealth of information was gathered in the process.

7.1 Mission And Vision Statement

The primary mandate of the Department is:³

- To develop and monitor the implementation of national policy and legislation seeking to transform and strengthen structures of governance to fulfill their developmental role;
- To develop, promote and monitor mechanisms, systems and structures to enable integrated service delivery within government; and
- To promote sustainable development by providing support to provincial and local government.

7.1.1 Vision

The vision of the Department of Provincial and Local Government is to have an effective and integrated system of government consisting of three spheres working together to achieve sustainable development and service delivery.

7.1.2 Mission

The mission of the Department of Provincial and Local Government is to:

- Develop and promote systems and structures of effective governance, particularly at the local sphere; and
- Develop and promote a system of integrated government between the spheres of government.

³ DPLG. 2003: 1

7.2 Branch: Governance and Development

7.2.1 Chief Directorate Intergovernmental Relations and Directorate IGR Co-ordination and Implementation

Purpose: To develop, co-ordinate and implement an effective system of intergovernmental relations.

Responsibilities and Functions:

- Develop, co-ordinate and implement intergovernmental relations policies and systems.
- Advise and develop policy on matters related to IGR.
- Develop national legislation with a broadly enabling framework that is taken through the cabinet cluster process.
- Develop policy instruments appropriate to strengthen inter-governmental relations.
- Develop monitoring mechanisms for critical intergovernmental institutions.
- Build provincial and local intergovernmental structures.
- Develop mechanisms and procedures to facilitate dispute resolution.

The Directorate is currently developing IGR systems and dealing broadly with the decentralization process with the view to finalize the framework. There is a realization that the IGR system has evolved, and gaps may have appeared that need to be closed. It is for this reason that a new Bill on IGR⁴ is being prepared that will essentially formalize processes. Policy on IGR co-ordination is currently being strengthened.

7.2.2 Specific Questions on Service Delivery

(a) How has your functions contributed to the efficient and effective delivery of services?

The major purpose is to bring predictability to the IGR framework. The lines of predictable communication will improve service delivery. Much development has evolved rapidly over the past ten years. Support for the cluster system (which has become the basic ethos of government since 1999) has become extremely important. This Chief Directorate co-chair's the governance and administration

⁴ Refer to the Draft Bill, which will become known as Intergovernmental Relations Act, 2003.

cluster, which manifests in different programmes, such as establishing the institutional machinery for the integrated sustainable rural programme.

(b) Have services been delivered at the lowest possible cost?

This Chief Directorate has a high-level policy function. It is responsible for policy co-ordination, monitoring, oversight and delivery. It also ensures that the various components of the system fit properly and that there is dialogue between IGR processes. Closer attention needs to be given to the relationship between national – provincial – municipal planning, although guidelines exist to ensure alignment.

It is the prerogative to ensure government works more smoothly so as to effect better service delivery. Making government more efficient should ensure cost effectiveness. Practically, this manifests in the municipal IDP processes. Here, the challenge was to fit the IDP into the planning system in a way that does not create duplication and unnecessary burdens on municipalities. This takes cost and efficiency into account.

(c) What were the main blockages in service delivery?

The fundamental challenge is to make the cluster system work effectively. It needs to be ensured that the public service is geared towards the cluster system. This will ensure greater coherence to national policy. Thus, clusters are an attempt to make government work as an entity. It is essential to organize departments to work within clusters and task teams, in order to mandate effective technical processes. It is critical to structure plans and budgets according to cluster priorities. The MTEF and MTEFSF⁵ need be given much greater definition. Much more attention needs to be paid at provincial and local level. It is all about making the existing system work better.

(d) Can good practices be identified?

The introduction of the cluster system has been a massive change to IGR and the business of government. There are examples of joint programmes like rural development and urban renewal as well as other joint efforts.

(e) What were the main features of failures as well as successes in intergovernmental service delivery?

There are smaller problems that relate to the still cumbersome procurement reform process. However, reforms are all in the pipeline and should be completed within the next few years. Reporting requirements need to be streamlined in order to make it easier for municipalities to access funds and give

⁵ The MTEF is a Planning Framework, while the MTEFSF locates budgeting within the overall priority setting process.

them more freedom to spend these funds.

The constitutional system is complex and it has interlocking powers between spheres. The schedules of powers are not necessarily consistent with the developmental challenges facing the country. There are arbitrary breaks between national, provincial and local powers. It should be clear that national government should not have a service delivery role, but an overall policy-making and capacity building role. Whereas, sub-national governments should have a service delivery role.

The formulae are complex, and there is much time lost on co-ordinating processes. There is confusion about the role of some fora. There need to be greater predictability, a common understanding, and a common language.

There is a major challenge of build capacity at the local level. Problems of infrastructure financing exist, but these are features of transformation.

We have the right policy options, and the right institutions. What we need, is the political will and capacity to make it work. Another major challenge would be bringing about a single public service to include local government.

According to a review of local government finances, it is well known that local government is grossly under-funded. Comparatively, local government in SA takes on a very small percentage of national funds. The right amount of resources is needed in terms of skills, capacity and finances. We should not have a situation where we expect local government to do more with less, but have the right funds for what is needed. National treasury is embarking on a major overhaul of local government finances.

(f) Further Recommendations

Many recommendations have been made throughout. Furthermore, existing systems need to work a lot better. Efforts need to be concentrated on the next few years with the view to stabilizing the system of government. It needs to be ensured that various responsibilities in relation to strategic planning between local, provincial and national government fit together well so that we can progressively move away from annual planning to longer range planning.

The devolution of capacity to local government is a major challenge. There is a dire need for massive investment in capacity, human and otherwise. The systems in place are enough to make things work towards focusing on enabling effective local government.

A ten-year review is a good time to take stock. Jurisdictional boundaries and differences between government departments, organs of state, spheres of government, and work towards common outcomes. Thus, a culture of work

needs to be built towards one government – one public service – one ethos.

7.3 Directorate: Research (Governance)

Functions:

- To conduct research on effective governance.
- Research best practices on governance and co-ordinate and facilitate research assignments.
- Render support to promote good governance and nation building.

7.3.1 Specific Questions on Service Delivery

(a) How has your functions contributed to the efficient and effective delivery of services?

Major research has been conducted on departmental and government monitoring and evaluation mechanisms. Research is largely outsourced to outside institutions like the HSRC, UP, and independent service providers. Currently, there is an SADC project underway to develop a local government mechanism for countries within the region.

(b) Have these been delivered at the lowest possible cost?

The directorate went out of its way to cut costs and involve the previously disadvantaged in research processes.

(c) What were the main blockages to service delivery?

There is a major problem of capacity. However, the new dispensation is more progressive with regard to reforming procurement policy.

(d) Can good practices be identified?

Technology in the form of the development of software and the role of the Internet plays an important role in information gathering and communication in terms of the development of local government.

After the establishment of a new local government dispensation in 2000, South Africa is now sought after and ready to assist its neighbours with their transformation processes, notwithstanding the urgent attention needed in the rural areas of the Eastern Cape, Limpopo etc.

(e) What were the main features of failures as well as successes in intergovernmental service delivery?

The components of government need to share experiences. The willingness to share experiences will come with time. The silo effect is a reality and will take some time and experience to work through. Many new managers have been capacitated without the necessary experience. There is abundant potential that need management and leadership experience. Building experience is important for the institutional memory.

(f) Recommendations

Government needs to share experiences more and try to break down the silo approach that is still a reality. Performance contracts of managers need to be looked at in order to include these issues.

7.4 Directorate: Development Planning and LED

Functions:

- Develop a regulatory framework for development planning.
- Promote and manage local economic development.
- Build and support decentralized development planning and service delivery centers.

7.4.1 Specific Questions on Service Delivery

(a) How has your functions contributed to the efficient and effective delivery of services?

The main challenge and progress is that municipalities are now positioned at the frontline of service delivery. Much work has been done to ensure that the intergovernmental system gets the planning and IDP process right. Planning more effectively speeds up services. Better planning allows municipalities to prioritize better. Community participation is important for improving service delivery.

There is an increased focus on co-ordination and integration in order to effect increased efficiencies at local level. It becomes important to assess the impact of services. The outcome should be the attainment of sustainable development. It is vital to achieve and maintain a balance between social, economic, and environmental needs.

(b) What were the main blockages to service delivery?

A major challenge is that municipal staff is fairly new. The quality of IDPs varies. The weaknesses could be ascribed to a lack of involvement by national and provincial government, and thus a lack of sufficient integration.

In terms of LED, there is a serious lack of capacity. Municipalities need a new orientation and do not understand the operation and thinking of the business sector. Initiatives are viewed on a project basis, rather than a coherent development strategy.

There need to be a focus on how co-operative government works in practice. Thus, joint work becomes critical. On the planning side, the role of provinces is undefined. The outcomes of national planning are not clear. Ideally, premiers should put sectors and a framework together to inform local IDPs. In turn, municipalities should participate in provincial planning and the process should then become binding.

Predictable and stable funding is needed to ensure long-term planning. The MTEF is beginning to work, as more funds are becoming available. However, there is a need for more innovative ways for funding major investment, infrastructure, economic and development projects. The problem is that there are no funds available for major projects of this nature. LED and social security need serious attention. Social security measures are urgently needed to cushion the impact of poverty and unemployment. In trying to find innovative ways of funding, we need to consider special funds that could be cross-cutting. Major long-term investment is needed.

(c) Can good practices be identified?

The integrated sustainable rural development and urban renewal programmes show strong co-ordination. However, at other levels co-ordination is not strong enough. Joint efforts could be much more effective at local level.

(d) What were the main features of failures as well as successes in intergovernmental service delivery?

Credible information is important to inform policy. Meetings must have a very clear purpose, as 'talk-shops' cannot be afforded. In order to be able to make informed decisions there is a need for thorough preparation, the right information, programmes, mandates etc. This applies to all levels of government. It is vital that municipalities are supported with the necessary capacity, funds etc.

(e) Identify major intergovernmental projects.

The major projects would be IDPs and LED strategies.

(f) Further Recommendations

Many recommendations have been made throughout this section from **(a)** to **(e)**. However, more specifically it is recommended that an agency be established at national level made up of various departments, provinces, private sector etc. The purpose of this agency should be to manage special funding for major investment, infrastructure, economic and development projects. This could also be replicated at local government level. Regulatory frameworks could be worked out in order to govern the agency. There exist international examples of best practices, e.g. France.

So-called IDP wish lists need to be managed and not just merely dismissed. IDPs need more engagement. Government need to progress to the level of planning in detail. More national commitments are needed to ensure more realistic planning. Funding is not always sufficiently identified and specified. Thus, there is a serious need for more commitment and funding to local government. Ultimately, it is only through delivery that capacity will improve. We need to learn from mistakes and so capacity is built. Finally, there is an urgent need for more innovativeness and flexibility.

7.5 Directorate: Infrastructure Implementation

Functions:

- Manage infrastructure programmes (CMIP⁶).
- Develop infrastructure management capacity.
- Establish baseline information on the state of infrastructure.

The primary objective is to eradicate infrastructure backlogs and ensure that other programmes such as housing has infrastructure. A major challenge is to sustain and develop infrastructure management capacity.

⁶ Consolidated Municipal Infrastructure Programme. See Annexure I for a summary of a quarterly report.

7.5.1 Specific Questions on Service Delivery

(a) How has your functions contributed to the efficient and effective delivery of services?

CMIP is an intergovernmental project with above 80% satisfactory rate on quality and service delivery. Almost 2000 projects are completed and almost 2, 5 million households benefited. R 5,7 billion was spent on projects, with almost R 3 billion spent in the rural areas. Thus, 53% of the funds were spent in the rural areas. All allocated funds are spent. It was also possible to source additional funds. IDPs are incorporated into the CMIP programme so that there is integration.

(b) Have these been delivered at the lowest possible cost?

Service costs are monitored regularly.

(c) What were the main blockages to service delivery?

The lack of capacity is the main reason for the serious delays in implementation.

(d) Can good practices be identified?

There is a best practice system in place. This directorate has received numerous awards for best practices. A number of best practices exist⁷.

(e) What were the main features of failures as well as successes in intergovernmental service delivery?

More co-ordination is needed between line function departments. There need to be a careful look at the amount of funds allocated for infrastructure and capacity in order to deliver and sustain services. The capacity at all 3 spheres of government need to be thoroughly examined.

(f) Identify major intergovernmental projects.

The major intergovernmental project would be CMIP.

**(g) Identify projects experiencing:
(i) major blockages and (ii) good practices that could be studied in more depth and recorded as case studies.**

The transfer of land is either taking too slow, or has not yet taken place at all. It is important to try and establish the infrastructure before housing.

The tiresome procurement policies delays implementation, and thus delays

⁷ See Annexure II

service delivery. The procurement process also undercuts efforts to promote black economic empowerment. The price makes up between 80% to 90% of the tender value. Thus, the playing field is not level and blacks cannot compete equally.

A major success is the involvement of all 3 spheres of government. The turn – around period of business plans are within 15 days.

(h) Further Recommendations

Many recommendations were made throughout. The necessary resources are needed to be able to maintain the project over the required life cycle. The cost of CMIP programmes is one third of the overall project. This raises concerns about financial resources and collapse of infrastructure. There need to be a fine balance between investment and maintenance. Over the next years all capacity constraints (managerial, financial, technical) need to be addressed rather urgently. Since it is foreseen that more capital investment will take place, it becomes important to increase the asset management capacity for proper asset management.

7.6 Branch: Institutional Reform and Support

7.6.1 Directorate: Fiscal Transfers

Functions:

- Administer fiscal transfers.
- Monitor the expenditure pattern of the transferred funds.
- Consolidate fiscal transfers to local government.
- Review and update policy on local government fiscal transfers.

This directorate is mostly concerned with the equitable share, which is an unconditional transfer. The Division of Revenue Act of 2003 which kicks in as from the 2003/4 financial year is a very important development, in particular sections 5 and 8⁸. For the first time, conditions are set under which the equitable share could either be withheld or suspended. Reporting on the delivery of free basic services is required. Quarterly reports on budget use and revenue collection are required. Section 5 (6,7) and section 8 have been added to ensure better use of funds. The national treasury has sought to consolidate local government finance in order to achieve better impact, less duplication and less waste.

⁸ Refer to the Division of Revenue Act, 2003.

The equitable is based on poor households in a municipality. The formula is being reviewed in order to ensure that the poor is targeted and that greater equity is achieved. According to the FFC, one of the flaws is that the formula does not take into account the municipality's ability to raise own revenue. A critical concern is the non-operation of infrastructure.

7.6.2 Specific Questions on Service Delivery

(a) How has your functions contributed to the efficient and effective delivery of services?

The equitable share tries to enable municipalities to provide basic services. 40% of the population still does not have access to water. The Annual Report of 2000/2001 analyses the situation with regard to the provision of free basic services⁹.

(b) Have these been delivered at the lowest possible cost?

Municipalities differ vastly.

(c) What were the main blockages to service delivery?

Major concern would be the absence of infrastructure, capacity to raise revenue, and the lack of resources.

(d) Can good practices be identified?

Serious constraints still exist in the Eastern Cape, KwaZulu-Natal and Limpopo. However, the non-affluent Northern Cape has proactively delivered free basic services. The Western Cape has also shown some innovation in this regard. The directorate is currently working on good practices that

(e) What were the main features of failures as well as successes in intergovernmental service delivery?

Detailed monitoring mechanisms should be put in place. The delivery of free basic services should be improved, and thus receive increased focus.

Intergovernmental structures, which may include DWAF, SALGA, provinces and municipalities, are meeting regularly in order to improve co-ordination around the delivery of free basic services.

(f) Further Recommendations

The provision of sufficient funding is important, but so is capacity and support.

⁹ See Annexure III

More co-ordination is needed.

7.7 Directorate: Infrastructure Implementation

Functions:

- Manage infrastructure programmes (CMIP¹⁰).
- Develop infrastructure management capacity.
- Establish baseline information on the state of infrastructure.

The primary objective is to eradicate infrastructure backlogs and ensure that other programmes such as housing has infrastructure. A major challenge is to sustain and develop infrastructure management capacity.

7.7.1 Specific Questions on Service Delivery

(a) How has your functions contributed to the efficient and effective delivery of services?

CMIP is an intergovernmental project with above 80% satisfactory rate on quality and service delivery. Almost 2000 projects are completed and almost 2, 5 million households benefited. R 5,7 billion was spent on projects, with almost R 3 billion spent in the rural areas. Thus, 53% of the funds were spent in the rural areas. All allocated funds are spent. It was also possible to source additional funds. IDPs are incorporated into the CMIP programme so that there is integration.

(b) Have these been delivered at the lowest possible cost?

Service costs are monitored regularly.

(c) What were the main blockages to service delivery?

The lack of capacity is the main reason for the serious delays in implementation.

(d) Can good practices be identified?

There is a best practice system in place. This directorate has received numerous awards for best practices. A number of best practices exist (see annexure III).

¹⁰ Consolidated Municipal Infrastructure Programme. See Annexure I for a summary of a quarterly report.

(e) What were the main features of failures as well as successes in intergovernmental service delivery?

More co-ordination is needed between line function departments. There need to be a careful look at the amount of funds allocated for infrastructure and capacity in order to deliver and sustain services. The capacity at all 3 spheres of government need to be thoroughly examined.

(f) Identify major intergovernmental projects.

The major intergovernmental project would be CMIP.

**(g) Identify projects experiencing:
(i) major blockages and (ii) good practices that could be studied in more depth and recorded as case studies.**

The transfer of land is either taking too slow, or has not yet taken place at all. It is important to try and establish the infrastructure before housing.

The tiresome procurement policies delays implementation, and thus delays service delivery. The procurement process also undercuts efforts to promote black economic empowerment. The price makes up between 80% to 90% of the tender value. Thus, the playing field is not level and blacks cannot compete equally.

A major success is the involvement of all 3 spheres of government. The turn – around period of business plans are within 15 days.

(h) Further Recommendations

Many recommendations were made throughout. The necessary resources are needed to be able to maintain the project over the required life cycle. The cost of CMIP programmes is one third of the overall project. This raises concerns about financial resources and infrastructure collapse. There need to be a fine balance between investment and maintenance. Over the next years all capacity constraints (managerial, financial, technical) need to be addressed rather urgently. Since it is foreseen that more capital investment will take place, it becomes important to increase the asset management capacity for proper asset management.

7.8 Directorate: Municipal Finance Monitoring

Functions:

- Monitoring municipal finances and support municipalities in financial distress.
- Co-ordinate the improvement of municipal finance management.
- Monitoring the transformation process.

Monitoring of municipal finances is outsourced to a consortium of professional consultants because of a lack of national capacity. The monitoring is done through the provinces. Municipalities in financial difficulties are identified through the municipal support programme. Support in the form of financial assistance accounts for 50% of total funding to address cash flow problems. Consultants also assist in monitoring of the transformation process and produce reports on a quarterly basis.

7.8.1 Specific Questions on Service Delivery

(a) How has your functions contributed to the efficient and effective delivery of services?

By monitoring municipal finances and transformation, the government is assisting the process of efficient and effective service delivery. The directorate is currently assisting municipalities to appoint expertise in key strategic areas. Capacity is built through the transfer of skills by consultants.

(b) Have these been delivered at the lowest possible cost?

An annual budget allocation is made for professional services. Value for money is ensured, and the budget has never been exceeded, neither drastically under-spent.

(c) What were the main blockages to service delivery?

Co-operative governance has not sufficiently filtered through. Government is still working in silos. The 3 spheres are not properly conceptualized, but are rather seen as crude layers. Much work needs to be done to improve the synergy so that the different government sectors complement one another.

The late transfer of funds to municipalities may affect service delivery very badly. Funds could possibly be delayed due to non-cooperation and a lack of capacity

at the municipal level. As mentioned earlier, the DoR Act stipulates various reporting requirements, as well as penalties for non-compliance. This could hold dire consequences for municipalities. Service delivery could also be delayed due to the quality of municipal business plans. Municipalities need assistance in order to build capacity.

(d) Can good practices be identified?

A credit control manual has been piloted. A best practice manual for financial managers in accordance with the GAAP is being developed.

(e) Identify major intergovernmental projects.

The Municipal Support Programme

(f) What are the major problems of Administration/Management, Implementation and Delivery?

Major problems are those of implementation and co-operation. Problems of political interference and ideological differences were also sighted.

(g) Further Recommendations

To realize the strategic objectives of government, we need to look at the level of expertise in government. We need to augment and train managers to better manage activities, particularly projects. Managerial, technical and skills training should not be overlooked.

Furthermore, functions that are inter-related should be brought together so that work can take place in a co-ordinated and synergised way.

7.9 National Co-ordination of the Local Government Transformation Programme (LGTP)

The LGTP was set up in March 1999 to deal with problems of duplication, overlap, and tension amongst the 3 spheres of government.

Functions:

- Co-ordinate capacity development.
- Co-ordinate donors.
- Knowledge sharing and learning (best practice).
- Serve as clearing house.

7.9.1 Specific Questions on Service Delivery

(a) What were the main features of failures as well as successes in intergovernmental service delivery?

The outcomes of the programme were absolutely inconsistent with the good intentions as stated above. There was insufficient political support. Donors were fragmented and operated within a vacuum with their own agenda. They very much 'did their own thing'. Managers did not follow through on mandates and wanted to control donors, but to no avail. Managers undermined the process. The LGTP as a unit lacks capacity. It is important that the 3 spheres work together.

The LGTP was still able to get donors to function within government programmes on the basis of:

1. Presidential nodes.
2. Governance issues.
3. Administrative capacity within the local government sector.
4. Linking up with local government programmes.

(b) Can good practices be identified?

State Owned Enterprises are working together with the 3 spheres of government with the engagement of the private sector and donors.

PIM Centers have been set up to support the IDPs. The speed with which new municipalities has been set up is quite remarkable. Planning is beginning to be taken quite seriously. There is a distinct focus on disadvantaged areas. Budgets are beginning to fall in line with IDPs. Territorial fights need to be done away with so that service delivery could be speeded up.

(c) Identify major intergovernmental projects.

The major projects are around the IDP. IDPs need to be in line with Provincial Frameworks. In turn, provinces need to operate in line with the PCC.

Increased capacity is needed at municipal level. Government is involved in a major decentralization project. Municipalities are expected to deliver services, and expected to transform at the same time. Complexities are more pronounced at the local level. There is an element of government being ambitious. A joint effort is needed.

(d) What are the major problems of Administration/Management, Implementation and Delivery?

Standard reporting formats do not exist. Issues of capacity are being addressed. The PCC is the key decision-making body and made 15 interventions. All institutions must work within this framework. Before, very little attention has been given to local government. Of late, this has been reversed and begins to change the pattern. It must be borne in mind that at the local level the practices, norms, standards, processes, and cultures are very different to both the provincial and national levels.

(e) Further Recommendations

We need to hone in on individual leaders in communities and make sure that they are capacitated. Incentives need to be created to retain potential.

Guidelines for transformation, services delivery in terms of national norms and standards need to be clarified in order to bring about stability. The private sector needs to be engaged and we need to impress upon them that viable local government and communities will be beneficial to all.

A key challenge is the issue of change management. Unless there is complete buy in, vehicles like LGTP should rather not be established.

Support from the highest levels is needed to ensure progress.

CHAPTER 8

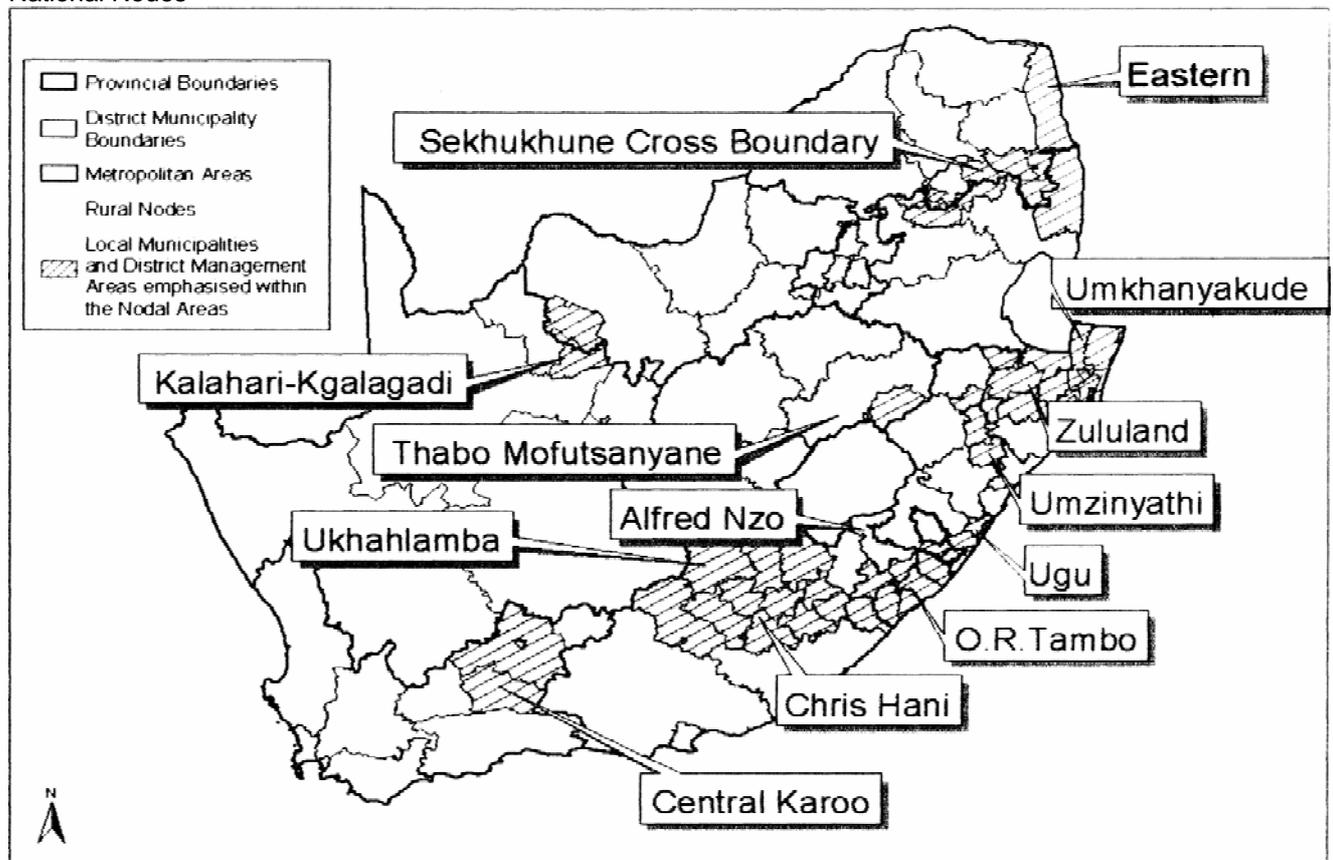
8. INTEGRATED SUSTAINABLE RURAL DEVELOPMENT PROGRAMME AND URBAN RENEWAL PROGRAMME

8.1 Assessment of Project Progress

At this point, it is possible to report progress on the nodes under the following headings: -

- Summary of the key development challenges;
- Project interventions and their intended impact; and
- Partnerships that have been fostered per node.

National Nodes



8.1.1 Assessment of ISRDP Nodal Progress

(a) Alfred Nzo

Summary of key development challenges: This node is situated in the Eastern Cape province in what was formerly known as the Transkei. It has a population of 671 000 persons and 142 000 households with an average family size of 4.7 and a high proportion of households living in traditional dwellings¹¹, making it vulnerable to harsher living conditions. It is the second worst node in terms of acceptable access to safe water, which results in it having the lowest proportion of households with access to hygienic sanitation, and the worst in terms of refuse removal. In terms of electricity for lighting and cooking this node is still rated the lowest. It also has the lowest access to telephones and has the poorest postal services compared to other nodes.

Project interventions and intended impact: A number of economic and infrastructural projects have been identified to redress infrastructure backlogs and impact on the food vulnerability of households in this node. The Beef dairy and feedlot project has three components, which aim at developing beef cattle and dairy farming in the Umzimkhulu area. There is also the agricultural project involving vegetable, fruit and cut flower production in Umzimkhulu. Infrastructural projects include the Fire station and disaster management center as well as the office infrastructure for the District Municipality, which has been funded to the tune of 9 million from CMIP.

These projects will have a visible and positive impact in terms of job creation, small business opportunities and local economic growth in the area. It is estimated that from mid 2001 to date 200 temporary jobs were created from the Feedlot at Ebutha; and the Beef cattle farm project near Umzimkhulu will benefit 200 small farmers who will also use the center as a resource center. It is also envisaged that the Wood Cluster projects in Umzimkhulu involving timber resources, furniture manufacturing and a furniture school will not only create 45 permanent jobs over a revolving eighteen months period but provide technical training for people in the area. About R 6.9 million was invested by the Equitable Share Fund and DTI.

Partnerships: Partnerships have been forged with the Agricultural Research Council, the Umzimvubu Goat Breeders who are supporting the goat production project. The Goce cut-flower project is supported by the

¹¹ All comparative statistics are drawn from the Stats SA evaluation of poverty in the ISRDP nodes undertaken in 2002.

South African Cut-flower Association, which provides technical expertise to the community cooperative.

(b) Thabo Mofutsanyana/Maluti-A-Phofung

Summary of key development challenges: The node is comprised of six local municipalities with Maluti-A-Phofung being the only designated ISRDP node. Thabo Mofutsanyana has an estimated population of 530 000 people with 43% living in rural areas. About 54% of the population is living in Maluti-A-Phofung. A large proportion of the community has no access to land for agriculture, 58% of the households have no access to hygienic sanitation and 67% have no access to telephone services. The Maluti-A-Phofung local municipality has a population of about 440 000. The provision of basic infrastructure is seriously lacking with 50% of households without access to potable and safe water supply. Over 75% of households do not have proper sanitation facilities, electricity and telecommunication services.

Project intervention and intended impact: This node has identified nine anchor projects. Six including the Setsing Shopping Complex, Elizabeth Ross Hospital, Biugunbosch water reservoir, Maluti sport facility, the RDP Everbrite sewerage connections as well as the Carnegie Library. This node is ahead with its developments and has made considerable changes to the area. These projects have created 165 permanent jobs and 4091 temporary jobs. Out of these, 2 150 are male, 1 864 are women, 1 406 are youths and 175 are disabled beneficiaries.

The Setshing Shopping Complex has had significant socio-economic impacts in the node. The project impacts on the general population of Maluti-A-Phofung by amongst others, providing modern shopping facilities in close proximity to the approximately 240 000 shoppers who previously had to travel in excess of 60 km for shopping facilities, 724 permanent jobs have been created and the shopping center has had a multiplier effect on the local economy with even the local municipality benefiting from increased rates and taxes.

Partnerships: Partnership and people participation is reflected in the initiative by the National Coalition of Municipal Service Delivery (NCMSD), which is a coalition of state-owned enterprises established in response to the President's call for support to the nodes. The coalition is operational and currently piloting programme management and support in the area. It intends to expand its activities to additional five nodes.

(c) Bohlabela

Summary of key development challenges: This is a cross-boundary municipality shared by Limpopo and Mpumalanga Provinces and has two local municipalities namely Drakensburg and Bushbuckridge. Though this node incorporates the Kruger National Park that annually hosts millions of international tourists, its unemployment rate stands at 70%. With a population of 523 000 people and 110 000 households and an average family size of 4.8 persons, this node has the lowest proportion of households with access to land for agriculture and the second lowest proportion (to Alfred Nzo) of households with access to hygienic sanitation. There is a shortage of electricity for lighting and access to telecommunication services is the second lowest compared to other nodes.

Project interventions and intended impact: Eleven anchor projects, mostly of infrastructure nature have been identified for implementation in this financial year. There is the tarring of the Oaks and Manyeleti roads funded by the Northern Province Roads Agency. Phase 2 of Thulamahase stadium has just commenced and the Injaka purification plant and the MPCC are both at an advanced stage. One of the key challenges to project implementation is land tenure and delays experienced with the land reform process.

Projects currently being implemented are infrastructural with the intention of improving access to eco-tourism development. Some of the projects being undertaken do not generate substantial short-term jobs but are designed to stimulate the local economy, resulting in more sustainable permanent jobs being created.

(d) Central Karoo

Summary of key development challenges: The Central Karoo node in the Western Cape covers two municipalities namely Beaufort West and Prince Albert. A political decision was made by the Provincial leadership to include Laingsburg and Murraysburg as priority areas. With a population of approximately 53 000 and 14 000 households and average household size of 3.9 people, this node has the highest proportion of people aged between 60-69 years resulting in most households receiving welfare grants. It also has the lowest proportion of households with access to land for agriculture. Only 12,9% of the population has access to a hospital, whilst 49% of households have no access to the nearest primary schools and 53% to the nearest secondary schools.

Project interventions and intended impact: Sixteen (16) anchor projects were identified to the value of R42 million. Three of these have been completed; six are at implementation stage and five are in the tendering phase. The first phase of the Arts and Craft Center has been completed. The bus route in Beaufort West will soon be completed while the storm water and lighting will be completed in March 2003. Projects being implemented are mainly infrastructural, this is

reflective of the programmes' underlying objective of creating the necessary environment for economic growth and infrastructure is seen as an enabler for economic development.

(e) Chris Hani

Summary of key development challenges: This node is located in the Eastern Cape and has eight local municipalities. It combines farming districts of the former Cape Provincial Administration and former homeland areas of Ciskei and Transkei. The node shows dual character in spatial settlement with large tracks of commercial agricultural land on the one hand, and sprawling rural settlement characteristic of former homeland villages on the other.

The node has the second highest population with 934 000 people living in 209 000 households with an average family size of 4.5 people per household. High levels of poverty, with 68% of the population living below the poverty line and approximately 75% of the economically active group unemployed, characterize 80% of the nodal population.

In terms of basic infrastructure, 74% of households have no piped water on site, 54% have no acceptable access to safe water and 72% still live far from main water sources. 49% have no electricity for lighting whilst 78% have no access to hygienic sanitation. In terms of accessibility, 70% of households are still far from secondary schools and 48% are far from primary schools. 96% of households in this node have no access to clinics. 71% have no access to telephones.

Project interventions and intended impact: The peculiarity of this municipality is that most of its anchor projects are of an economic development nature. Should all these projects be implemented as planned, there is no doubt that food security will be ensured and poverty levels will drop. The revitalization of irrigation schemes of Qamata, Bilatye and Shiloh will benefit more than 250 emerging farmers. These irrigation schemes have a revolving fund to assist farmers access funding from lending institutions. Infrastructural projects involving water supply, water borne sewerage and several access roads have been funded to the tune of R24 million from CMIP. The direct impact of these projects is that they will improve the quality of life through greater access to clean water for drinking, hygienic sanitary facilities, and greater access to social facilities such as hospitals, clinics and welfare offices for rural communities.

Partnerships: In terms of partnerships and people participation, Eskom is donating R2 million for the purpose of installing two center pivots and for the upgrading of electricity supply to the Qamata irrigation scheme. CSIR is providing financial support for poverty relief through the Hemp Production pilot project. Farm Africa is building capacity for emerging farmers participating in a nursery project.

(f) Kgalagadi

Summary of key development challenges: This node is a cross-boundary municipality between North West and Northern Cape with three local municipalities namely Gasegonyana, Gamagara and Moshaweng. The node has a population of 68 000 people and 34 000 households with an average family size of 2 people. 53% of households in this node are unemployed and approximately 89% have no access to land for agriculture. In terms of access to basic infrastructure, 68% of households are without piped water and 57% still far from main water sources. 63% of households have no access to hygienic sanitation and only 24% have refuse collection. 79% of households have no access to primary schools as well as to food markets, whilst 71% are far from postal services and 89% from welfare offices. 67% do not receive welfare grants. 71% of households have no access to telephones.

Project interventions and intended impact: Ten (10) anchor projects have been identified ranging from infrastructure and economic development. All anchor projects are currently being implemented e.g. Integrated Energy Center. A large portion of funding for this project came from the Department of Minerals and Energy (DME) Funding has also been provided by Department of Labour (training), and National Development Agency. The construction of Moshaweng municipal offices is budgeted at R12.5 million. R5 million has been secured from the provincial Department of Local Government and Housing. Construction commenced in October 2002.

The impact of these projects is far-reaching for both short and long term. The water projects funded by DWAF provide temporary employment to around 297 people and this number is envisaged to increase. Kgalagadi Dipudi project with a budget of R127 million, co-funded by DoA Northwest and Northern cape, Eskom, district municipality, traditional leaders and DWAF is progressing well. 22 local people temporarily employed and 18 households are direct beneficiaries. This project will not only benefit people through temporary employment but also open up self-employment opportunities to people through small business in wool and crafts.

(g) OR Tambo

Summary of key development challenges: This is the most populated nodal area of all with a population figure estimated at 1.7 million and 325 000 households with an average family size of 5.2. It is the worst of the nodal areas in terms of access to safe water and is also rated amongst the lowest in terms of literacy levels. Access to hygienic sanitation is poor, rating it the third lowest with a high proportion of children not born in hospitals or clinics. However, this node has the highest proportion of households with access to land for agriculture. It has the highest number of households engaged in field crop farming, livestock farming and sheep rearing, goats and other medium size livestock.

Project interventions and intended impact: The node identified nine (9) anchor projects, five of which are at various stages of implementation. In addition to the Equitable Share Fund (ESF) and CMIP allocations amounting to R40 million, the district municipality leveraged additional R1 million from the Kellogg Foundation in support of capacity building and community mobilization for maize production and beef farming projects. Furthermore, the Provincial Department of Local Government also allocated R800 000 for the beef-farming project.

The maize production and beef farming projects have attracted the greatest attention from communities. The maize project, which was, piloted in 2002 in 3 local municipalities benefits families that own maize fields of approximately 2 hectares.

About 989 families will benefit from the project through food security and income from sales. Working on an average family of 5 people it is estimated to benefit 4945 people will benefit, a large proportion of which are women and youth. In terms of direct employment, the project has benefited 45 local tractor owners and created employment for 225 people.

(h) Ugu

Summary of key development challenges: Ugu is not a new district municipality, therefore has administrative capacity to manage the ISRDP. Besides, this node has been involved in the community Based Public Works Programme (CBPWP) since 1998. It has a population of 529 000 people and about 123 000 households with an average family size of 4,3 people per household. Tribal authorities own 86% of land in this node. About 65% of households have no access to safe water and only about 30% have access to hygienic sanitation. About 26% have access to telephone services, whilst 49% are unemployed.

Project interventions and intended impact: This node identified 32 anchor projects that include socio-economic development and infrastructure projects. These include a water development programme, Umkhomazi Bridge, Umzinto design and renewal project as well the water sanitation at KwaMbotho. Six projects had partial funding by both provincial government and municipalities. Approximately R10 million was allocated to this node for the ISRDP.

(i) Sekhukhune

Summary of key development challenges: This node is unevenly spread across five local municipalities. It has a population of 912 000 people of which 95% is distributed in the rural areas and only 5% in the urban areas. It has the second highest unemployment rate amongst the nodes although it has the highest rate of school attendance. In terms of acceptable access to safe water, 60% of the population is still lacking access. This node has the fourth lowest proportion of households with access to hygienic sanitation as well as refuse/rubbish removal

by a local authority. 80% of the households do not have access to telephone services and 84% in terms of clinics. It has the second lowest proportion of households in terms of access to hospitals.

Project interventions and intended impact: Seventeen (17) anchor projects have been identified most of which are infrastructural in order to address the lack of access to safe water in this cross-boundary node. The key importance of the Steelpoort Dam project, which comprises 13 other projects, funded by (DWAF) and CMIP to a total budget of approximately R18.7 million committed in this financial year. Additional R1.5 million has been allocated from ESF. Other anchor projects include the Tourism Framework and route funded by Department of Finance and Economic Affairs which is complete, the Dikolong SDI Primary Water Supply funded by DWAF which is at tendering stage and the land tenure reform in Tubatse which is 60% complete and is funded by Department of Local Government and Housing.

Approximately twenty (20) mining explorations have been identified in this area by the private sector. As a result, the node has great economic growth potential. Of importance though is for the municipality to create a conducive environment and infrastructure to ensure investment in the node. The Tourism Framework and route project funded by Department of Finance and Economic Affairs is complete and bound to create a viable revenue base for the communities through job creation and self-employment opportunities. The first Multi-Purpose Community Center launched by the Presidency in 2000 is not functional due to lack of electricity.

(j) Umkhanyakude

Summary of key development challenges: Umkhanyakude node is situated in the north-eastern part of KwaZulu-Natal, extending from the Mfolozi River up to the Mozambique border, being bordered on the east by the Great St Lucia Wetland Park, which encompasses the entire coastline into the Indian Ocean. The district municipality is a newly formed entity in terms of the recent demarcation process and incorporates some of the poorest and most underdeveloped regions of KwaZulu-Natal. The node has an estimated population of 524 000 people and 89 000 households with an average family size of 5.9. The node has the second highest proportion of people aged 18 years and above without formal education. Its unemployment rate is 43% and 46% of households live in traditional dwellings. In Umkhanyakude, only 22% of households have access to safe water for drinking.

Project interventions and intended impact: This node has identified 12 anchor projects. Two of these projects, formalization of Informal Traders and the KwaMsane access roads are 100% complete. This node is still a new and poorly endowed municipality. It faces infrastructure backlogs. The allocations from CMIP and ESF in the 2002/2003 financial year amounted to R18 million to help

address these backlogs. Although most of the projects being implemented are infrastructural, there are major agricultural projects being implemented such as the Makhathini Agricultural Development project. This node also hosts the Greater St Lucia Wetland Park, Lebombo Spatial Development Initiative and Jozini dam. Ironically, being declared an environmentally protected site the St Lucia Wetland Park does not benefit the Duku-Duku community in terms of subsistence fishing. Fishing in the town of Jozini, and safe water supply is limited. Furthermore, there are no linkages between the Lebombo SDI and the development initiatives in the node.

The completed projects have impacted on the node significantly, i.e. " 60 micro/small entrepreneurs were created; opportunities for selling vegetables by local growers; provision of safe roads; and income for SMME's has increased. This node also has potential for cashew nut production. The Maputaland Cashew Nut Farmers initially involving 100 households is set to significantly contribute to economic development around in the area. It is also a good example of partnerships with Old Mutual donating R500 000 to supplement the R1 million allocated by the DPLG.

(k) Umzinyathi

Summary of key development challenges: This node is situated in the province of KwaZulu-Natal and is made up of four (4) municipalities. It has a population of 409 000 people and 84 000 households with an average family size of 4.9 persons. 60% of these households live in traditional dwellings and the node has the third highest proportion of poverty compared to all the nodes. It also has the highest proportion of households aged 18 years and above with no formal education. 78% of the households have no piped water in their dwellings or on site. 75% of households are far from main source of water and approximately 69% are without acceptable access to safe water. This means that only one in every 3 households has access to safe water. 68% have no electricity for lighting and 81% have no access to hygienic sanitation. 63% of households do not receive welfare grants and only 15% of households have access to refuse/rubbish removal by a local authority. In terms of accessibility, almost 80% of households have no access to telephones, 79% far from secondary schools, 73% far from primary schools, 88% far from food markets, 82% far from the post office and 89% far from welfare offices. Unemployment is at 54.3% while 76,4% of households is without access to land for agriculture.

Project interventions and intended impact: 32 anchor projects were identified. A large proportion of these are to alleviate the chronic water shortages. Some of the key projects are the Sampofu Water Supply and Sanitation Scheme; the Umzinyathi Regional Rudimentary Water Supply Schemes; the Matimatolo/Mbulwane Water Supply and Sanitation Scheme; and the Nolindindi/Ngolokod Water Supply and Sanitation Scheme. The total budget for these nodes is estimated at R80.7 million and is funded largely by DWAF.

This node has potential in tourism and agriculture development but water shortages have to date hampered the extent to which that potential could be explored. Once realized, these two sectors have the potential to be significant contributors to the local economy. Water projects are bound to positively impact on availability of clean water facilities and proper sanitation, thereby lessening the general vulnerability of communities to such diseases as cholera.

(l) Zululand

Summary of key development challenges: This node has a population of 675 000 people and 122 000 households with an average family size of 5.5. The node has the third highest proportion of households with purified water in the dwellings or on site. In terms of access to hygienic sanitation, it is rated number four amongst the nodes. This node has the third lowest proportion of households with access to food markets.

Project interventions and intended impact: In this node 14 anchor projects have been identified. Some of the key projects include the upgrading of Nongoma Link Roads with a total budget of 137,0 million of which R30, 0 million has been committed in the 2002/2003 financial year. This project is funded by Department of Transport (DoT); the Emondio street and storm water upgrading with a total budget of R20, 8 million and about R8, 9 million funded by CMIP and committed this financial year; Vryheid upgrading sewerage works budgeted at R18, 2 million and also funded by CMIP at R4, 2 million this financial year; Upgrade of health facilities funded by Department of Health at R20, 0 million; Electrification funded by ESKOM at R41 million; and Coronation Bulk Water funded by CMIP at about R4.6 million.

(m) Ukhahlamba

Summary of key development challenges: This node combines farming districts of the former Cape Provincial Administration and part of the former Transkei areas of Mount Fletcher and Sterkspruit, characterized by a population which shows an uneven distribution with high concentrations in the former homeland districts and a pattern of poor per capita accesses to social amenities. The node has a population of approximately 383 000 and about 91 000 households with an average family size of 4.2 per household. 62% of households are without acceptable access to safe water, 79% with no piped water in the dwelling or site, 75% are far from the main sources of water, 62% have no access to electricity for lighting and 85% have no access to hygienic sanitation. The rate of unemployment in the node is about 48,3% and 61% of the households have no access to land for agriculture. In terms of accessibility 81% of the households have no access to telephones, 74% are far from secondary schools, and 58% are far from primary schools.

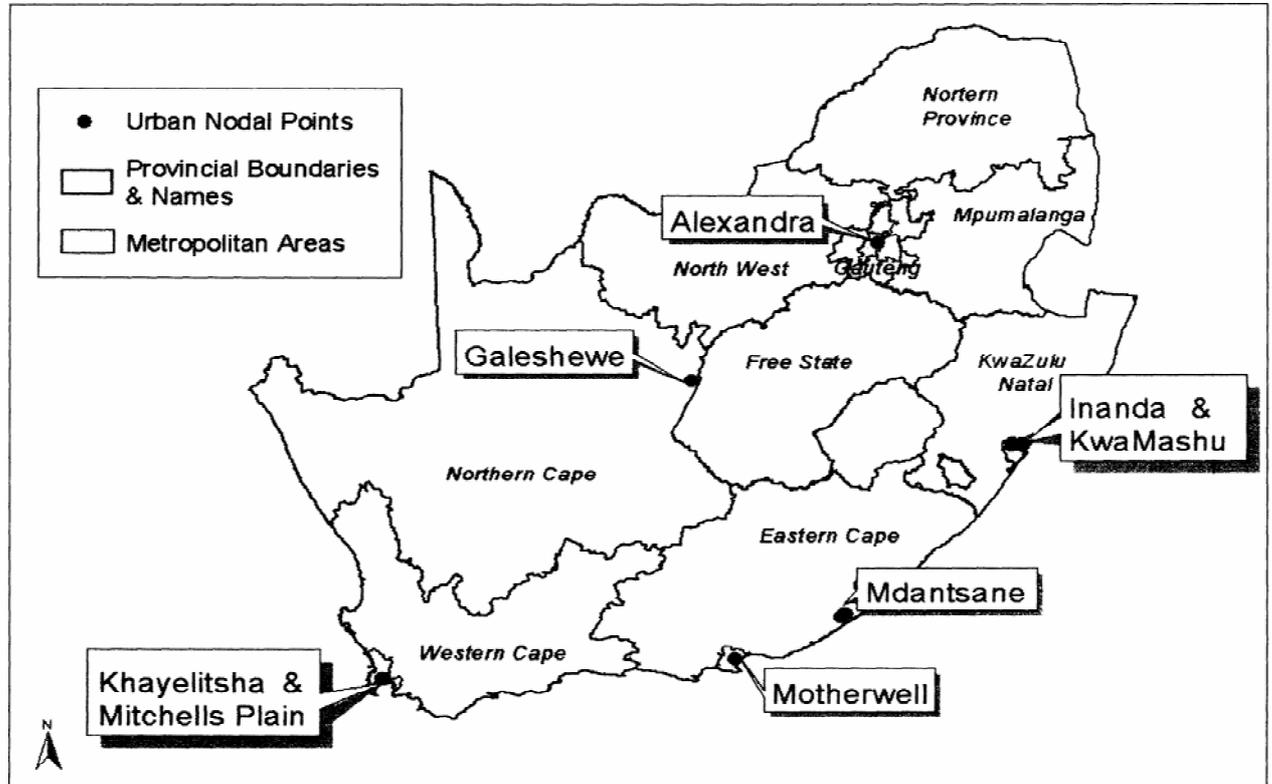
Project interventions and intended impact: In this node, eight projects were identified ranging between socio-economic and infrastructure projects. Two projects currently being implemented are: Maclear/Mt Fleteher road funded by the South African National Roads Agency worth R295 million. Being a capital-intensive project this project has not created substantive local jobs.

The distance to be covered is 23 kilometers at R30 million; and Elundini access roads partly funded by the Community Based Public Works Programme worth R150 million. This project has been allocated R4 million from the additional ESF. Although most projects are of infrastructure, there are about two projects of socio-economic nature, namely Tourism Gateway and the Woolclip.

The greatest impact to date is that people in the Elundini, Senqu and Gariep areas are getting access to water and sanitation services funded through DWAF and CMIP. Some of the roads in the Elundini area have been upgraded enabling access to social and economic services.

URBAN RENEWAL PROGRAMME (URP)

National nodes:



8.1.2 Assessment of URP Nodal Progress

(a) Galeshewe

Summary of key development challenges: In 1952 Galeshewe received its name, after a Tswana chief (who vehemently resisted British colonialism at the turn of the century). Galeshewe was the first Black Township to achieve municipal status in South Africa. The township has an estimated population of 120 000 people. It is largely a residential area, with a small business center consisting of a few small shops. There are no large retail or formalized industrial areas in the node. 56% of the population (1996 census figures) has piped water in their dwellings and about 34% live in informal dwellings.

Unemployment is estimated to be as high as 65%. The majority of those with employment are employed as craft and related trade workers, in elementary occupations, as plant and machine operator and as service workers. Approximately 7% of the inhabitants have Matric. Crime in Galeshewe is higher than in the rest of Kimberley.

Project intervention and intended impact: Three anchor projects have been identified: two development activity nodes and one development activity corridor. The activity nodes and corridors are likely to yield a number of benefits in the node and its residents. These nodes and corridors are multi-land use and transport interventions, which serve to foster greater spatial integration within the node and with greater Kimberley, improving pedestrian and vehicle access and mobility, increasing residential densities and stimulating local economic opportunities. The development node in the vicinity of the new Provincial Legislature is a particularly exciting project, which will have many of the aforementioned benefits.

Partnerships: A community structure has recently been established to drive implementation in the node but is not yet fully functional. In addition to this, a technical committee has been established made up of representatives from all the key provincial departments as well as the local and district municipalities. De Beers, as a major stakeholder in the area has also been invited to participate in this structure.

(b) Mitchell's Plain

Summary of key development challenges: Mitchell's Plain was developed as a Coloured township in the early 1970's within greater Cape Town. The town was planned for a population of 250.000. Current projections are substantially higher than this. Mitchell's Plain displays a high teenage pregnancy rate, of 4.8%, for the year 1998/99. While education statistics reflected a high school dropout rate. Only 5% of the population had some post-Matric qualifications. Incomes in Mitchell's Plain are skewed towards the lower income levels with 65% of households earning less than R3500 per month. Unemployment stood at 18% in 1996 and unskilled and semi-skilled labour accounted for 56.2% of the total workforce. In general, local income-generating opportunities, social problems and crime are key problems within this urban node. Although well provides with infrastructural services, Mitchell's Plain is nonetheless plagued with socio-economic challenges such as gangsterism.

Project interventions and intended impact: Key anchor projects have been identified by the City of Cape Town for this node. A critical project is the redevelopment of the Mitchell's Plain CBD. Which has a number of components and related projects such as the development of multi-use transport interchanges, various market-place and public space improvements and a South Park City - retail center, motor city and industrial development initiative.

These projects will have a direct positive impact in addressing some of the key development challenges within Mitchell's Plain. The revitalization of the CBD seeks to attract new investment and also create opportunities for local economic activity. For example, the Nedcor group has approved bond finance of R115m for phase 1 of the South Park City project. The development of the transport

interchange will significantly improve access for vehicles and pedestrians while addressing safety and security issues simultaneously. The development of a new informal trading market and the upgrading of public squares is a critical initiative, which in part will impact positively on the social fabric and cohesion of the local communities.

Partnerships: The Mitchell's Plain Development Forum together with the local sub-council representatives has taken charge of driving the programme within the community. A number of private sector partners such as the Rand Merchant Bank, the Mitchell's Plain Development Trust in partnership with Nedcor Group. BP and Mitsubishi are partnering with the municipality and investing in a number of initiatives in the township.

(c) Alexandra

Summary of key development challenges: Alexandra was established in 1912 as a white township, however, its far location - from Johannesburg and Pretoria hampered development and was subsequently signed over as a black free hold area. In 1960 it was expropriated by the government as part of its Apartheid policy of removals and resettlement in reserves.

For many years after that there were attempts to bulldoze Alex and this gave rise to a number of resistance campaigns such as the "Save Alex" campaign of the 1970's, this has to a large extent characterized life in Alex. As such planning for the provision of services remained rudimentary. The area is generally characterized by complete dislocations (economic, social, etc) from its surrounding areas. Alexandra typifies South African apartheid planning where opulence and poverty can co-exist and is stark proof that trickle down effects can not be relied upon to ensure the redistribution of wealth.

Project interventions and intended impact: The key intervention areas that have been identified for Alexandra are:

Substantially reducing levels of unemployment, creating a healthy and clean living environments, providing engineering services at an affordable and sustainable level, reducing levels of crime and violence, upgrading existing housing environments and creating additional affordable housing opportunities, undertaking the abovementioned activities in a manner that encourages high levels of community involvement, civic pride and sustainable local authority administration. These intervention areas are translated into action through a number of projects, key amongst these is the construction of more than 2500 housing units and the conclusion of Memoranda of Understanding with various partners for the construction of an additional 11 000 units in the next four years. 7000 households have been relocated from the banks of the Jukskei River, addressing their risk of being flooded and improving the quality of the river. The upgrading of the Nelson Mandela Heritage Precinct is another key project that seeks to preserve in history the triumphs of Alexandra and instill a sense of civic

pride in its inhabitants. Service provision has also been a key feature of the ARP with the upgrading of London Road and bridge, roads upgrading in Far East Bank and 20 000 refuse bins distributed throughout the township.

The projects that make up the Alexandra Renewal Project (ARP) address themselves directly to the challenges that the area faces. Economic Development is priority and this manifests itself even in the procurement systems that have been put in place. As of November 2002 more than 75 000 000 person days of employment had been generated by these and other projects undertaken in the programme.

Of these 30% were female beneficiaries. Of services sought, 77% were sought from PDIs and 18% are Alexandra based. Alexandra is an epitome of the struggle against Apartheid and projects such as the Heritage site seek to reflect this, while the projects focusing on economic development showcase successes in the struggle against poverty and underdevelopment.

Partnerships: The community component of the ARP is being driven by the Alexandra Development Forum and provides engagement and ongoing strategic focus for the node. The Alexandra Renewal Charter forms a basis for this. The programme also has a number of Memoranda Of Understanding in place with various partners and key agreements, such as with land owners, such as the Mia family, with regards to securing land for additional housing development, are already in place.

(d) Inanda, Ntuzuma and KwaMashu

Summary of key development challenges: In the mid 1800 Inanda was used as a Reserve to relocate African people to. The Native Land Tenure Act of 1913 effectively prohibited purchase and ownership of land by Africans outside of those areas, which were proclaimed Reserves, so land ownership issues in Inanda differ from those in other areas that were not proclaimed as reserves. To date the area has an estimated population size of 238 098 inhabitants, making up 48.8 % of the combined population of the nodes.

Ntuzuma was a planned township built by the City of Durban in 1970. It was developed in various sections and these had different service levels and tenure arrangements and also had different political affiliations. The latter became a key contributor to the tensions and political violence that characterized the area. The estimated population size is 85 763 inhabitants, making up 17.6% of the nodes. KwaMashu was built by the City of Durban between 1957 and 1968 for African people undergoing forced relocations from other parts of the city such as Cato Manor. KwaMashu is relatively well located in relation to the city being some 20km from the city center, with fairly well structured transportation systems. It has a population size of 163 545, accounting for 33.6% of the entire population of the nodes. (Combined, these areas make up about 30% of the municipal area's

population)

Typical of areas with such a history, poverty is rife, with unemployment levels at 61% in Inanda. 57% in Ntuzuma and 48% in KwaMashu. Percentages of the population with R 0.00 per capita income per month are 60%, 48% and 50% in the three areas respectively. In Inanda 70% of households earn below R 1 000.00 per month, the figures are 65% and 56% for Ntuzuma and KwaMashu respectively.

Project interventions and intended impact: Restoration of civic pride is a key feature of the programme with projects such as the Inanda Heritage Trail being key drivers in this regard. This project is of particular importance in ensuring that violence that characterized these areas in the past does not form part of the future. The KwaMashu Safer Cities projects is one of the flagship projects and uses young people as champions for safety with an impact on improved investor confidence in the KwaMashu CBD.

These anchor projects juxtapose the diversity and similarities that characterize these areas and draws on the strength of these "contradictions". Inanda Tourism Trail comprises monumental sites that present tourism opportunities. This project is very significant as it captures the diverse history of the area and directly contributes to building civic pride.

The project is a pioneer in terms of integrating tourism in former black areas into the public framework for tourism and development in Durban. The KwaMashu Town Centre Redevelopment aims to strengthen the income generation capacity of the INK area, and contribute to economic and spatial restructuring of Kwa-Mashu. A number of sub-projects have been packaged to bring to bear this development.

Partnerships: In an effort to streamline its processes, the eThekweni Metro took a decision that public participation in this programme shall happen within the context and through the structures established for the IDP process. The municipality is partnering with various role players such as the United Nations Centre for Human Settlement, R 1 million on the Safer Cities project, the Norwegian Government R 2.1 million on the Inanda Heritage Trail project. The European Union has also been a significant partner on the Cato Manor Development programme and lessons such as Area Based Management, are being drawn from this for the municipal area as a whole and the nodes in particular.

(e) Khayelitsha

Summary of key development challenges: Khayelitsha was developed in the 1980's as a means to house squatters moved from Crossroads. The move from Crossroads never did happen but the pressure of new arrivals and the increasing demand for housing in existing overcrowded areas ensured that Khayelitsha came into existence. The 1996 census estimated the population at 410 000 people. It is estimated that the area's population had grown to 600 000 people by 2000. The area has a 40 % unemployment rate and an average income of R 1 499.00 per household per month, but this can vary from R949.00 in places like Macassar to R2 037.00 in Village 1 and 2. It is poorly serviced with health facilities and has high infant mortality rates. In 1999, 59 infants out of every 1000 people died. This figure is significantly higher than the 20 infants per 1000 people set as the norm by the World Health Organisation.

The main causes of infant mortality are diseases of respiratory system, the digestive system, all of which point to the physical environment (overcrowding, poor sanitation, poor nutrition, unhealthy energy sources) as a key contributor to this problem. HIV/AIDS is also very prevalent with 20-28 % of all pregnant women testing HIV positive. It must be noted that this figure reflects the alarmingly high infection rate as it only reflects a particular segment of the population.

Project interventions and intended impact: The key anchor projects for the area include the Khayelitsha CBD. This project entails the development of a CBD in a precinct of the township that already has a number of other social amenities, such as the municipal offices, magistrate's court and public swimming pool as well as being a major transportation interchange.

The development of Look-Out-Hill, with a total value of R6 million is another key project already underway. This project seeks to tap into the tourism market, which is already a major contributor to the City's economic growth. A number of other housing, health and infrastructure projects form the backbone of the programme in the node.

The development of the CBD as well as a number of smaller market stalls throughout the township creates a hierarchy of economic development infrastructure, this is designed to curb the flight of capital from the area. Developments such as these have also inspired confidence in a number of private sector partners, such as the Score Group, who have shown keen interest in investing in the township. The development of health facilities seeks to address challenges such as the impact of HIV/Aids.

Partnerships: The Khayelitsha Development Forum has been actively participating in the programme for a while and is the key structure driving the programme at a local level. Partners such as the Rand Merchant Bank and the

Score Group are also partnering with the municipality in developing the Khayelitsha CBD. In addition, the municipality has established a partnership with the German Bank (KfW), which is focused on crime prevention.

(f) Mdantsane

Summary of key development challenges: The development of Mdantsane was initiated in the early 1950s as a satellite town to East London. Within the context of the time, this should be seen as an ideologically founded response to address the critical shortage of housing and poor urban conditions in East London's West and East Bank "locations". The township however has limited provision for economic development with Highway being the only major economic development node.

The population count for Mdantsane is estimated at between 240 000 and 270 000 making up approximately 30% of the total population of the Municipality. Poverty is a major challenge with 42% of the population unemployed and only 13% absorbed by the formal sector. Approximately 35% of the economically active population earns less than R1000 per month.

Project interventions and intended impact: Key anchor projects identified for the node include projects on public safety, infrastructure provision and local economic development. Economic development projects include further development of Highway. Mount Ruth and the resuscitation of the Fort Jackson Industrial area. These include investment in transportation infrastructure to improve linkages (goods and passengers) with East London.

These anchor projects have been identified on the basis that they will contribute fundamentally to the improved functioning of the natural and built environments in Mdantsane. This, in turn, will mean a greatly improved quality of life for the residents as well as improved mobility and access to a range of economic and socio-cultural opportunities both within and outside the township, thereby achieving the objectives of the Mdantsane Urban Renewal Programme. Additionally, the projects identified are anticipated to bring specific economic and employment benefits in the form of job creation (direct impact) and the stimulation of local economic enterprises (indirect impact) in the form of local businesses and materials suppliers.

Job creation will occur through targeting local labour for all projects, by specifying community-based construction methods, with a specific focus on women, the youth and the disabled in the area.

The Mdanstane Urban Renewal Steering committee as well as the ward committees has taken a direct responsibility for driving the community development components of the programme.

(g) Mother-well

Summary of key development challenges: Motherwell is a large, newly established development, which commenced in 1982. The area was developed to accommodate people illegally occupying areas located in the flood plain in Soweto-on-Sea as well as the normal influx into the city area. Currently the population is estimated at 360 000 people. Fundamentally, the biggest problem that the Motherwell area faces is the diversity of its community, which comprises people and families from all over South Africa. Cohesion within the community has not fully developed as yet, and with the result that crime, violence and HIV/Aids are far more prevalent than in established communities. Also, a major contributing factor is the high unemployment rate, currently estimated at 53%.

Project interventions ad intended impact: Anchor projects that have been identified include a Xhosa Cultural Village, which seeks to draw from the tourism market associated with such features as the Addo Elephant Park, which is in comparative close proximity to the township and introduce facilities for cultural tourism. Another key project is the development of small business incubators for SMME initiatives. These are designed to position the township as a significant player and beneficiary from initiatives such as the development of the Coega Industrial Development Zone. Other projects such as stock farming and the provision of ploughing fields seek to simultaneously address environmental concerns that plague the area, as well as ensure that communities are able to meet some of their basic needs.

It is envisaged that the identified projects will make a major contribution to the local economy and creation of jobs in Motherwell. Related to this is also improving the living conditions of the various communities in the area. Of significance is the need to position the area, both in terms of facilities and skills, in a manner that enables it to benefit from significant initiatives such as Coega and the increasingly growing the tourism market, the benefits of which have to date bypassed Motherwell residents.

Partnerships: The Motherwell Steering Committee was established at the inception of the programme and has recently been strengthened with the dedication of a portfolio councilor (Infrastructure and Engineering) to take responsibility for driving the programme. the Swedish Development Agency (SIDA) is also partnering with the municipality, in particular on environmental development in Motherwell.

CHAPTER 9

9. REPORT ON STUDY TOUR OF MUNICIPALITIES

The Portfolio Committee on Provincial and Local Government, have undertaken a major study tour of municipalities. An overview of the report follows¹²:

9.1 Significance of Study Tour

The Portfolio Committee undertook a study tour of municipalities from 20 to 30 January 2003. Three multi-party teams of 5 MPs each visited 3 provinces each. In all 41 municipalities, 3 metro sub-councils, 7 MECs and provincial departments, 4 ward committee and public meetings, 3 urban and rural nodes, and 3 Planning and Implementation Management Support Centres (PIMS) were covered. While 41 municipalities were visited, interaction took place with About 63 municipalities. In several districts, the local municipality representatives not only raised issues about the districts to which they belong, but also the specific challenges and other issues relating specifically to their respective local municipalities. Several, in fact, gave full reports on the conditions in their local municipalities. In all, interacted took place with over 2200 people.

9.2 An Overview

This is not a summary of the report, but an overview of the key overall themes that emerge from it. To make better sense of this section, it is necessary to consider the whole report.

What emerges clearly from the study tour is that the core principles, values and features of the new local government system are sound. It is vital though that there is greater understanding among councillors, officials and communities, and other stakeholders, of the need for and value of the two-tier system of local government, made up of district and local municipalities. As part of this, the role of district municipalities, and the division of powers and functions between local and district municipalities' needs to be understood more. Of course, there are aspects of the legislation, none fundamental, which need to be amended, as has been suggested in various sections of this report. Fundamentally though, the challenges of the new system are not around conceptual and policy issues, but implementation issues. In short, it is about plans, strategies, programmes, funding and other resources, quality of leadership, capacity-building and training, and the practical co-operation of all three spheres of government.

¹² Refer to the Report of the Portfolio Committee on Provincial and Local Government on the Study Tour of Municipalities, dated 15 April 2003.

Most municipalities have a core of councillors and officials who have a very good grasp of the challenges confronting local government and are committed to addressing them. This is very encouraging - and augurs well. But the gap between this advanced "elite" and the average councillor and official is great, and needs to be reduced through capacity-building and training, and other means. There is also an urgent overall need to improve management and practical implementation skills of councillors and officials generally so that they make better use of limited resources and more effectively convert plans, programmes and strategies into concrete delivery and development.

The new municipalities have progressed reasonably well in merging several different municipalities that existed before the December 2000 elections. Single administrations and budgets have been effected with hardly any disruption of service delivery. Overall, however, the principles, values and structures of the new administrations need to be more developmental. In general, there also needs to be a more co-operative and productive relationship between councillors and officials.

Relations between district and local councils vary from cordial and cooperative to conflictual and unproductive. Clearly there needs to be much more work done to effectively implement the two-tier system of local government. National and provincial government, SALGA and other role-players will have to offer considerable support to municipalities to effectively implement the new division of powers and functions between district and local municipalities to come into effect on 1 July this year. This new division refers to the Minister's "authorizations" of the 4 national functions of water, sanitation, municipal health and electricity, and the MECs "adjustments" of the remaining powers and functions based on assessments of capacity done by the Municipal Demarcation Board. The financial implications of the new allocations need to be clarified.

Municipalities are aware that IDPs generally may not be of the required quality. This awareness is important. Even more important, is that the notion of development planning has been internalized by municipalities. However, provincial and national departments tend to ignore IDPs in their plans, programmes, strategies and projects. If they have reservations about the quality of IDPs, they must contribute to improving them. Provinces need to consider new provincial development plans that are shaped by and also shape municipal IDPs. What is absolutely clear is that there has to be more integrated government. For significant improvements in service delivery and development, there has to be more co-operation and co-ordination across the 3 spheres of government. The need for more integrated government is one of the most salient messages to emerge from the study tour.

Financial issues, certainly, constitute the biggest challenge confronting municipalities. Municipalities have to make far more effective and productive use of limited resources. They also have to do far more to collect the debt owed to them by those who can afford to pay and to raise more of their own revenue. A significant part of the arrears is owed by the private sector and government departments. National and provincial government have to assist municipalities to recover monies owed to them by government departments for service charges, rates and agency functions. Of course, the answer to the financial difficulties being experienced by municipalities does not lie in flinging more money at them. It is clear, however, that there is a need for a new local government financial system that is appropriate for the new developmental model of local government. The review being undertaken of the local government financial system needs to be speeded up.

While the case for increases in the remuneration of some councillors is not sound, in the case of others it certainly is. There needs to be a much more open and informed debate about what the possibilities and limits are of any increases. Municipalities that have a very weak rates base have a strong case for more financial support from the national government to meet the costs of councillors' remuneration. But, over time, careful consideration has to be given, within budgetary constraints, to the national fiscus meeting a significant part of the cost of councillors' remuneration. The review being undertaken of councillors' remuneration needs to address these and other issues.

The Minister's guidelines on the remuneration of municipal managers are welcomed. If it is constitutionally possible, the Minister should issue regulations instead, and if necessary, legislative amendments should be effected to allow him to do so.

While the considerable potential of community participation in the new local government system is far from developed, reasonable progress has taken place over the past two years. There is a need, however, to ensure greater and more consistent community participation. Ward Committees have a vital role to play in this regard.

Significant progress has been achieved in the provision of free basic services, especially water. It is vital, however, that a much higher proportion of people living in rural areas, who are often those most in need, receive the free basic water service. DWAF's handing over of full responsibility for the delivery of water to municipalities must be phased in sensitively and sensibly, taking into account financial, capacity and other considerations as they affect each municipality. Failure to do so could seriously undermine the free basic water programme.

There is an urgent need to review capacity-building and training programmes for both councillors and officials and to drastically improve them. Greater and more effective co-operation and co-ordination among the relevant service providers is crucially necessary.

If formal and informal participation in municipal activities is put together, traditional leaders are more active in municipal affairs than is made out in the public discourse. Traditional leaders can play an extremely important role in municipalities. The potential for this has to be developed. The White Paper and national framework legislation on traditional leadership and institutions to be introduced to parliament this year should be directed at this.

Provincial governments can do more to assist municipalities, notwithstanding their financial and other limitations. Despite its limitations of funds, resources and personnel, SALGA has to be far more effective than it currently is.

Some municipalities, without the most minimal financial, economic, revenue or other base, are simply not viable - unless drastic measures are taken, not just by the municipalities concerned, but by provincial and national government, the private sector, communities and other stakeholders. Of course, fundamental changes to municipal boundaries should be approached cautiously. Boundary issues, moreover, should not be conflated with the many other issues affecting the viability of municipalities. But the Municipal Demarcation Board might well have to reconsider the boundaries of these municipalities.

The quality of leadership in a municipality, especially councillors, but also officials and community representatives, signally influences its effectiveness, notwithstanding the constraints of funds and resources, and the magnitude of the challenges.

Understandably, perhaps, the new local government system has become a major site of waging intra-party struggles, apart from the obvious inter-party struggles. It is important that these political party struggles do not serve to deter the implementation of the new local government system. In fact, political parties can play an important role in consolidating the new local government system. It is vital that a productive relationship develops between all political parties and municipal structures.

Municipalities find the deadlines set by DPLG to implement certain provisions of the legislation or other aspects of the new local government system too onerous to meet. Also, the deadlines do not sufficiently acknowledge that municipalities have significantly differing capacities. Clearly, it is important that DPLG sets deadlines as a way of nudging and even prodding municipalities. But these deadlines have to be set after effective consultation with organized local government and by taking more account of the differing capacities of municipalities.

On the one hand, there are those who say that municipalities have to conform to far too much legislation and that some of this legislation are contradictory. On the other hand, there are those who say that the legislation is not prescriptive enough and leaves the municipalities with too much discretion. Often the same people would hold both views. The balance between grafting legislation that is not too enabling and not too prescriptive is difficult to strike.

It is clear that unless municipalities get more resources and increase service delivery, the new local government system will not be effectively implemented. At the same time, unless the new local government system is more effectively implemented, municipalities will not be able to secure more resources and significantly increase delivery.

In short, municipalities are in the early stages of a major transformation to a fundamentally new system of local government. With huge challenges and limited resources and capacity, municipalities are certainly making more progress than is commonly made out, even if less than they should. However together with national and provincial government and other key roleplayers they have to be significantly more effective.

9.3 The Way Forward

In all sections of this report, the Portfolio Committee has identified issues that should be acted on by different role-players. The major tasks identified are for DPLG to attend to. The Portfolio Committee recognizes, of course, that DPLG has a wide range of responsibilities, and limitations of funds, resources and staff. Moreover, local government is a sphere of government in its own right, and there are limits to how far DPLG can intervene. The Portfolio Committee is not suggesting that all the many tasks identified in this report should be attended to immediately. However, over time, with due recognition of the department's constraints, the Committee believes that action should be taken on these issues. Discussions with the department will take place in order to consider what is practically possible. Over time, developments in this regard will be actively monitored.

It is recognized that DPLG on its own cannot address the many issues raised in this report. Other national departments, provincial departments of local government, and other provincial departments, SALGA, community organizations, trade unions, the private sector and other stakeholders have a crucial role to play as well. So too do parliament and the legislatures, and in particularly the Portfolio Committee. More needs to be done by the municipalities as well. They simply cannot become over-reliant on other spheres of government and other role-players. They have to do more for themselves.

The possibility of securing a researcher should be pursued. The appointed person should follow up on issues raised and keep in touch with the relevant municipalities and inform them of developments. He/she could also assist with monitoring and oversight functions with regard to the issues for practical action raised.

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ANNEXURE: I

DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT

CMIP (Consolidated Municipal Infrastructure Programme)

QUARTERLY REPORT:

JANUARY - MARCH 2003

SUMMARY

The project-related key performance indicators (KPI's) show that water supply still remains the most important basic service supplied through CMIP to South Africa's poor communities. Since the start of CMIP, water supply projects were allocated 44% of the CMIP funds. The national average fund allocations to most project categories did not vary significantly over the past quarter.

Rural projects received 53% of the total allocation. The public sector counter-funding increased with 2% over the last quarter and is currently 33% of the total funding package. Funding from the private sector remained unchanged over the last quarter and is currently 3% of the total funding package.

The current percentage of women employed on CMIP projects is 18%, which is still 12% below the National target of 30%. Northern Cape was the province with the highest women employment ratio of 44%, while Western Cape and North West provinces were the lowest with 6% and 10% respectively.

The National employment ratio for youth is currently 50%. Kwazulu-Natal was the province with the highest youth employment ratio of 65%, while Mpumalanga was the lowest with 12%.

Currently 19% of the trainees involved with training programmes are women while 51% are youths.

The number of SMMEs involved in CMIP increased by 365 over the last quarter. The total number of SMMEs utilised to date is 2053. The actual payment made to SMMEs to date is R411.63m.

To date, 699 completed CMIP projects were in support of Housing Developments, which is 36.5% of the total of 1915 completed projects.

ANNEXURE: II

29th WEDC Conference

**Abuja, Nigeria
2003**

TOWARDS THE MILLENNIUM DEVELOPMENT GOALS: ACTIONS FOR WATER AND ENVIRONMENTAL SANITATION

MADUTLE VILLAGE WATER & SANITATION PROJECT

North West Province, South Africa
Cyril H.A. Ratnam

Background

Poverty is the single greatest burden of the South African people. This is due to the legacy of apartheid. It is not merely the lack of income that determines poverty but very poor living conditions such as non-availability of basic services, like drinking water. The democratic government that displaced the apartheid system initiated, under the banner of the Reconstruction and Development Programme (RDP), the Consolidated Municipal Infrastructure Programme (CMIP) to provide basic services for the previously disadvantaged people. *The basic service for water is 25 litres per person per day from stand pipes at every 200 meter radius and for sanitation a VIP. Capacity building of the local municipalities and community is part of CMIP.

In the North West Province, 75 % of the people live in informal settlements and villages. Madutle is one such village. The village has a population of 842 people living in 150 households. A few get by through subsistence farming, some are women whose husbands work in neighbouring towns, and others are elderly persons depending on a meager pension. Madutle, like all villages in South Africa, is far from the centres of administration, such as the Central District Municipality (CDM).

However, since Madutle is relatively close to the Provincial Capital Mafikeng, it was able to pressurize the CDM to agree to provide easily accessible drinking water. This was achieved through their District Municipal representative, who was a woman. The CDM, like most Municipalities in the country, was financially weak. It submitted a Business Plan (BP) on behalf of the village of Madutle to the Provincial Programme Manager (PPM) of CMIP. This BP was approved and an amount of R 2.2 million was provided for the provision of two boreholes, a 50 kilolitre elevated reservoir, a diesel pump, the reticulation and the stand pipes.

Objectives and Strategies

The objective is the provision of basic services such as water to large masses deprived of these services under the previous government, especially those in villages.

There is a tendency for District Municipalities, whose administrative offices are in urban areas, to neglect the development of villages. There is a great need for partnerships between the Municipalities and the villages that do, currently, not have confidence in the Municipalities. Further, the culture of non-payment for services, which was adopted during the apartheid era by the people as a protest, still continues. This had to be addressed so that the villagers would pay for the services and render the project sustainable. This was addressed at workshops during which it was explained to the villagers that, although water is God given and free, the extraction and transport was costly and requires funds. The importance of maintenance and proper operation of the equipment was also explained.

Establishing Priorities

The objective was the provision of accessible drinking water. However, providing water does not solve the backlog of basic water services but largely depends on the sustainability of the water supply. There was the need to convince the villagers to accept ownership of the new asset. The way forward was to develop a system that would be self- sustainable by cost recovery for the operation and maintenance of the water system. The process was:

1. to engage the villagers and to explain the need for them to pay for the water;
and
2. to create a partnership between the Central District Municipality (CDM) and the villagers.

This was achieved by establishing a Project Steering Committee (PSC) consisting of all stakeholders, with women and youth taking active part.

The CDM, on receiving approval for the project, appointed a consultant. The consultant was responsible for the design, project management and other project related matters, as well as making the community aware of all aspects of the project including the benefits.

The consultant, before being able to carry out his investigation in the village, had to follow protocol by arranging a meeting with the Tribal Chief of the area, the tribal elders, and the community. At this meeting, he explained his terms of reference, and the community identified members for the PSC, which had to be constituted without delay. Once this was done, the consultant contacted other

stakeholders and identified persons and co-opted them into the PSC. The PSC members were recruited from the following domains:

- ◆ Councillors from CDM(1)
- ◆ Tribal Authority(1)
- ◆ Madutle RDP Committee(3)
- ◆ Madutle Water Committee(3)
- ◆ Officials from CDM (1)
- ◆ Consulting Engineer (1)

Amongst the members were three women, two men and a disabled youth from the community, with a women councillor from the district who was also the ward councillor in Madutle.

The Project Manager from the consultants was from the disadvantaged community, could speak the local language and knew villager's attitudes well.

The problems he faced on the onset were:

- ◆ The community was made up of from two ethnic groups and there was a social split between them.
- ◆ The community could not perceive the concept of the water system to be provided.
- ◆ Poverty.

The PSC met several times, where the consultant and CDC representatives explained the design concept, the location of the water tower and pump, layout of the reticulation network, as well as the need for maintenance and proper operation of the system. The PSC members from the community went to the community with the information gathered and brought feedback from the community to the PSC gathering.

The PSC was involved in:

- ◆ Dealing with all labour issues.
- ◆ Identification of local people to be trained.
- ◆ Positioning of the stand pipes.
- ◆ Negotiating and influencing the suppliers, who were reluctant to supply materials because the village was far from centers of activities, to bring materials to site.

Monthly site meetings were held with all the role players. At these meetings the following issues were discussed:

- ◆ Physical and financial progress of the project.
- ◆ Adherence to CMIP criteria such as employment of women, youth, the

- disabled and the use of Small, Medium & Micro enterprises (SMMEs).
- ◆ Adherence to project Key Performance Indicators (KPI's).

Further Funds

Since the project was judged as a best practice in the province, an additional R 2. million was made available to provide Ventilated Improved Pit (VIP) toilets to the existing households. In addition, a community centre with offices for the various village committees, communal baths and a communal vegetable garden, were provided.

Ventilated Improved Pit Latrines

Experience has shown that de-sludging a single pit VIP is difficult and expensive and it becomes the responsibility of the Municipality. In this instance it was decided that the responsibility for the VIP's maintenance should rest with the household. To achieve this, the VIP's were designed with double pits, when one is full the other would be used. The full pit is then de-slugged. A special, long-handled spade is used for this purpose - it was designed by the project team and left with the water committee.

During the construction period, meetings were held with the community to inculcate the need for the proper use of the VIPs. Amongst others, villagers were made aware of the importance that the VIP may not be used as a means of disposal for household waste matter, as well as the need for hygiene after using the VIP.

Community Centre

The building would accommodate at least 200 people. It had four rooms to be used as offices for:

- ◆ Water Committee
- ◆ RDP Committee
- ◆ Women Committee
- ◆ Tribal Office.

It also had two sections, each with six shower compartments, one for women and the other for men. Hot water was provided through solar heating. Each shower had a meter similar to that fixed to the stand pipes. Any member of a household could use the token that is used for the stand pipe to have a shower. A committee has been tasked with the responsibility of keeping both the center and the showers clean.

Communal Vegetable Garden

The community had an area that was used as a communal garden, but the project had been abandoned due to lack of resources and support. This area was provided with a store shed, overhead water tank, eight (8) stand pipes with long hose pipes. Further, the neglected pump was repaired, and the following items were given to the community: Spades, garden forks, watering cans, fertilizer and vegetable seeds.

The garden is cultivated by a group of women volunteers. To date, the sale of vegetables yielded R 1,400, which was banked. The management of the garden is supervised by the tribal chief. The community was informed that the government would only provide the initial, once-off assistance and that, thereafter, it would be the community's responsibility to make it work. The signs are very positive, as the community is taking responsibility of their destiny.

Results Achieved

Getting the community involved in the decision making process was no easy task. It must be remembered that, prior to 1994, non-white people were not allowed to make decisions, but decisions were made on their behalf. The result was that people, even though they are now free to decide for themselves, do not have experience in decision making. This is particularly true of the people from rural areas. Through the establishment of the PSC, the process of decision making as a group was achieved.

The situation before the project was that people and their live stock shared water from a single source pumped from underground by a windmill. The villagers, mostly children, had to walk long distances to fetch water. Affordable drinking water has been brought closer to the community and water for livestock is provided for separately. This has created a healthy environment.

The culture of non-payment has been overcome through the partnership between the community and the Municipality. This can be considered as a milestone as these are people from the rural area with little or no income.

The project also employed 90% local labour, of which 33% were women, 25% youth and 3% from the disabled population. The rest were skilled tradesmen employed by the contractor. A youth is employed to take charge of the battery operated equipment to re-validate the plastic token card given to each household to get water on payment. The money collected pays for his service, the pump operator and diesel for the generator. The collection of the monies and monitoring of equipment is regularly checked by an official of the CDM. The completed project is community managed. The project has also capacitated women and youth and the community at large to be self-reliant and in a position to start small enterprises.

Sustainability

The factors that affect sustainability are a lack of understanding of the need for maintenance of the infrastructure, cost of providing the service, last but not least poverty.

Through the PSC, the villagers were convinced to buy into the project process and take ownership of the asset. The normal practice was to provide stand pipes to communities who agreed to pay a nominal amount each month. This was not effective in respect of revenue collection. On the suggestion of the CDM and Project Management Team, the community was persuaded to accept the stand pipes that were fitted with pre-paid meters.

Transferability

This process is transferable, as good, easily accessible drinking water is what all South Africans and, for that matter, every individual on this planet should have. Before replicating this or any other project it is imperative to take note of the physical and cultural environment. The process cannot be transferred en-masse.

The needs of a community are generally identified by politicians and bureaucrats. In this case, the community itself identified the need for good drinking water. However, providing for this need as envisaged by the politicians and bureaucrats often differs vastly from the one envisaged by the community. The success of the project, therefore, depends on all role players participating from the inception of the project.

1 US \$ = R 8

GLOSSARY

Disadvantaged: A non-white person in apartheid SA.

* RDP basic services level standards

** Kaya& Materechera 1999

Village details gathered during the project management period

ANNEXURE: III

DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT

ANNUAL REPORT ON THE EQUITABLE SHARE AND OTHER

TRANSFERS TO LOCAL GOVERNMENT

FOR THE 2000/2001 FINANCIAL YEAR

SECTION SEVEN: FREE BASIC SERVICES

Government has long made a commitment to ensuring the delivery of at least a basic level of municipal services to all households. At the heart of this commitment is a belief in the right of all South Africans to receive at least a common minimum standard of service, and the Constitutional duty of all spheres of government to ensure that this occurs.

Free basic services refer to the minimum amounts or service levels that are required in terms of health and environmental considerations. Free basic services are:

- A minimum level of free water to promote healthy living;
- The provision of a basic level of sanitation services;
- The basic level of electricity/energy to be supplied free of charge to support all households; and
- A minimum energy free refuse removal service.

A policy of free basic services includes providing basic levels of services for free to those already having access to services and extending service delivery to those who do not have access. The delivery of free basic services therefore involves both operating and infrastructure expenditure.

The definition of a basic service is based on delivery to households. This is because households are the smallest consumer unit to which services are rendered. In addition, households are the basis for assistance in all cases involving capital subsidies, such as the CMIP and the housing subsidies, as well as certain recurrent transfers such as the equitable share. International and local experiences support locally responsive approaches to defining basic levels for services. By encouraging municipalities to determine the most appropriate subsidy mechanisms, they are given adequate scope of authority to internalize the costs of delivery subsidies and, thus, risks of moral hazard are minimized. National government should only set minimum national standards as guidelines to municipalities.

A recently released report by STATS SA entitled "South Africa in transition: Selected findings from the October Household Survey of 1999 and changes that have occurred between 1995 and 1999" examines changes in households regarding access to infrastructure and services. Access to main sources of water, toilet facilities, energy for cooking, heating and lighting and methods of refuse removal, and access to health care is examined.

• **Water**

In the five years from 1995 to 1999, there was a gradual increase in the proportion of households that had access to clean water (piped water inside the dwelling or on site, communal tap or public tanker). In 1995, 78,5 percent of households had access to clean water rising to 83,4 percent in 1999. At the same time, there was a decrease in the proportion of households using water from boreholes and rain-water tanks, from 10,0 percent in 1995 to 4,7 percent in 1999. The proportion of those households obtaining water from rivers, streams and dams, remained approximately constant over time (11,4 percent in 1995, and 11,8 percent in 1999), possibly indicating that improved access to clean water had not significantly affected previously disadvantaged households in deep rural areas.

• **Electricity**

Over the five-year period under consideration, there has been a gradual increase in the use of electricity for lighting, from 63,5 percent in 1995 to 69,8 percent in 1999, and a gradual decrease in the use of paraffin and candles. While more than half of households in South Africa (55,4 percent in 1995 and 53,0 percent in 1999) relied mainly on electricity for cooking from 1995 to 1999, this proportion remained more or less constant between 1995 and 1999. This may be due, in part, to costs of electricity and appliances. Proportionally fewer households were using wood to cook in 1999 than in 1995. On the other hand, the proportion of households using mainly paraffin for cooking actually increased during the period.

As with cooking, electricity was the most common energy source used for heating purposes by South African households. However, an overall decrease occurred in the proportion of households using electricity for heating purposes. From 53,8 percent in 1995 to 48,0 percent in 1999, probably partly due to costs. The use of paraffin and other sources such as coal and dung increased over time.

• **Refuse removal**

Throughout the five years from 1995 to 1999, there has not been a marked change in the proportions of households (approximately 55 percent) who have access to formal refuse removal services.

• Sanitation

Between October 1995 and October 1999, there has been a possible slight decrease in the proportion of households with access to flush or chemical toilets, from 56,9 percent in October 1995 to 55,8 percent in October 1999. At the same time there has been a possible slight increase in the proportion of households with informal facilities such as a river, stream or bush, from 8,3 percent in 1995 to 10,6 percent in 1999.

There are various policy principles and objectives implied by the commitment to provide free basic services. Government's primary economic objective is to reduce the high level of poverty in the country. Secondly there is the principle of equity implied in the free basic services policy which brings about the role played by government in attaining allocative efficiency. Although the policy commitment has been expressed as "free basic services to all", low income households that are currently unable to obtain access to basic services on an ongoing basis should be prioritized.

There are currently a number of fiscal mechanisms that subsidise service delivery to poor households, including infrastructure grants (such as the Consolidated Municipal Infrastructure Programme), the equitable share for local government and cross-subsidisation. The equitable share allocation for the 2001/2002 financial year has been increased by R400 million to assist municipalities in the provision of free basic services. Municipalities should progressively use the equitable share for this purpose.

Given that the challenges of providing free basic services will largely fall on local government, the Department of Provincial and Local Government will play a major role in formulating strategies and giving direction for implementing free basic services. Guidelines will be issued shortly to assist municipalities in this regard.