



THE PRESIDENCY  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT: PERFORMANCE MONITORING AND EVALUATION

# **Report of the Formative Evaluation of the Presidential Intervention within the King Sabata Dalindyebo Local Municipality, Eastern Cape Province**

Final Report

4 July 2014



This report has been independently prepared by Impact Economix. The Evaluation Steering Committee was responsible for overseeing the Evaluation and included the DPME Outcome 9 Facilitator, the KSD Programme Management Unit and representatives of the Evaluation & Research Unit (ERU) of the Department of Performance Monitoring and Evaluation (DPME) in the Presidency. The Steering Committee provided comments at various stages and approved reports associated with various milestones of this evaluation, including validating the findings and recommendations contained in this final report.

**Submitted by:**

Rae Wolpe  
Impact Economix  
P.O. Box 13446, Mowbray 7705  
[Rae@impacteconomix.com](mailto:Rae@impacteconomix.com)  
Tel: 021 685 9663

**Submitted to:**

Jacqueline Nel  
Director: Local Government Performance  
Assessment

The Presidency: Dept of Performance  
Monitoring and Evaluation  
Private Bag X944  
Pretoria, 0001, South Africa

Tel: +27 (0)12 312 0115  
Fax: +27 86 686 4455  
Email: [jacqueline@po-dpme.gov.za](mailto:jacqueline@po-dpme.gov.za)

## Contents

<b>Acronyms</b>	<b>iv</b>
<b>Policy summary</b>	<b>v</b>
<b>Executive summary</b>	<b>vi</b>
<b>1 Introduction and background</b>	<b>1</b>
1.1 The KSD PI	1
1.2 Evaluation purpose and scope	1
1.3 Overview of methodology	2
1.4 Developing an analytical framework	3
1.5 Theory of change (TOC) underpinning the KSD PI	5
<b>2 Implementation of the PI</b>	<b>7</b>
2.1 Emergence of the PI	7
2.2 The emerging work programme of the PI	9
2.3 PI project successes and challenges	12
<b>3 How the Presidential Intervention (PI) at KSD is implemented</b>	<b>13</b>
3.1 Does the implementation of the KSD PI cover aspects necessary to achieve optimum government coordination?	13
3.2 Does the PI address root causes rather than symptoms of the problems at KSD LM and is the PI appropriate for addressing the pervasive service delivery challenges?	16
3.3 Is the implementation of the KSD PI improving efficiency of decision-making and speedy unblocking?	20
3.4 Is the implementation of the PI at KSD contributing to improved quality of planning?	21
3.5 Is the KSD PI contributing to improved service delivery through its projects?	22
3.6 Is the implementation of the PI at KSD improving accountability?	23
3.7 Advantages and disadvantages of the PI in terms of other planning priorities and budgeting of the government entities and the opportunity cost in terms of infrastructure investments forgone in other communities in need	24
3.8 Comparison of costs of the PI governance and programme management and accountability elements compared to benefits of the established structures and arrangements	24
3.9 Elements not included that may have enhanced programme efficiency, effectiveness, impact, and sustainability	25
3.10 Level of beneficiary engagement and sensitisation of communities to their responsibility in sustaining gains post-intervention	26
3.11 Indicators of programme success	26
<b>4 Conclusions, lessons learnt and recommendations</b>	<b>27</b>
4.1 Conclusions and lessons learned regarding PIs in general	27
4.2 KSD PI-specific lessons and recommendations	31

<b>Annexes</b>	<b>35</b>
Annex 1: References	35
Annex 2: Minutes of KSD PI Meetings Reviewed	37
Annex 3: Glossary	38
Annex 4: KSD 2030 Master Plan Vision	40
Annex 5: KSD Master Plan Project List	41
Annex 6: KSD PI Evaluation Methodology	50
Annex 7: Detailed timeline of KSD key events from 2000 to 2013	55
Annex 8: Meetings of KSD Governance Structures	58
Annex 9: Functions Performed and Not Performed by KSD LM	59
Annex 10: Staff Vacancies at KSD LM per Directorate: 2008/9-2010/11	61
Annex 11: Costs of KSD PI governance structures	62
Annex 12: DBSA Recommendations	65

## Acronyms

BNG	Breaking New Ground
CBD	Central Business District
CoGTA	Ministry/Department of Cooperative Governance and Traditional Affairs
DBSA	Development Bank of South Africa
DCOG	Department of Cooperative Governance
DDG	Deputy Director General
DG	Director General
dti	Department of Trade and Industry
DP	Deputy President
DPME	Department of Performance Monitoring and Evaluation
EC DLGTA	Eastern Cape Department of Local Government and Traditional Affairs
EIA	Environmental Impact Assessment
DoT	Department of Transport
DWA	Department of Water Affairs
HOD	Head of Department
IDP	Integrated Development Plan
IMC	Inter-Ministerial Committee
KSD LM	King Sabata Dalindyebo Local Municipality
KSD PI	King Sabata Dalindyebo Presidential Intervention
LED	Local Economic Development
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MPAT	Management Performance Assessment Tool
NDP	Neighbourhood Development Programme
ORT DM	O R Tambo District Municipality
OTP	Office of the Premier
PI	Presidential Intervention
PMO	Project Management Office
PMU	Programme Management Unit
PWG	Provincial Working Group
RBIG	Regional Bulk Infrastructure Grant
SANRAL	South African National Roads Agency Ltd.
SAPS	South African Police Services
SBDIP	Service Delivery and Budget Implementation Plan
SDP	Skills Development Plan
TOC	Theory of Change
ToR	Terms of Reference
URP	Urban Renewal Programme
WSA	Water Service Authority
WSP	Water Service Provider

## Policy summary

The King Sabata Dalindyebo Municipality (KSD LM) was declared as a Presidential Intervention (PI) node by President Zuma in August 2009 with the aim of revitalising the town of Mthatha. A formative evaluation was undertaken in 2013 to establish the merits and trade-offs of such a presidential intervention on a locality facing stubborn social, administrative, institutional and economic problems. Key policy findings and recommendations are:

1. KSD LM was an example of political and administrative dysfunction and low levels of human resource capacity, as illustrated by KSD LM having seven municipal managers between 2001-2012. An intervention was badly needed.
2. The PI resulted in increased **expenditure of around R4 billion** on infrastructure including roads, water, electricity, Mthatha bridge and airport, a very significant amount illustrating that political and administrative pressure for coordination and focused attention with greater project management does make a difference.
3. The **whole of government coordination approach** of all 3 spheres of government creates the synergy necessary which may be able to deal with stubborn social and institutional problems if root causes are sufficiently addressed from the outset. A Programme Management Unit (PMU) is needed (which should be institutionalised) plus clear terms of reference for the various structures, as well as a clear and agreed timeframe for external involvement and clear skills transfer and close-out process.
4. However some of the unintended consequences of the PI include delays in activities intended to be carried out elsewhere. Of concern is that the **underlying root causes** of the problems facing KSD LM have not been addressed by the PI, particularly leadership issues, filling of key vacancies, improving financial management and overcoming political/institutional competition. There is therefore a need for political will to deal with the underlying causes of the dysfunction before declaring areas as PIs to enhance chances of success of PIs and their sustainability.
5. A PI is challenging in terms of maintaining the **ownership** of local stakeholders, particularly the local/district municipality, while addressing the underlying root causes of institutional weakness which require **changes in leadership** as well as the presence of key staff, and of sufficient quality. This is difficult as these areas are by their nature not very attractive to high quality staff. Addressing these core issues is of more importance for sustainability than directly addressing the infrastructure which will be implemented if there is good political leadership and effective management.
6. If systemic issues are to be addressed a proper **diagnostic** is needed to identify the root causes, change strategies and options, and to inform a **plan**. This should be the first stage of intervention. All PIs should follow the whole-of-government approach based on existing Master Plans which enjoy the support of all stakeholders. Where Master Plans do not exist, the collaborative development of such plans should be prioritised in order to ensure a well-planned and sequenced intervention.
7. The diagnostic must include a thorough capacity needs assessment to address both organisational capacity and human capital issues, and to design suitable **organisational development interventions** as a key component of the PI.
8. Proper planning should enable National Treasury to put in place concessions aimed at ensuring the constant flow of funding to projects; including provision of funding for maintenance based on well-developed maintenance and revenue enhancement plans. Mechanisms should be put in to monitor that funds are used for intended purposes.
9. In the specific case of KSD, it must proceed immediately to **fill vacant Section 56 posts**, as well as other urgent vacancies (e.g. technical and engineering), ensuring the appointment of suitably qualified incumbents, and to implement the findings of the Development Bank of Southern Africa (DBSA) capacity assessment (see Annex 12). The Presidency (and/or the provincial Department of Cooperative Governance and Traditional Affairs (COGTA) should assist to ensure that staff appointed are high quality.

## Executive summary

### 1 Introduction

1.1/2 The King Sabata Dalindyebo Municipality (KSD LM) was declared as a Presidential Intervention (PI) node by President Zuma in August 2009 with the aim of revitalising the town of Mthatha. The Department of Performance Monitoring and Evaluation (DPME) in the Presidency commissioned a Formative Evaluation of the KSD PI in order to establish the merits and trade-offs that a presidential intervention brings to bear on a locality facing stubborn social, administrative, institutional and economic problems.

1.3 The KSD PI Formative Evaluation was launched in February 2013. The methodology included:

- A review of literature on urban renewal, government coordination approaches, and the historical context and trajectory of the KSD LM (February 2013);
- Review of a wide range of KSD PI-specific documentation including minutes of meetings, key municipal documents, and progress reports (February - September 2013);
- Results from a survey of 28 representatives of the KSD PI workstreams and Provincial Working Group (PWG) (April - May 2013);
- Interviews with 21 representatives from the various KSD PI workstreams (March – June 2013);
- Interaction in four scheduled Programme Management Unit (PMU) meetings serving as a Steering Committee (SC) (May 2013 - May 2014).

### 2 Implementation of the PI

2.1 KSD LM shows extreme political and administrative instability, with seven Municipal Managers between September 2001 and the March 2012. The last Municipal Manager was suspended during the course of this evaluation and there is an acting Municipal manager in place. Of 84 municipal functions listed by the Municipal Demarcation Board, KSD was found to be performing approximately 19, painting a picture of non-compliance with legislation (see Annex 9). This is the reason for the PI, but this institutional weakness also affected the PI. The initial PI logic was to adopt the 2009 KSD Sustainable Development Master Plan as the blueprint for infrastructure delivery and sustainable socio-economic development. The Master Plan included a 2030 Vision and 280 short, medium, and long term projects (Annex 5). A PMU was established at the end of 2012. Seven workstreams were established and convenors appointed. In March 2012 the PMU produced the first consolidated progress report using a standardised reporting framework. The institutional arrangements and governance structures put in place include: Inter Ministerial Committee (IMC); National Technical Committee; Provincial Working Group (PWG) and Management Committee; KSD PI Project Management Unit; the 7 Workstreams and the Secretariat.

2.2 In 2010 the IMC prioritised seven workstreams that would drive projects seen to be critical for the revitalisation of Mthatha. The workstreams included: Energy, Waste and Environment Management; Human Settlements; Transport and Mobility; Water and Sanitation; Social Development and Health; Local Economic Development; and Governance and Communication. The workstreams are functioning with the exception of Governance and Communication, which was established later and has struggled to get off the ground.

2.3 The main project successes include environmental projects, electricity upgrading, dualisation of Mthatha bridge, a refuse site, airport runway, and support for major water distribution corridors to stand-alone rural schemes. There has been an increased focus on KSD's infrastructural backlog, significant resources have been raised for projects, and there has been improved coordination. Problematic areas include fragmented planning and financial

commitments from stakeholders. For example when the N2 in Mthatha Central Business District (CBD) was upgraded by the South African National Roads Agency (SANRAL) there was no budget to upgrade the underground infrastructure along the N2, which was supposed to be budgeted by KSD and O.R. Tambo District Municipality (ORT DM). The budget was committed piecemeal, leading to excavations on already completed roads. There has also been insufficient progress with regards to securing additional funds to upgrade roads, and this has been compounded by inappropriate specifications for road upgrading projects.

### **3 How the Presidential Intervention (PI) at KSD is implemented**

#### **3.1 Does the implementation of the KSD PI cover aspects necessary to achieve optimum government coordination?**

The KSD PI intervention is following a whole of government coordination approach, which is valued by all those interviewed. However the PI is perceived as top-down, despite efforts to obtain local participation and ownership. Informants raised issues of who “owns” projects, the KSD LM or the relevant department, and a need for clarity around who makes funding decisions and who pays (including for maintenance). They also raised the need to involve specific national and provincial departments including Basic and Higher Education, Justice, Home Affairs, Mineral Resources; South African Police Services; provincial Department of Economic Affairs; Transnet; Walter Sisulu University; organized business (e.g. Nafcoc, Border Kei Business Chamber.); organised labour; SANCO. This suggests that proper stakeholder mapping and/or mobilisation was not done.

The literature review suggests that leadership challenges at KSD are longstanding, as illustrated by KSD LM having had eight municipal managers since 2001. There are some signs that coordination between ORT DM and KSD LM may be improving, with the KSD LM starting to attend the District Municipal Managers Forum meetings. The lack of involvement by a provincial political champion was mentioned e.g. the MEC for Local Government and Traditional Affairs. Participation of provincial HODs has also been problematic, with HODs apparently seeing the KSD PI as a local matter.

A key leadership/coordination function is provided by the PMU. The comment was made that *“While the PMU has put in place and facilitates a clear and strong progress reporting system; the PMU lacks both capacity and authority to facilitate the implementation of decisions taken at PMU meetings.”* *“PMU meetings are too frequent (monthly) and that detracts from implementation given the multiplicity of responsibilities that PMU members have”.*

#### **3.2 Does the PI address root causes and not symptoms of the problems at KSD LM and is the PI appropriate for addressing the pervasive service delivery challenges?**

It is important that the KSD PI addresses root causes and not symptoms of the problems at KSD LM if the impact of the PI is to be sustained. The evaluation has identified some root causes including leadership problems such as political competition and interference, lack of organisational capacity and poor financial management.

The challenges in finalising all Section 56 Director appointments (including the CFO) have contributed to the KSD LM’s inability to improve its staffing levels, skills, and financial management. One reason cited for not filling the posts was the role played by the municipal trade union. Very high staff turnover undermines the effective functioning of the municipality and makes it hard to see long-term projects through. The total number of posts on the organogram is 2 178, and total staff employed is 1 058, suggesting a vacancy rate of 51% (although the organogram is being revised). Both KSD LM and ORT DM struggle to attract and keep professional staff - partly because of the locational disadvantages of the region e.g. poor schooling, services (DBSA, 2010). A high proportion of staff is unskilled or moderately skilled, with around 50% of KSD staff not having a matric qualification.

The Municipality faces critical difficulties in the administration of its affairs. Audit outcomes serve as a useful proxy measure for general administrative capacity. The Municipality has received consistently poor audit reports in recent years, with four disclaimers and one qualified opinion since 2006/7. The 2010/11 Auditor General's report indicated that amongst the root causes of poor financial management are:

- Officials in key positions do not have minimum competencies and skills;
- Lack of consequences for poor performance or transgressions;
- Political leaders not taking the Auditor-General's message seriously and are not taking ownership of key controls; and
- Finance department is understaffed and has suffered as a result of not having a permanent CFO for an extended period.

The Municipality's revenue base has strengthened off a very low base as a result of improved revenue collection, rather than as a result of expanding the rates base. The proportion of capex grants to total revenue is decreasing rapidly, and the proportion of opex grants is increasing (KSD LM Annual Report. 2008/9, 2009/10 and 2010/11). This does not bode well for the Municipality's ability to provide new infrastructure, and displays an increasing dependency on national government to provide operating costs – a difficult situation.

Overall the PI is addressing the symptoms (lack of service delivery, poor state of infrastructure) rather than the underlying issues of lack of key staff, poor financial management, examples of weak contractor management, weak accountability and ultimately weak and competing leadership at different levels which is undermining the institutions and their capacity to deliver. A major omission in the PI is the lack of work on organisational development to address the weak institutions.

### **3.3 Is the KSD PI improving efficiency of decision-making and speedy unblocking?**

All respondents highlighted as a major success of the PI the fast tracking of funding commitments for huge infrastructure projects through high level involvement of Directors General (DGs) participating in the KSD PI PWG and IMC structures. However delays have been caused by KSD and ORT supply chain processes, lack of clarity on funding by departments, inability to resolve the Water and Sanitation Powers and Functions issue between ORT DM and KSD LM, political contestation, and delays in filling posts in KSD. Overall the KSD PI does not appear to have improved efficiency of decision-making beyond securing funding for priority projects. This would appear to be a consequence of inadequate leadership and/or administrative instability from KSD and ORT DM in particular.

### **3.4 Is the KSD PI contributing to improved quality of planning?**

A number of plans have been unblocked including the Master Plans for Electricity, Water, and Rural Transport. There is improved alignment of the funding and implementation processes for the provision of bulk infrastructure as well as coordinated planning regarding Environmental Impact Assessments (EIAs) and Department of Water Affairs permit processes. Challenges identified were the geographic scope of the KSD PI, lack of a spatial/long-term district plan, lack of alignment between the IDPs of ORT DM and KSDLM, challenges around annual planning for Municipal Infrastructure Grant (MIG) funding, lack of a risk management plan, township layout designs being compiled without involvement of Provincial Education or Health Departments and South African Police Services (SAPS), and short-term planning – e.g. road specifications being too low resulting in roads having a 5 year rather than 20 year lifespan. As a result, many roads in Mthatha have deteriorated substantially and funding needs to be secured with some roads needing to be completely replaced.

### **3.5 Is the KSD PI contributing to improved service delivery through its projects?**

There has been expenditure of about R4 billion on infrastructure, attributed to improved collaboration between the 3 spheres, and focused project management. These are contributing to improved service delivery, e.g. around electricity and water. However it is difficult to get figures on service delivery improvement trends and how much is due to the PI. Implementation challenges noted include project delays, poor expenditure on MIG allocations, challenges around maintenance, and poor quality of work by contractors.

### **3.6 Is the implementation PI at KSD improving accountability?**

Poor monitoring and oversight was reported, and there is little evidence of improved levels of accountability of KSD LM and ORT DM. PI governance arrangements do appear to have improved accountability for implementing KSD PI decisions taken at PMU. However, the PMU has no authority to enforce implementation of its decisions and there are no consequences for failure to implement either workstream or PMU decisions as PI activities are not integrated into performance agreements.

### **3.7 Advantages and disadvantages and opportunity costs of investments in the PI**

There has been some evidence that implementation of the PI has displaced work in other areas as there was delayed/under-expenditure of funding which was allocated to the PI resulting in delaying other investments.

### **3.8 Comparison of costs of the PI governance and programme management systems**

The governance arrangements have been estimated to cost R33 million. In terms of benefits the total value of completed KSD PI projects is in the region of R4 billion. While some of this would have happened anyway, there would appear to be a benefit from the speeding up achieved by the PI. The role played by the PMU Secretariat (SAFIRI) in supporting the project management component could be a valuable lesson to learn in terms of bringing on board additional capacity on a contract basis to support other aspects PI delivery.

### **3.9 Elements not included that may have enhanced programme efficiency, effectiveness, impact, and sustainability**

Organisational development (OD) was meant to have been part of the work of the governance workstream which in general has under-performed. The OD work should have included work on leadership and filling senior posts, addressing problems around revenue and expenditure management as well as infrastructure maintenance, and the lack of involvement of the private sector in local economic development, such as in development of local suppliers. This has been lacking. A clear and agreed timeframe for external involvement and clear skills transfer and close-out process needs to be in place.

### **3.10 Level of beneficiary engagement and sensitisation of communities sensitized to their responsibility in sustaining gains post-intervention.**

There is little evidence on this.

### **3.11 Indicators of programme success.**

The PI has no defined objectives, indicators timeframes etc. The main indicators of success which are currently monitored are project management indicators i.e. whether projects are implemented according to deadlines and to a lesser extent within budget.

## **4 Conclusions, lessons learnt and recommendations**

### **4.1 Regarding PIs in general**

4.1.1 Core to the challenges in KSD is weak leadership with political battles impeding the ability of the municipalities to resolve their problems, battles within and between the

municipalities, with municipal trade unions, with the province. This is likely to be similar in all sites where intervention is considered.

**R1 The issue of weak leadership must be addressed at political and administrative levels if a sustainable impact is to be made on the underlying causes of the problems.**

4.1.2 The KSD PI is perceived as an intervention imposed from the Presidency.

**R2 DPME to develop a model for the consultation process prior to declaring a site a PI** to ensure ownership by key stakeholders. This should include thorough stakeholder mapping to make sure that all pertinent stakeholders are brought on board including civil society and business, and a full diagnostic.

4.1.3 Good initial planning is needed which addresses the underlying causes to ensure the PI is able to overcome the challenges in the area and address the underlying causes.

**R3 Before a PI is implemented thorough planning is needed.** An initial diagnostic should be done (for a comprehensive municipal diagnostic the Presidency's Municipal Assessment Tool can be used, or a simpler diagnostic may be appropriate which should guide a proper diagnostic process to identify the root causes of the problems, options for implementation and sustainability. The core focus and purpose of the PI must be agreed with relevant stakeholders. This should inform a PI Implementation Plan. The affected municipalities should integrate these plans and targets into their IDPs, and the provincial and national departments into their APPs. In addition, service delivery planning and organisational performance systems need to be strengthened to improve accountability.

4.1.4/5 Addressing systemic funding gaps is needed for delivery of multi-year large infrastructure PIs. The PI must be integrated into the IDPs to enable PI projects to be incorporated into the MIG system and accommodate applications for funding over a 3-5 year for large-scale multi-year infrastructure projects. PIs also need to explicitly plan for any involvement of the private sector, particularly for Local Economic Development (LED).

**R4 LED capacity needs to be developed and LED needs to be mainstreamed into the PI process to maximise economic spinoffs,** appointing local small businesses, or big contractors should be required to partner with local emerging contractors, or undertake supplier development.

4.1.6 Governance, accountability and programme management arrangements include aligning IDPs, SDIBPs and performance management systems (for all 3 spheres of government) with a PI, establishment of a PMU, Intergovernmental Workstreams, PWG and IMC.

**R5 A PMU/project management office (PMO) should be established in either the local or district municipality to take forward the PI (together with other required PI structures and systems), but should also play a general programme and project management role on behalf of the municipality. The PMO needs to have a clear mandate, resources and stronger decision-making powers, clear ToRs, and with direct reporting lines to the municipal manager.**

**R6/7 Key systems should be institutionalised to ensure accountability and sustainability:** PIs should be aligned with IDPs and SDIBPs, and PI

responsibilities should be reflected in the Performance Agreements of officials involved, including , Premier, MEC, Mayor, Municipal Manager, and Director level personnel. DPME should develop model ToRs for PI structures. **Systems to monitor delivery, of the PI should also be developed, including monitoring key progress, risks, finances, services and governance structures.**

## 4.2 KSD PI-specific lessons and recommendations

4.2.1 It was appropriate to undertake a PI at KSD. However, the PI has not sufficiently addressed important underlying causes, particularly those related to building municipal organisational capacity, or putting in place systems necessary for optimum service delivery and municipal sustainability.

**R8 Efforts must be made to ensure that senior KSD LM and ORT DM politicians own and lead the KSD PI.** The governance and communications workstream must be appropriately resourced to lead this process, as well as to ensure that it develops a comprehensive and coherent approach and plan to address priority KSD LM and ORT DM organisational capacity issues which impact on the effectiveness and sustainability of the KSD PI.

**R9 KSD must proceed immediately to fill vacant Section 56 posts ensuring the appointment of suitably qualified incumbents in compliance with regulations on minimum competencies,** as well as other urgent vacancies (e.g. technical and engineering). Provincial Department of Cooperative Governance and Traditional Affairs (COGTA) should assist to ensure that these are high quality appointments.

**R10 KSD must strengthen its financial management system (including revenue management),** developing and implementing an action plan to address previous audit findings which is supported by the required human resources.

4.2.2 There have been planning successes achieved through an intergovernmental approach adopted in delivering large-scale infrastructure projects. However PI projects are still not sufficiently incorporated into KSD's and ORT's IDPs, and the PI is reported on separately.

**R11 Outstanding planning issues raised above need to be implemented including** defining the objectives and timeframes of the KSD PI, incorporating components into the IDPs and Service Delivery and Budget Implementation Plans (SDBIPs) of ORT DM and KSD LM in line with mandates, aligning KSD PI and the KSD spatial development framework, finalising outstanding sector-specific Master Plans and Operational & Maintenance Plans for infrastructure.

4.2.3 Little long term sustainable economic benefit is accruing to local communities from the implementation of PI at KSD:

**R12 A consultative business forum (to include civil society representatives) should be established** and driven by the KSD LM to facilitate formal engagement with the local and regional business communities and this should develop a clear approach to attracting private business to invest in KSD. This should include a clear plan to resolve land claims issues.

4.3.4 KSD PI implementation is threatened by a range of risks.

**R 13 Develop an all-encompassing Risk Management Plan** for KSD LM as a matter of urgency with procedures and tools pertinent to various risk areas, which is then monitored.

4.2.5 Some important stakeholders were not included in the PI process.

**R14 Embark on an inclusive stakeholder mapping exercise as part of developing an improvement plan around the evaluation findings.** Include all significant stakeholders that were left out with a clear brief about why their participation is important, how they are to contribute, also making sure that organised labour, civil society and business, Departments of Education, SAPS etc. are involved. Ensure there is stronger community participation and ownership moving forward and re-sensitive stakeholders regarding their roles in the PI.

4.2.6/7 The governance and programme management structures established have enhanced focus, coordination, prioritisation and funding allocations among three spheres of government, but the PMU needs strengthening and clear communication and reporting protocols and processes between the administrative and political levels are needed. There is no evidence of capacity building that can be directly attributed to the PI. This lack of capacity threatens the Municipality's ability to deliver on its regular mandate, not to mention management of complex large-scale infrastructure projects as part of the KSD PI. Apart from the recommendations in 4.1.6 KSD needs to:

**R15 Implement the DBSA capacity assessment recommendations regarding the PMU (see Annex 12).**

The implementation of these recommendations will go a long way in improving the delivery of the PI at KSD, and a need exists for DPME/Presidency to take up those recommendations that relate to unblocking systemic challenges at the level of national departments, including National Treasury.

# 1 Introduction and background

## 1.1 The KSD PI

The King Sabata Dalindyebo Municipality (KSD LM) was declared by President Zuma as a Presidential Intervention (PI) node with the aim of renewing or revitalising the town of Mthatha in August 2009. The revitalisation of Mthatha was meant to be achieved through a coordinated government approach to planning and implementation, involving all the 3 spheres of government and the relevant parastatals. A hierarchical system of governance structures to ensure overall coordination was established including an Inter-Ministerial Committee (IMC), chaired by the Minister of Performance Monitoring and Evaluation in the Presidency and a Technical IMC, chaired by the Director-General in the Presidency. The IMC and the Technical IMC have worked with the Office of the Premier which provides oversight and facilitates implementation through the Provincial Cabinet Committee. A Provincial Working Group (PWG) was established to drive implementation, chaired by the Superintendent General: Local Government and Traditional Affairs,.

Although the KSD PI was announced by President Zuma in July/August 2009, the Technical IMC and the IMC were established in 2011, and a Project Management Office (PMO) towards the end of 2012. It was only around March 2012 that the first consolidated progress report was produced by the PMU. DPME issued the call for the KSD PI evaluation in November 2012 and Impact Economix was appointed by DPME in December 2012 to conduct the evaluation. An evaluation inception workshop with DPME and KSD PI stakeholders was held in Mthatha in February 2013 to kick-start the process. The evaluation report was discussed with stakeholders on 11 April 2014.

## 1.2 Evaluation purpose and scope

The purpose of the Formative Evaluation of the King Sabata Dalindyebo Presidential Intervention (KSD PI) was to establish the merits and trade-offs based on worth, replicability and efficient attainment of government development priorities that a presidential intervention brings to bear on a locality facing stubborn social, administrative, institutional and economic problems.

The terms of reference required the formative evaluation study of the KSD PI to answer the following research questions:

- a) What is the logic of PI intervention at KSD and is the intervention appropriate for dealing with presenting challenges? Does the intervention address the root causes and not the symptoms of the KSD situation?
- b) What are the roles and responsibilities of the various structures involved in governance and programme management of the KSD PI and is each structure optimally fulfilling its roles?
- c) How are the various structures impacting on efficiency of decision-making, quality of planning, improved implementation, tackling blockages, and have these governance structures improved overall accountability?
- d) How is inter-governmental coordination working and what dynamics are emerging from collaboration, particularly with respect to planning and budgeting for bulk infrastructure - sequencing, alignment with grant allocation and usage and coordination with regard to project dependencies?
- e) What have been the pros and cons of the PI at KSD in terms of planning for other priorities and budgeting operations of the various government entities involved?
- f) What opportunity costs have been incurred as a result of the KSD PI especially in terms of infrastructure investments forgone in other communities in need?

- g) What costs are being incurred for the governance and programme management and are the costs justifiable in terms of improving accountability?
- h) Are there any elements that were not included that may have enhanced
  - i) programme efficiency/ effectiveness, impact and sustainability of the KSD PI?
  - j) What was the level of beneficiary engagement and were communities sensitized to
  - k) their responsibility in sustaining gains made post intervention?
  - l) What were the identified indicators of successful implementation of the KSD PI ?
- m) What capacity building activities have been brought about by the implementation
- n) of the KSD PI and to what extent has the intervention built capacity in the ORT DM and KSDLM to sustain the investments in terms of technical capacity to plan, operate and maintain infrastructure?
- o) Is there evidence that technical capacity building necessary for operating and maintaining core services (water, sanitation, refuse, municipal roads and electricity) are being developed?
- p) What is the impact of the KSD PI (positive or negative) on the broader management and administrative performance (financial, human resource, governance) of the ORT DM and KSD LM ?
- q) What lessons can be learnt from the KSD intervention and can the KSD PI be considered innovative in a context where stubborn social problems exist or are there alternative approaches to fostering broader social change and reorganisation at the systems level?
- r) What precedents have been set and what are the implications?
- s) Do interventions of this nature go to the heart of the problem or deflects accountability for poor delivery performance and do they encourage greater inclusiveness, foster greater social cohesion and solidarity or do they risk capture by political elites?
- t) What do interventions of this nature suggest in terms of broader social change and reorganisation at the systems level?

These research questions were answered by triangulating data from all the sources at the disposal of the research team, including broader literature, KSD PI documents, and inputs from key informants and stakeholders involved in the implementation of the KSD-PI.

### 1.3 Overview of methodology

This section summarises the methodology and a full description of methodology is in Annex 5. The data collected for this study is based on:

- A comprehensive review of literature covering the theoretical aspect of urban renewal, government coordination approaches, the historical context and trajectory of the KSD LM as portrayed in commissioned and academic research;
- Review of a wide range of KSD PI-specific documentation including minutes of workstream meetings, PMU, and PWG meetings, key municipal documents, progress reports on the KSD PI. The minutes of Technical IMC and IMC meetings could not be reviewed due to the fact that they are classified documents;
- Survey results from 28 representatives on the KSD PI works streams and Provincial Working Group;
- Key informant interviews with 21 representatives of the various KSD PI workstreams (comprising officials from national, provincial and local government) as well as other key business and civil society stakeholders (e.g. SA National Civics Organisation, National African Federation of Chamber and Commerce);
- Interaction and gathering of inputs from the PMU through slots that were made available in scheduled PMU meetings (See Annex 6 for a List of Key Informant Interviews).

The Terms of Reference required 3 reports to be produced as part of this formative evaluation covering the following aspects:

- Element 1: Report on KSD PI Governance and Project Management Arrangements;
- Element 2: Report on Capacity and Organisational Issues that have been brought about by the implementation of the KSD PI;
- Element 3: Report on Lessons learned from the implementation of PI at KSD.

The preliminary findings of these reports were presented to the PMU and the 3 element reports were circulated to members of PMU and other KSD stakeholders for comments. The general feeling was that the 3 element reports reflected what was happening and were factually correct. The reports were revised on the basis of the stakeholder inputs, and this final report draws from the three elements reports.

To address the question of how the KSD PI is being implemented, the data is presented here using the research questions as organising themes, starting with an analysis of how the PI is being delivered against the backdrop of the whole of government coordination approach that is supposed to be followed. Key informant perspective is analysed against what has emerged from the literature and document review. Quotes are presented in italics.

The following limitations of the study need to be acknowledged, some of which reflect the problems in KSD:

- The validation of the Theory of Change with stakeholders is an important exercise that could not be done within the context of this study and it will need to be done as part of planning for improvements;
- Some of the documents particularly minutes of Inter-Ministerial meetings could not be accessed due to their classification status;
- There was a low response rate from participants in some of the KSD PI Workstreams (perhaps linked to the low level of participation). However the responses across the workstreams were largely consistent allowing for the findings to be generalised with a fair level of confidence;
- The lack of a document management system within KSD meant that there was no common repository of documents for the PI intervention and therefore there could be documents that the researchers were not made aware of.

#### **1.4 Developing an analytical framework**

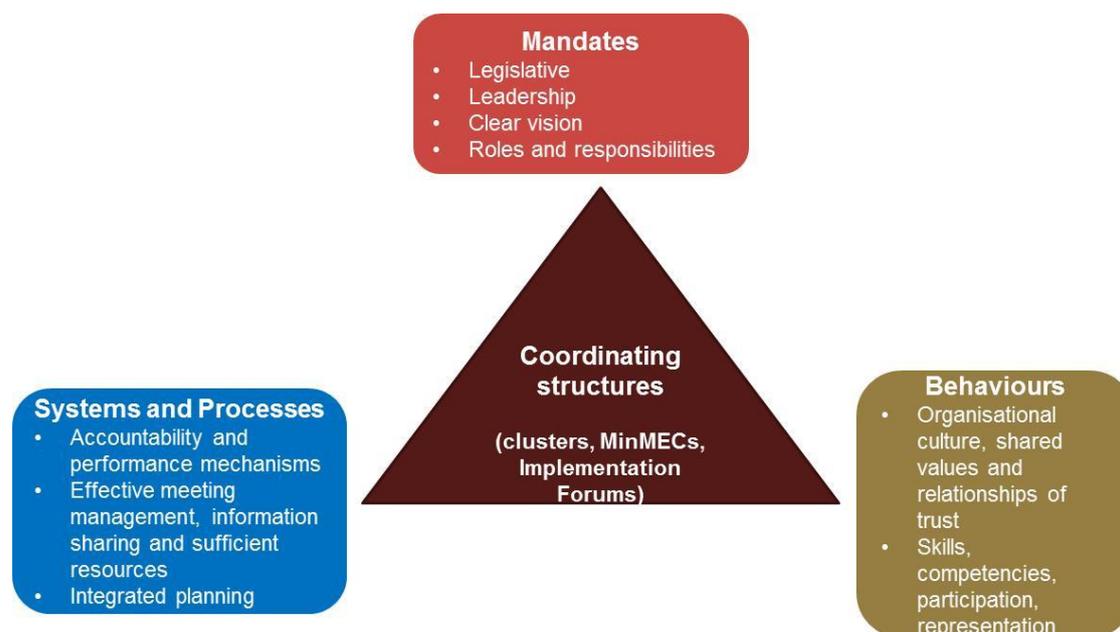
An analytical framework was developed to provide a theoretical basis for the analysis, and two elements were used, around coordination and Urban Regime Theory (URT), the latter which has been used in the Urban Regeneration of Johannesburg (Bealle et al 2000).

A key element of the KSD PI has been to coordinate different actors around the task of strengthening services and infrastructure in KSD. The South African Government has identified the challenge of coordination across the 3 spheres of government as well as across government departments, creating 6 clusters of departments across different sectors as well as MinMECs to bring together national and provincial actors across concurrent functions. A framework for looking at coordination structures has been developed as part of a DPME evaluation of government coordination structures (see Figure 1). This can be helpful in the current evaluation (DPME, 2013). Figure 1 below depicts the three dimensions and the success factors, and enablers of coordination structures that can inform the analytical framework for this evaluation, which has been used to assess the extent to which the KSD Coordinators are coherent in terms of their mandates, systems that have been put in place to enable them to

carry out their mandates, as well as whether these are translating into improved services to the people of KSD.

The coordinating structures need to put in place systems and processes that guide their activities, notably integrated planning and monitoring of progress, while holding each coordinating structure accountable. They also need shared values, effective relationships, and people with appropriate skills and competences.

**Figure 1: Selected Factors and enablers of successful government coordination**



Source: DPME 2013.

The KSD PI programme theory was not articulated at the beginning of the KSD PI and as such extensive literature review had to be carried out aiming at identifying a theory that closely approximates how the KSD PI is being delivered. Urban Regime Theory (URT) is one possible way of looking at the mechanisms put in place to deliver the PI in KSD LM.

URT links together aspects of urban governance and it considers cross-sectoral and intergovernmental coalition building for urban development and locates this within wider political imperatives of its localities (Harding, 2000 p58); recognising the importance of business participating in regeneration initiatives as government will never have sufficient resources to meet all the social, economic challenges of the citizenry. This can be related to what has been done in the PI in that:

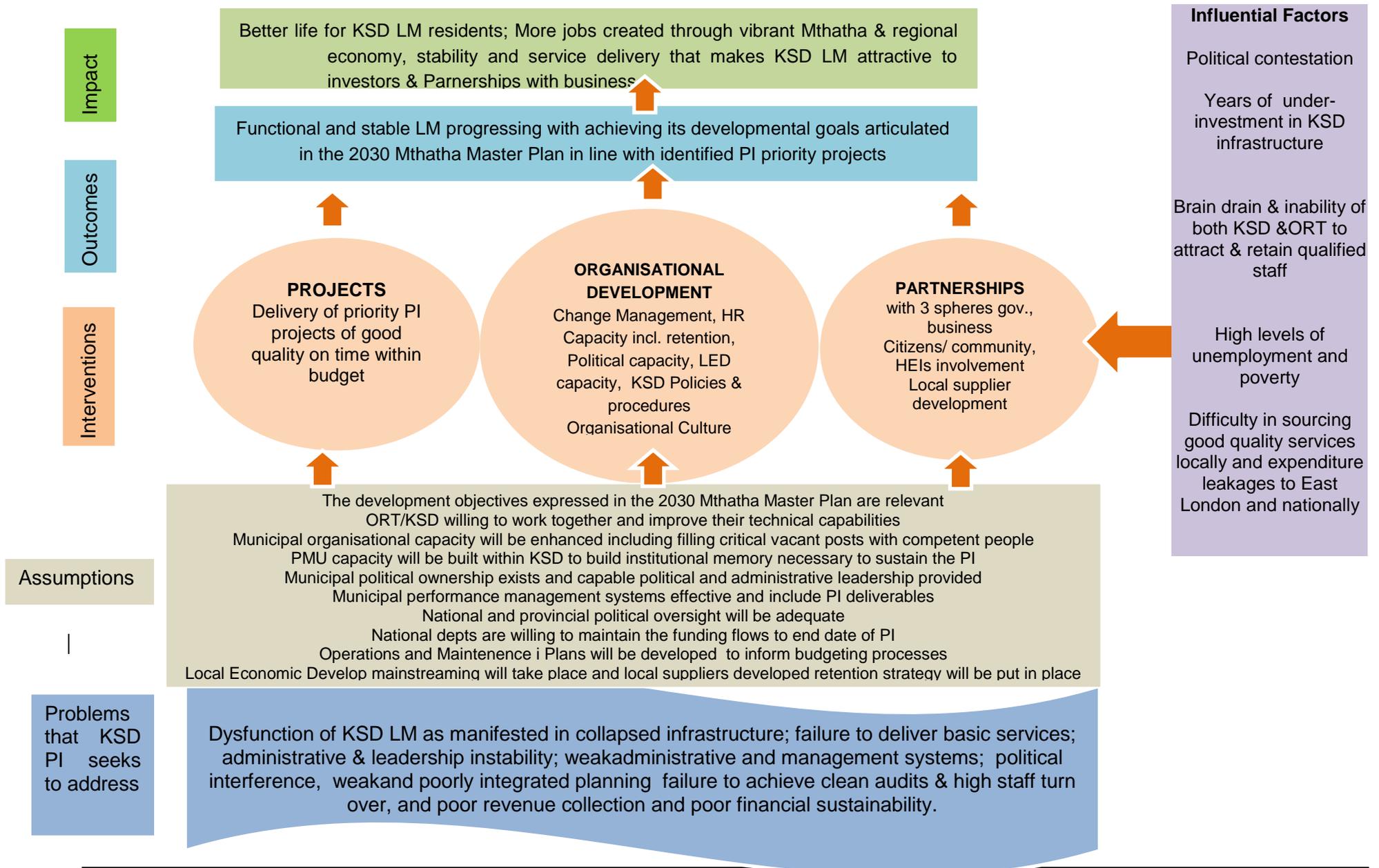
- The KSD PI intervention is located against the backdrop of the Intergovernmental Relations Framework Act that fosters cooperation among the 3 spheres of government and formal structures have been set up at all 3 levels to support the intervention;
- The KSD PI has delineated between external groups and elected officials/bureaucratic hierarchy, between structural and positional power, notwithstanding the lack of prominence of community leaders and business in the KSD PI;
- KSD PI intervention recognises that government does not have all the resources to accomplish its objectives, hence the existence of funded and non-funded projects in the implementation plans of various workstreams, notwithstanding the absence of a strategy to attract private investment;

- There is undoubted recognition that collaboration is key, specifically across National, Provincial Government Departments the ORT DM the KSD LM as well as sector collaboration with relevant para states

### **1.5 Theory of change (TOC) underpinning the KSD PI**

The TOC for KSD PI has been constructed retrospectively moving from the basic tenets of the URT and combining this with the whole of government coordination approach, against the backdrop of how the KSD PI is being delivered (see Figure 2).

**Figure 2 Theory of Change that underpins the implementation of the KSD Presidential Intervention**



## 2 Implementation of the PI

### 2.1 Emergence of the PI

The initial PI logic was to adopt the 2009 KSD Sustainable Development Master Plan which was widely participative and accepted by all stakeholders as the blueprint for an integrated approach to infrastructure delivery to address backlogs and maintenance and a platform for more sustainable socio-economic development. This Master Plan included a 2030 Vision and identified 280 short, medium, and long term projects to move towards this Vision (see Annex 5 for list of Master Plan projects). The KSD 2030 Master Plan's time-frame is 2030, whereas the KSD PI did not identify a completion date.

A hierarchical system of governance structures was established to ensure overall coordination which has evolved since 2009/2010. The President constituted an Inter-Ministerial Committee (IMC), chaired by the Minister of Performance Monitoring, Evaluation and Administration in the Presidency. A Technical IMC was also established, chaired by the Director-General in the Presidency. The IMC and the Technical IMC have worked with the Office of the Premier which provides oversight and facilitates implementation through the Provincial Cabinet Committee. A Provincial Working Group (PWG) was established to drive implementation, chaired by the Superintendent General: Local Government and Traditional Affairs.

To facilitate delivery the IMC prioritised formation of seven workstreams in 2010 that would drive projects deemed to be critical for the revitalisation of Mthatha, viz:

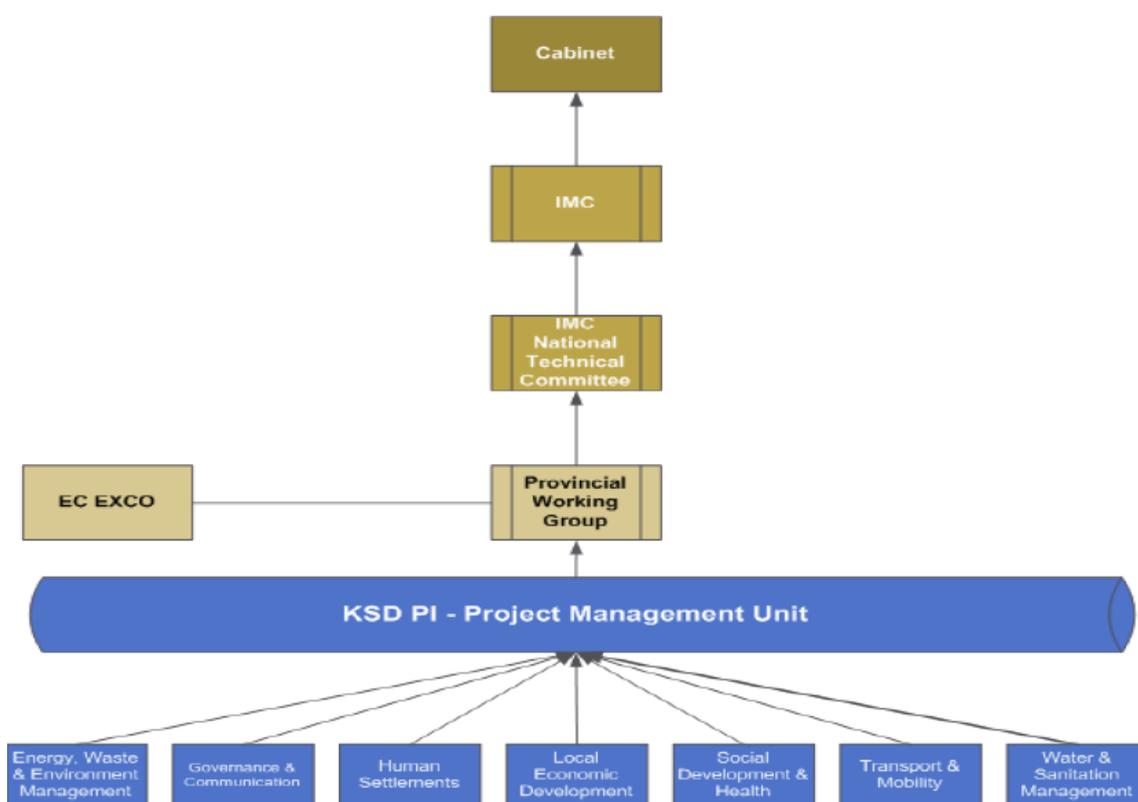
- Energy, Waste and Environment Management;
- Human Settlements;
- Transport and mobility;
- Water and Sanitation;
- Social Development and Health;
- Local Economic Development; and
- Governance and Communication (only established later in the process).

Although the KSD PI was announced by President Zuma in July/August 2009, it was only in 2011 that the Technical IMC and the IMC were established to oversee the delivery of the PI (see Annex 7 for KSD PI timeline and milestones). During 2009/10 the Eastern Cape Provincial Government Cabinet and Provincial Working Group were responsible for directly driving the implementation of the KSD PI, and it was only in May 2011 that the first IMC meeting took place and workstreams were formed for the catalytic projects. The need for a governance and communication workstream was not identified initially, but only came into existence later, notwithstanding the fact that this was a known area of weakness for the KSD LM.

Towards the end of 2012, a Project Management Office (PMO), also referred to as Project Management Unit (PMU), was established to improve the overall management of KSD PI-wide project management, coordination and communication. Convenors of work-streams were appointed, and an attempt was made to develop Terms of Reference for the various workstreams. It was only around March 2012 that the first consolidated progress report using a standardised reporting framework was produced by the PMU.

Figure 3 depicts an overview of institutional arrangements and governance structures that have been put in place to manage the delivery of the KSD PI, which include: Cabinet, Inter Ministerial Committee, (IMC); National Technical Committee, Provincial Working Group and, Management Committee KSD PI Project Management Unit, the KSD Project Management Office, the 7 Workstreams and the Secretariat.

**Figure 3: Overview of institutional arrangements and governance structures**  
 (Source: SAFIRI: 2012)



Literature portrays the KSD LM as a ‘divided society’ (Lombaard, 2010). The area’s homeland history provided a tense political ground between various factional political groups. Rivalry was heated between different traditional leaders who supported the homeland system (Chief Kaiser Daliwonga Matanzima) and those who refused to accept the imposed ‘independence’ (e.g. King Sabata Dalindyebo). Tensions also ensued between traditional leaders and political officials of the homeland government as well as with activists who fought against the homeland system and Apartheid in general (Beinart, 2001).

Prior to 2000 the geographic boundary of the KSD LM that had previously included only Mthatha (with an approximate radius of 10km radius) was extended to include a much larger rural area of approximately 3000km<sup>2</sup>. This resulted in a far larger demand for municipal services and infrastructure than before, without a significant increase in the rates base to finance the expanded local municipality, as newly incorporated areas are occupied by largely rural and indigent population.

KSD LM has suffered from both political and administrative instability. Between 2001 and present, the KSD LM has had no less than eight municipal managers, including those in an acting capacity. In addition to their traditional management role, municipal managers are now expected to undertake community building and to facilitate democratic processes between the community and its government (Nalbandian 1999). The issues these managers bring before the council, the information they present to support their recommendations, and the direction they provide employees who carry out programs all thrust managers into the policy-making process. Municipal managers have become such an integral part of the policy process that policy proposals frequently originate with the manager, rather than with the council (Newell and Ammons 1987; Morgan and Watson 1992; Martin 1990). In particular, municipal managers are expected to play a key role in the formulation of economic development policy (Banovetz 1995;

Wright 1969). Change from one municipal manager to another has significant policy implications if different managers bring different preferences, styles, skills, and backgrounds to the job. Among other things, turnover affects the municipality's implementation of local innovations such as experimenting with new service delivery approaches, its ability to enter into long-term obligations by issuing debt, or the capacity to make future commitments through contracting (Clingermayer and Feiock 2001; Feiock and Clingermayer 1993). The results of analysis of DPME's Management Performance Assessment Tool (MPAT) has shown a strong correlation between management performance of government institutions and continuity in senior management positions. This high turnover is therefore indicative of a dysfunctional institution and contributor to the dysfunctionality.

Out of 84 municipal functions required by the Municipal Demarcation Board, KSD was found to be performing only around 19, painting a picture of non-compliance with legislation (see Annex 9).

## 2.2 The emerging work programme of the PI

Table 1 summarises progress on projects under the different workstreams. The majority of the workstreams are functional but the Governance and Communication workstream has struggled to get off the ground and the Social Development and Local Economic Development Workstreams have not had consistent and strong participation from all relevant stakeholders. Most of the workstreams have struggled to obtain regular and consistent attendance by all relevant organisations and in some instances this has constrained efficient decision-making and implementation. In addition, there has been inconsistent submission of progress reports to the PMU by some of the workstreams. Nevertheless, the total value of completed KSD PI projects is in the region of R4 billion and an additional R4,4 billion is required for a number of unfunded high impact projects (DPME communication) (as of March 2014). As of March 2014, of the 195 projects identified for the KSD initiative, 59 projects have been completed, 82 are funded, 10 have budgets allocated and 44 remain unfunded (DPME communication).

The Presidency's project unit concluded the following (Presidency, 2014):

- Projects registered under the Presidential Intervention should be incorporated into the KSD Integrated Development Plan (IDP) to ensure sustainability.
- A clear risk and maintenance plan needs to be developed for the infrastructure that is being established in KSD. In addition, all workstreams should work on developing sustainability plans which must be adopted by the municipality for implementation.
- The lack of participation and commitment to the delivery of the projects by both KSD LM and ORT DM remain a challenge which requires high level intervention.
- The PWG needs to play a sterner role in overseeing the PMU structure and ensuring that issues that are escalated to it are well handled and feedback is provided. This includes ensuring that the envisaged management meetings are well coordinated.
- The capacity by KSD to implement plans / strategies developed under the PI remains questionable.

**Table 1: Progress on projects under the seven workstreams** (Source: Briefing note on Progress on the PI, February 2014)

Workstream	Project	Progress	Issues
Energy, Waste and Environment Management	Electrification of houses	The electrification of 133 houses in Joe Slovo has been completed and 94% of Bongweni households are now electrified.	Challenge with regards to performance of some projects. Eskom are failing to provide progress reports and attend meetings.
	Upgrade of electricity network including substations	The upgrade of Thornhill substation is complete at a cost of R30,89 million. The funding for Sidwadwa substation has been allocated and contracts with service providers signed. Sidwadwa substation is critical to power supply in the city.	The upgrade of Thornhill created many jobs during new connections. The increased capacity will also accommodate household, business, water and sewer expansion.
	Electricity master plan	Completed.	Must still be presented to KSD LM Mayoral Committee.
	Rehabilitation of the old waste site	Rehabilitation of Mthatha landfill site for closure is complete.	
	Greening, beautification and street cleaning.	Street cleaning in Mthatha, Mqanduli, and Coffee Bay are completed. Landscaping in Mthatha is complete. Rehabilitation of ablution facilities in Mthatha Town Hall and Northcrest taxi rank are complete..	Environmental education and awareness is an ongoing activity
Human Settlements	Upgrade of informal settlements in Joe Slovo, Chris Hani and Mandela Park	Construction of gravel access and installation of water stand pipes has been completed.	Bulk services remain a challenge and a technical team has been appointed to monitor on a monthly basis.
	Ngangelizwe	The construction of the first phase and the business plan for phase two has been completed. The business plan is due to be presented for funding.	
	Use of alternative building technology	35 slabs and 10 wall plates have been completed and a total of 159 beneficiaries have been approved.	
	Project A	The land claims led to delays in implementation. DHS since received a letter stating that there is no gazetted land claim.	This provides an opportunity for the project to move faster as there are no infrastructural challenges.
Transport and mobility	Extending runway at Mthatha airport	Complete and the runway was tested on the 30 May 2013.	
	Mthatha Airport terminal building	The contractor has been on site since January 2014. The Department of Transport is monitoring the project.	To construct a terminal that meets international aviation standards, an estimated R200 million is required.
	Mthatha Bridge	The upgrade has been completed at a cost of R107 million. The bridge and the one-way system have impacted positively on reducing traffic congestion.	
	Mthatha internal roads	The condition of roads continues to deteriorate and is beyond pothole repair. The Minister instructed the national Department of Transport (DOT) to assist KSD in developing a business case to support on Mthatha internal roads.	KSD needs to submit the business case directly to National Treasury. Given the slow pace of spending by KSD and lack of capacity, it is questionable whether Treasury will approve the funding.
Water and	Refurbishing		Currently, there is lack of participation by the OR

Workstream	Project	Progress	Issues
Sanitation	Mthatha raw water infrastructure		<p>Tambo municipality in the project management structures of the Presidential Initiative. ORT DM is always represented by Amatola Water, the contracted service provider. As a result, there are no sustainability plans for the new infrastructure and no operations and maintenance plans for the existing infrastructure. The contract between OR Tambo and Amatola is not clear on the issue of skills transfer to enable the municipality to operate and maintain the infrastructure beyond the intervention.</p>
	Wastewater infrastructure rehabilitation		
	Upgrading the Thornhill Water Treatment Plan	Upgraded from 60ML to 80ML per day. Increases the capacity of Mthatha CBD and surrounding areas to accommodate the new Ngangelizwe BNG Phase 1, for 6500 households. Various tenders advertised under RBIG have been awarded.	
Social Development and Health	Construction of clinics	Clinics are not strategically located for access by communities they are meant to serve.	Requires enhancement of the IDP approach to ensure integration of services to communities. Inconsistent participation of Department of Social Development. Other role players pulled into the workstream include SAPS and NYDA.
Local Economic Development	Promotion of agri-business	Progress of the initiatives is slow due to lack of support from workstream members and the Municipality.	This is being addressed by the PWG.
	Establishing light manufacturing industry		
	Enhancing the tourism industry		
Governance and Communication (only established later in the process).	Addressing audit findings	KSD has still not prioritised finalisation of a work plan addressing non-existence of internal controls within the Municipality, amongst other issues.	Participation of KSD managers continues to be a challenge. This has been escalated and is being addressed at the PWG level.
	Improvement of financial systems	Report received.	
	Document management system	Submission made by KSD to the OTP for R1,9 million which has now been directed to DCOG.	
	Framework for sustainability plans	National Treasury will be engaged to assist with development of a framework. Key issues raised under sustainability include the availability of an operational budget and asset register.	
	LGMIM self-assessment tool	DPME engaged with the Municipality on the tool. The Municipality was trained on the tool in November 2013 and the assessment process and requirements presented to KSD management in January 2014.	To-date, the Municipality has not committed to the proposed timeframes or provided an update on various steps of the process plan.

## 2.3 PI project successes and challenges

The following PI successes were noted by the PWG and PI workstream members:

- **Completion of projects** including roads, environmental, electricity upgrading and long lead electrical equipment, Mthatha bridge dualisation, refuse site, airport runway, SANRAL roads including N2, development and funding support for major water distribution corridors that will connect and revive all dysfunctional stand-alone rural schemes. There was seen to be an elevated focus on addressing KSD's infrastructural backlog and although it takes time to execute projects, most of them are still on track;
- **Raising resources** for projects;
- **Improved coordination** - getting government and its agencies to work as a collective with alignment between different workstreams, coordination of budgets (MIG and RBIG) creating consistency in monitoring progress on projects (water), improved working relations between government departments and better understanding of other spheres of government challenges to deliver on their mandate.

Notwithstanding the noted successes, the following failures have also been highlighted by the respondents:

- **Fragmented planning & financial commitments.** Funding is from different departments and implementation depends on the conditions of the funder and on their SCM performance e.g. when the N2 in Mthatha CBD was upgraded by SANRAL there was no budget to upgrade the underground infrastructure along the N2, which was supposed to be budgeted by KSD & ORT DM and any other department that was interested to fund the infrastructure. The budget for underground infrastructure is committed piecemeal leading to excavations that have to be done on completed roads;
- **No disciplinary action** taken towards those who fail to implement tasks e.g. no implementation of the Airport Terminal Building because the contractor was liquidated and it's been a year without any implementation.

### 3 How the Presidential Intervention (PI) at KSD is implemented

#### 3.1 Does the implementation of the KSD PI cover aspects necessary to achieve optimum government coordination?

The success of the whole of government coordination approach rests on enabling legislative environment, strong leadership, clear vision, sufficient capacity, and clarity of roles and responsibilities. An analysis of how the whole of government coordination model is followed in the KSD PI is given with a view to determining if the implementation of the PI covers all aspects necessary to achieve optimum government coordination. Success factors or enablers of successful government coordination have been identified as enabling legislation, leadership and clarity of roles and responsibilities (cf. Figure 3).

From a **legislative perspective**, it seems that the legislation that is in place is sufficiently enabling to achieve full coordination, if followed. However, key informants interviewed paint a picture of rather less than desirable levels of compliance with either the legislation or the very by-laws that the LM is supposed to enforce. Key informants raised the following challenges:

- *Lack of enforcement when it comes to Statutory Control (Encroachment by communities);*
- *Nothing happens when people do not comply with legislation;*
- *Municipal autonomy hampers the ability of the EC Provincial to intervene directly at KSD to get delivery on track.*

The success of the intergovernmental coordination approach rests on strong **leadership**. The literature review suggests long-standing challenges at leadership level at KSD as illustrated by the fact that from September 2001 and the beginning of the PI, KSD LM has had no less than seven Municipal Managers (including acting). Some respondents see the PI as a top-down intervention from the Presidency, and this may explain why there is a major problem of KSD and ORT DM participation in the various structures that have been established. The informants raised this in relation to all 7 workstreams, e.g. lack of participation by ORT DM in the Water and Waste Workstream despite ORT DM being the water services authority and responsible for managing MIG funding allocations for KSD LM. ORT DM was mentioned several times as not participating, with KSD also not participating in some workstreams, e.g. LED. There is also a problem with chairs/convenors. There are signs that coordination between the ORT DM and KSD LM may be improving, with the KSD LM starting to attend the District Municipal Managers Forum meetings. The District Municipal Managers' Forum meeting can potentially play a role in improving the participation of officials in workstream meetings. Apparently political tensions and competition between the ORT DM and KSD LM seem to be abating. In addition, the need for a Service Level Agreement between the KSD LM and ORT DM regarding water and sanitation roles has been raised as an interim measure before resolving the broader issues.

The minutes of the KSD PI Extended Working Group Session (25 January 2013) also suggest a vacuum in local leadership in as far as the implementation of the PI is concerned, i.e.

*“.....the intervention started with a slow pace and this necessitated that the Presidency through the Ministry of Performance Monitoring, Evaluation and Administration had to champion the intervention supported provincially by the Office of the Premier and the Department of Local Government and Traditional Affairs”:*

The comment was made that there has been lack of involvement by a provincial political champion e.g. the MEC for Local Government and Traditional Affairs. This is collaborated by the statement: *“There is a need to provide an on-going leadership management of this initiative”* (Action Minutes KSD PI Extended Provincial Working Group Session 25 January 2013), These

comments suggest that KSD LM had failed to play a strong coordinating role (as originally envisaged in the 2009 Master Plan and Stakeholder Charter).

Participation of HoDs has also been problematic at provincial level, with the HODs apparently seeing the KSD PI as a local matter and/or delegating involvement due to competing time commitments, as illustrated by the following statement: *They therefore may not have a good understanding of the KSD PI. Where national agencies are involved there was also often poor participation e.g. Department of Environment as well as ESKOM in the Energy workstream.*

The lack of participation of the following agencies was specifically mentioned: Departments of Basic and Higher Education, South African Police Services, Disaster Management, Department of Justice, Department of Home Affairs, Department Mineral Resources, provincial Department of Economic Affairs, Transnet, Walter Sisulu University, organized business (e.g. Nafcoc, Border Kei Business Chamber, Organised labour, SANCO).

Even where departments do participate there is a problem of regular participation by senior managers. There also needs to be sustained involvement of KSD representatives of sufficient level of skill and seniority to contribute to mainstreaming PI interventions back into the Municipality. In addition communication protocols are needed between representatives on the PWG and their organisations to ensure the smooth flow of information on decisions made.

A key leadership function is provided by the **PMU**. The comment was made that *“While the PMU has put in place and facilitates a clear and strong progress reporting system; the PMU lacks both capacity and authority to facilitate the implementation of decisions taken at PMU meetings.”* The comment was also made that *“PMU meetings are too frequent (monthly) and that detracts from implementation given the multiplicity of responsibilities that PMU members have, and staff shortages’.*

The whole of government coordination approach requires that **coordinating structures** be put in place. During the period 2009/10 the Eastern Cape Provincial Government Cabinet and Provincial Working Group were responsible for directly driving the implementation of the KSD PI which was later replaced by the Inter-ministerial Committee (IMC) and the Technical Inter-ministerial Committee (Technical IMC) to oversee the delivery of the PI. It was only in May 2011 that the first IMC meeting took place and workstreams formed for the catalytic projects. The establishment of the Project Management Unit (PMU) was a positive move, as the function required dedicated attention which the KSD LM could not perform. Convenors of workstreams were appointed, and an attempt was made to develop Terms of Reference for the various workstreams. The first consolidated progress report using a standardised reporting framework was produced by the PMU in March 2012. The coordinating structures now have scheduled meetings to structure their engagements in the PI (see Annex 8). However the comment was made that *“Bi-monthly [every two months] joint workstream coordinator meeting has not yet resulted in any tangible benefit’.*

### ***Unclear roles and responsibilities***

In the inter-governmental coordination model the structures are coordinated to promote coordination of service delivery on the ground. Thus the roles and responsibilities should be backed up by putting in place mechanisms and processes that enable the structures to perform their respective roles optimally. This includes having clear terms of reference for the various structures to avoid duplication and role confusion, as well as putting in place systems that will facilitate flow of information among the various structures and put in place systems calculated at bringing synergy among the role players. The terms of reference were not clearly articulated in the beginning. During the time of field work for this evaluation (April – May 2013) the Terms of Reference for workstreams were still being developed by the workstreams themselves.

Also, the mandates of structures, for example state that the PMU focuses on operational issues, as does the PWG. A major issue is around the **ownership of projects** e.g. “*who drives project launch processes: the KSD PI or the relevant department?*” and then project handover. It was indicated that it had not been defined how this is supposed to be done to ensure proper planning; agreement on roles and responsibilities to ensure optimal on-going operation and maintenance. This is critical for sustainability of any gains made. A related issue is around responsibility for funding, who makes the decisions and who pays, which is also not clear.

A significant challenge is the **relationship between KSD and ORTDM**. It was stated that there is a “*Lack of synergy between processes followed at ORT and KSD ... progress reports are not submitted to the ORT DM Mayoral Committee or Council*”. In contrast according to the KSD Mayor the KSD Mayoral Committee receives a monthly KSD PI progress report and this is a standing item on its Agenda. It receives the KSD PI progress report before this is submitted to the PWG. This probably relates to coherence between the leadership of the two organisations.

### ***Institutionalising the work of the PI***

The comments above on roles and responsibilities also relate to how the PI work is institutionalised and mainstreamed in the work of the different agencies. Specific challenges mentioned were that:

- KSD PI work is seen as an add-on as it is not included in the performance of the people involved;
- Lack of consequences for not following up or implementing PMU resolutions;
- The production of sustainability plans is being done by workstream convenors but issues involved may fall beyond the scope, power and authority of the convenors.

### ***The impact of the PI on integration of planning***

A whole of government coordination approach should be premised on all departments pulling together towards a **common vision**. The KSD Vision on which the KSD PI is premised is in Annex 4. Questions were raised on the relationship between the vision and the PI e.g.:

- Is the vision expressed in the Mthatha 2030 Plan adopted in its totality as the vision of the PI in KSD?
- If it is, are all the components embedded in this vision being delivered as part of the PI at KSD?
- Does the PI cover all aspects necessary to achieve aspirations articulated in this vision?

These questions are yet to be addressed and this paints a picture of an intervention that is not organised around a commonly understood and shared vision.

Regarding the question of whether the implementation of the PI at KSD is improving planning, all the members of the PWG felt that the implementation of the intergovernmental model will in the future facilitate **integrated planning** and all the PWG respondents indicated that the support of PMU is excellent and that the tools developed will shape future planning. They equally appreciated deployment of technical expertise to KSD. However the following comment was made:

*‘There are many challenges involved in trying to achieve integrated planning and coordination but ultimately one needs champions and systems which integrate priority local initiatives into the strategic plans, budgets and performance agreements of national and provincial government departments to institutionalise*

*support for local initiatives and so that participation by national and provincial departments in these initiatives forms part of the daily departmental priorities.'*

In addition the challenge was raised that planning has not taken a regional approach to identify priority infrastructure to develop the forestry, agriculture and tourism sectors. This is presumably not specific to the PI.

The coordination model assumes that putting into place structures, processes and systems will effect **behavioural change** that will address service delivery challenges through changing organisational culture, values/relationships, trust, skills and competencies. This focus is primarily on "soft issues" that are often provided under the ambit of organisational development initiatives (eg organizational culture, optimising organizational effectiveness and behaviour change). None of the documents reviewed makes any reference to these soft issues and there is no evidence of any capacity building initiatives that can be attributed to the KSD PI interventions, despite capacity issues having been highlighted in literature as one of the root causes of the challenges in KSD. It seems that organisational capacity necessary to effect behaviour change is hampered by among other things senior posts that have remained vacant for an extended period of time, as suggested by the following excerpt the Governance & Communications workstream Report:

*"HR Capacity Recruitment process came to a standstill with Director's posts since the placement of advertisements in May 2013. The targeted date for filling of Director's positions was June 2013 which has since lapsed. No interview panels have been set up"* (Minutes of KSDPI Programme Management Unit (PMU) Project manager's Monthly Meeting 13 September 2013)

KSD LM needs to urgently finalise the appointment of highly experienced senior management within KSD LM.

In this section a number of issues have been raised in relation to coordination. What becomes clear is that the PI has not resolved coordination issues, and that these continue, both in relation to mandates/roles, the way the coordination structures are operating and the participation in them, and the behaviours and culture of coordination.

### **3.2 Does the PI address root causes rather than symptoms of the problems at KSD LM and is the PI appropriate for addressing the pervasive service delivery challenges?**

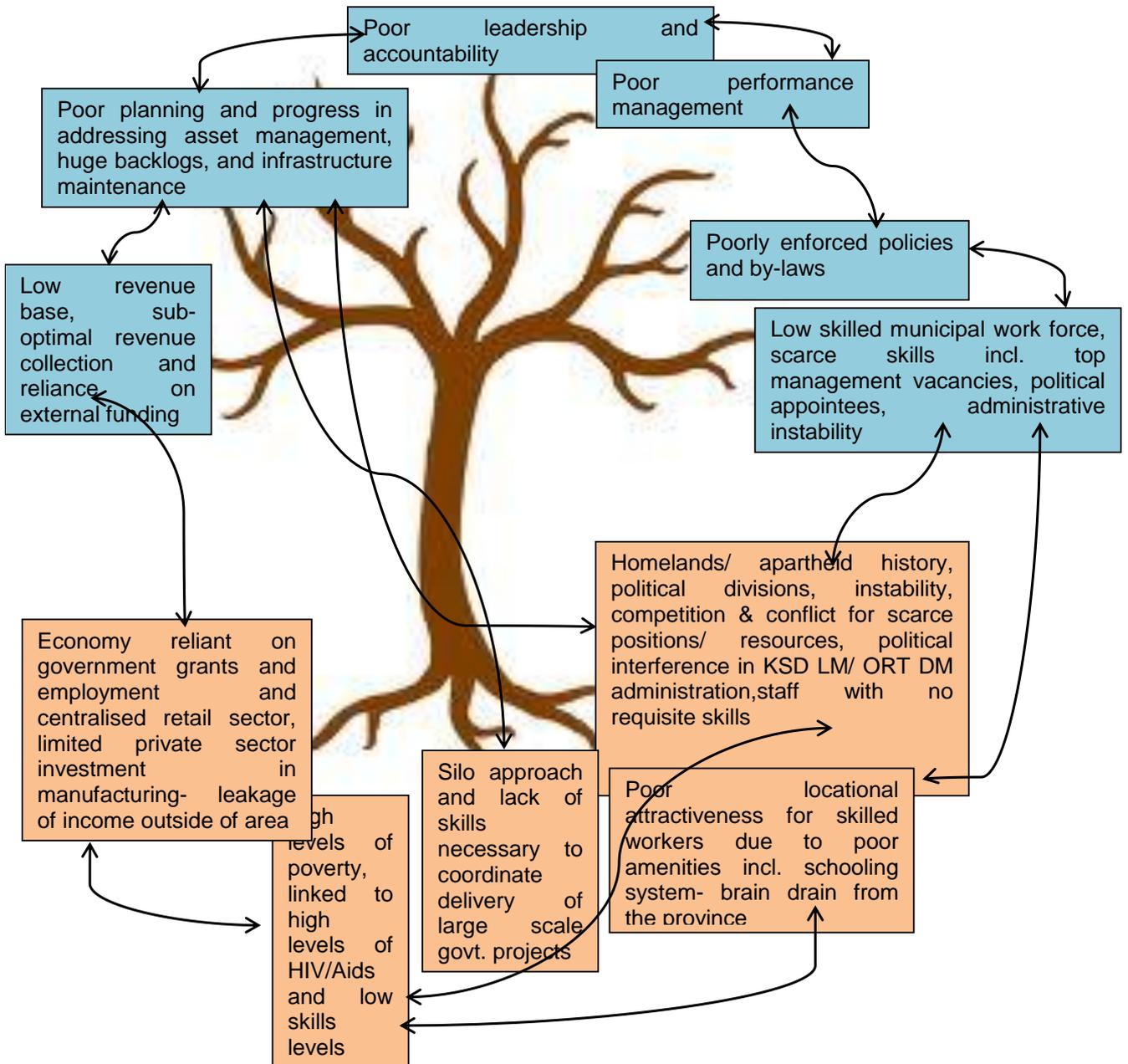
The process of identifying root causes of the situation at KSD has been accomplished through extensive literature review on KSD, review of various internal KSD reports, review of KSD PI reports and documents; inputs from key informants; as well as minutes of the various KSD PI structures. Based on information from all these sources, and an in-depth analysis of causal chains, the following has been designed to graphically capture the cause–effect relationship of the manifestation of the challenges within KSD

Figure 4 attempts to identify and summarise the main root causes (shown at the roots in orange/ brown) and symptoms (shown on the branches in blue). It is important to determine whether role players in the KSD PI are clear on what are root causes and what are symptoms, because if interventions focus on symptoms rather than root causes, this runs the risk of not addressing the long-term challenges.

When respondents from the KSD PI workstreams and PWG were asked the question "What are the problems that the PI should be addressing", responses included the following underlying challenges:

- Developing shared vision leading to producing results;
- Capacity of KSD LM for operations and maintenance and lack of sustainability plans to prevent premature re-investment;
- Inter-governmental relations including clear roles and responsibilities over the MTEF and lack of integrated planning between departments (including duplication and funding over different financial years);
- Political interference in administrative processes.

**Figure 5: Root causes of KSD situation** (Source: Impact Economix (2013))



Some deeper causes were mentioned but most respondents involved in the KSD PI are focusing on KSD PI-specific projects. A major omission is insufficient work on KSD LM organisational development to address the poor functioning of the institutions.

Section 2.3 highlighted some of the successes of the PI, as well as some challenges. For the PI to address the pervasive challenges it would have to address some of the causes indicated in Figure 4, including:

- Political competition and interference in KSD/ORTDM;
- Increasing availability of skilled staff, and reduced vacancies, particularly of skilled senior managers;
- Improving leadership and accountability (see 3.1);
- Improving coordination and reducing silo working (see 3.1);
- Improving revenue base for local government.

Regarding political competition and interference, having seven municipal managers over the past 11 years provides an indication of both political and administrative instability. Both KSD LM and ORT DM struggle to attract and keep talented, professional staff, partly because of the locational disadvantages of the region (e.g. poor schooling, services) (DBSA, 2010). Very high staff turnover (e.g. the municipal manager) undermines the competent functioning of the Municipality because energies need to be focused on constantly retraining staff and because this undermines service delivery and implementation continuity. This also makes it hard to see long-term projects through.

It has proved to be very difficult to obtain up-to-date and accurate staffing information on KSD. For example in the 2011 Municipal Demarcation Board (MDB) Report on the KSD LM much of the data requested is not provided, left blank or outdated - with exactly the same data over a three financial year period). No data is available in the report for the following categories: posts vacant; posts filled; percentage of Section 56 posts filled; percentage of Section 56 posts vacant for more than three months; percentage of Section 56 Managers that have signed performance agreements in place; percentage of Section 56 Managers that have signed employment contracts in place. This may be due to the MDB not having captured the data, but is more likely due to the Municipality having failed to provide it. However, the report does indicate that the total number of posts on the organogram is 2 178, and total number of staff employed is 1 058, suggesting a vacancy rate of more than 51%. It has been mentioned by some respondents that the organogram was overly ambitious and inappropriate and therefore it is difficult to understand the real or actual municipal vacancy levels (which should be a key indicator of municipal capacity) and hence municipal capacity situation (see Annex 10 for more detail).

The annual reports of the municipality from 2008/9 to 2011/12 (the latter being the most recent available) give an indication of the staffing history at the municipality. The table in Annex 10 provides a summary of vacancies for each of the periods under review with an overall vacancy of about 47%. However, they do present a picture of a municipality in crisis due to staff shortages. Interviews with staff also suggested that the staff establishment was wholly inadequate for the obligations of the municipality.

Key informants also confirmed that KSD LM faces an uphill battle in attracting sufficiently qualified people to apply for positions due to a combination of the following:

- The poor image of the Municipality, which is widely known to be characterised by political interference and administrative instability, as well as conflicts with the trade union;
- Pay levels which are apparently uncompetitive (at least for certain scarce skills); and

- The perceived lack of social amenities, including good schooling, to support staff families.

It also appears that the levels of staff skills are low with almost 50% of the municipality's staff not being in possession of a grade 12 matric qualification. For reasons indicated earlier, the following table may not be entirely reliable, but it does suggest that a substantial proportion of the staff at KSD LM are unskilled or only moderately skilled.

**Table 2: Education levels at KSD LM, 2010/11<sup>1</sup>**

	<b>Nos</b>	<b>%</b>
Total number of staff	1 125	100%
Number of staff without grade 12	485	43%
Number of staff With senior Certificate only	473	42%
Number of staff with tertiary/ accredited professional training	167	15%

Source: Annual Reports, KSD LM, 2008/9, 2009/10 and 2010/11

In addition, the audit outcomes of a municipality serve as a useful proxy measure for its general administrative capacity. The Municipality has received almost consistently poor audit reports in recent years, as follows:

- 2006/7: Disclaimer of opinion
- 2007/8: Disclaimer of opinion
- 2008/9: Qualified opinion
- 2009/10: Disclaimer of opinion
- 2010/11: Disclaimer of opinion

It may fairly be concluded, therefore, that the municipality clearly faces critical difficulties in the administration of its affairs, notably financial management. The 2010/11 Auditor General's report indicated that amongst the root causes of poor financial management are:

- Officials in key positions do not have minimum competencies and skills;
- Lack of consequences for poor performance or transgressions;
- Political leaders not taking the Auditor-General's message seriously and not taking ownership of key controls; and
- Finance Department is understaffed and has suffered as a result of not having a permanent CFO for an extended period.

Five of the 11 KSD PI workstream participants interviewed in May 2013 felt that both the KSD LM and ORT DM did not have the staff, budget, and equipment resources to operate the core functions for which they are responsible.

Regarding improved leadership and accountability, the challenges in finalising all Section 56 appointments (including the CFO) have contributed to the KSD LM's inability to improve its staffing levels, skills, and financial management.

Although there was been a slight decline in overall revenue collected from R644 million to R600 million between the 2009/10 and 2010/11 financial years (Table 4), the Municipality's revenue base has strengthened off a very low base as a result of improved revenue collection rather than as a result of expanding the rates base through new investments (KSD LM Annual Report, 2008/9, 2009/10 and 2010/11). In addition, the proportion of capex grants to total revenue is decreasing rapidly, and the proportion of opex grants is increasing (see Table 4). This does not

<sup>1</sup> Note the same figures were given for three years, illustrating the figures are not reliable.

bode well for the Municipality's ability to provide new infrastructure, yet at the same time displays an increasing dependency on national government to provide operating costs – a potentially disadvantageous situation which has possible implications for accountability. Another worrying development was a 2013 court order for the KSD LM to pay R300 million to Landmark Mthatha, a company that wanted to build a multimillion Rand mall but had to stop after it emerged they wanted to build on land under a land claim.

**Table 3: Statements of Financial Performance, KSD LM, 2008/9- 2010/11**

Item	2008/9 (R, million)	2009/10*(R, million)	2010/11(R, million)
Revenue	473.4	644.4	600.6
Expenses	378.2	526.2	549.8
Extraordinary items	0.98	0.25	(16.8)
Surplus /(deficit)	94.2	118.5	34.0

Source: Annual Reports, KSD LM, 2008/9, 2009/10 and 2010/11

**Table 4: Government Grants, KSD LM, 2008/9- 2010/11**

Source	2008/9 (R, million)	2009/10 (R, million)	2010/11 (R, million)
Total revenue	473.4	644.5	600.6
Government grants opex	99.0	127.3	147.9
Government grants capex	143.6	166.2	62.6
Own/ other sources	230.8	351.0	390.2
Opex grants as % of total revenue	20.9%	19.7%	24.6%
Capex grants as % of total revenue	30.3%	25.7%	10.4%

Source: Annual Reports, KSD LM, 2008/9, 2009/10 and 2010/11

Overall the PI is addressing the symptoms (lack of service delivery, poor state of infrastructure) rather than the underlying issues of lack of key staff in post, poor financial management, weak accountability and ultimately weak leadership and lack of cooperation among leaders at different levels which is undermining the institutions and their capacity to deliver.

### 3.3 Is the implementation of the KSD PI improving efficiency of decision-making and speedy unblocking?

What has been highlighted as a major success of the PI by all respondents is "*Fast tracking of getting funding committed for huge infrastructure projects through high level involvement of DGs participating in the KSD PI PWG and IMC structures*". Another example was the involvement of the Technical IMC/IMC in getting the Amathole Water Authority involved in the KSD PI, thus improving the management of Regional Bulk Infrastructure Grant (RBIG) funding and bringing in needed technical capacity to improve water system planning and contractor management.

However, the following issues have been raised by key informants as hindering efficiency in decision-making:

- Inefficiencies in municipal supply chain management processes at both KSD LM and ORT DM have delayed contractor appointments. For example this has impacted on delays in spending MIG funding at ORT DM. At KSD LM changes were made to the Bid Committee and this led to delays

- Frustration has also been expressed at a lack of clarity regarding how departments confirm the availability of funding for projects.
- The need for the IMC to play a greater role and clarify these funding commitment processes was expressed in 2012 and yet nothing has happened. IMC meetings have not been convened and this has reportedly slowed the decision-making process in terms of addressing blockages at a political level;
- Inability to resolve the Water and Sanitation Powers and Functions issue between ORT DM and KSD LM. This still remains unresolved despite the Communications and Governance workstream having identified this as a sticking point in February 2012, and in the meantime KSD LM has to deal with customer complaints;
- Inability to resolve the KSD LM job placement process with the municipal trade union: leading to slow progress in improving human resource capacity within the KSD LM;
- Political dynamics has been suggested as the reason behind the difficult relationship between ORT DM and KSD LM;
- A key challenge was also identified “to get the SG more proactively involved in anticipating and removing blockages and this is reportedly being done by the Eastern Cape Provincial Government Head of Inter-governmental Relations”.
- Examples of paralysis due to conflict e.g. The Jobs Fund approval for Mqanduli Milling has not been released since June 2012 due to conflicting stakeholder interests involving ECRDA, DBSA and others.”

The implementation of KSD PI does not appear to have played a significant role in improving efficiency of decision-making beyond securing funding for priority projects. This would appear to be a consequence of inadequate leadership from KSD and ORT DM in particular.

### **3.4 Is the implementation of the PI at KSD contributing to improved quality of planning?**

Specific successes were indicated including:

- Since the launch of the KSD PI the Electricity Master Plan, Water Master Plan, Rural Transport Master Plan have been developed;
- Improved alignment of the funding and implementation processes for the provision of bulk infrastructure;
- Better coordinated planning regarding EIAs and Department of Water Affairs permitting processes;
- The recent attempt to improve cross-sectoral, coordinated planning and implementation by requiring work-stream coordinators to have a joint meeting is valuable, although it was late starting.

Notwithstanding these successes, key informants identified the following issues as hindering optimum planning needed to implement the KSD PI:

- The geographic scope of the KSD PI and a 2030 Regional/District Development Vision and Plan.
- No spatial plan which identifies priority investment nodes and corridors and which are supported by infrastructure and services capacity.
- The need for a long-term District Plan to inform planning for large-scale public-private partnership projects where, for example, long-term revenue projections and political commitments are needed to reduce the risks of entering into such PPP arrangements.
- Alignment between the KSD PI and the ORT DM and KSD LM Integrated Development Planning processes including the Municipal Capacity Development Strategy, Revenue Enhancement Strategy, Capacity Development Strategy and Capacity Development Plan not in place despite the DBSA–Anglo American Report;

- The difficulty in coordinating funding allocations across spheres due to the different planning cycles and financial cycles at municipal and national/ provincial level;
- Allocating MIG funding on an annual basis, as opposed to a 3-5 year medium term funding time-scale, does not support efficient implementation of large multi-year projects. There is a lack of KSD LM capacity to access larger amounts of MIG funding at present due to lack of capacity to formulate and submit business plans
- The need to mainstream a coordinated approach to broader regional corridor implementation as a mechanism to inform the re-prioritisation of funding and projects;
- The lack of an integrated risk management plan. During the study no evidence was found of the existence of coordinated and coherent risk management system, procedures and tools;
- Shorter life span of roads due to being constructed to inappropriate specifications not suitable to handle large trucks thereby leading to faster degradation. Roads currently need to be re-sealed after 5 years instead of having a 20 year life-span;
- Township layout designs have apparently been compiled without involvement of Provincial Education or Health departments and SAPS, with no provision for facilities that these entities are responsible for. There is a need for Integrated human settlement planning.
- The LED/ RID workstream coordinator noted that *“all LED projects are unfunded and dependant on funding flowing from dti's corporate social investment following dti's standard procedures”*.
- Co-dependencies lead to other projects being delayed due to other work-streams not addressing their projects on time, e.g. Water and Sanitation.

So the implication is that there have been improvements but further work is needed.

### **3.5 Is the KSD PI contributing to improved service delivery through its projects?**

The large-scale expenditure of about R4 billion on infrastructures due to improved collaboration between the 3 spheres, as well as focused programme and project management, reporting and oversight are contributing to improved service delivery. Key informants noted the following service delivery improvements as having been brought about by the implementation of PI projects:

- Improvements in electricity supply as well as reduced traffic congestion, although challenges still remain in both these areas (no service delivery statistics were available to quantify these improvements) .
- The appointment by KSD LM of Implementing Agents for emergency electrical engineering services around October 2009 for 3 years also assisted with the development of an Electricity Master Plan and the implementation of electrical system improvement projects, and there has been progress in connecting households.

Notwithstanding the successes noted, optimum implementation of the PI seems to be plagued by the following challenges that were mentioned:

- Project delays, poor expenditure on selected past MIG allocations, poor quality of work by contractors on road maintenance, and selected emerging maintenance challenges;
- It is not clear how BNG projects are to be sustained in the long run;
- Poor standard of work quality by contractors on both road construction and road maintenance. Many roads in Mthatha have deteriorated substantially and KSD LM has so far not succeeded in attracting the funding needed to overhaul the roads.

- Maintenance challenges are already starting to be experienced.e.g. Waterfall Park has been handed over to the KSD LM but is not being maintained due to a lack of KSD LM staff to look after these facilities.

### 3.6 Is the implementation of the PI at KSD improving accountability?

In terms of accountability between the three spheres of government, issues raised by stakeholders interviewed include:

- a) The PI is not integrated with KSD LM and ORT DM planning processes. Specifically, all PI projects must be reflected in the IDPs and SDBIPs. Ideally PIs should be included in performance agreements cascading down from national to provincial to municipal government (i.e. Presidency, Premier, MECs, Mayors, Municipal Managers and Directors).
- b) The majority of officials from the three spheres participating in the KSD PI do not have the KSD PI included as a component in their performance agreements. This makes it difficult for the management of each organization to hold officials accountable for effective implementation of the KSD PI. There is possibly too much reliance on the Presidential status of the KSD PI to ensure officials participate effectively. However, this ignores the reality of competing demands and time-pressures which many officials face.
- c) The sequencing of KSD PI progress reports between structures at the municipal and provincial level has not strengthened municipal accountability. The KSD LM has not been able to play a strong coordinating role (as originally envisaged in the 2009 Master Plan and Stakeholder Charter), in part because of on-going delays in finalising Section 56 Manager appointments. The participation of the KSD LM does appear to be gradually improving (for example KSD LM chairs most of the PMU meetings). The KSD LM has requested that the PI progress report is presented to its Mayoral Committee after the PMU meeting and before the PWG meeting so that relevant issues can be addressed before the PWG meeting (apparently this proposal has not yet been implemented). This could improve the accountability of the KSD LM, as well as strengthen its role, in the PI.
- d) There has been little success in improving participation and accountability of the ORT DM in the KSD PI, even though it does have some relevant capacity. The reasons are unclear, but possibly due to political dynamics.. According to an ORT DM Mayoral Committee Member, KSD PI progress reports are not submitted to the ORT DM Mayoral Committee or Council. In contrast, the KSD Mayoral Committee receives a monthly KSD PI progress report and this is a standing item on its Agenda (KSD LM Mayor). It receives the KSD PI progress report before this is submitted to the PWG). It is necessary to ensure that there is regular reporting to the ORT DM Mayoral Committee.
- e) There has apparently been poor accountability regarding MIG funding to the ORT DM where DCOG has apparently continued to transfer MIG tranches despite insufficient progress with the expenditure of previous MIG tranches. DCOG has apparently not played a hands-on role at either national or provincial level to assist with unblocking expenditure challenges and has not re-allocated MIG funds based on the ORT DM's slow progress with expenditure. There is potentially insufficient accountability from both ORT DM and DCOG in managing MIG expenditure.
- f) Other funds have been provided to the KSD LM unconditionally and according to two workstream conveners there is no, or limited, accountability for how these are spent funds.

The KSD PI has not been able to address all of these accountability issues (for reasons unknown).

Regarding accountability of the KSD LM to its local communities, the KSD LM does organize periodic community feed-back sessions which include progress with the KSD PI. It is not clear though whether issues raised in these community sessions are reported on in any of the KSD

PI structures. Equally unclear is how issues arising out of the KSD LM Integrated Development Plan consultation process are reported back to KSD PI structures.

According to the KSD LM, the municipality meets approximately every 3 months at the town hall to hold stakeholder engagement meetings to which “business, banks, finance sector, NGOs” are invited to “make sure people are informed of progress with projects.” In addition, the Government Communications and Information Department has also provided assistance regarding communication.

The lack of municipal performance management agreements for senior management has undermined municipal accountability (which is related to selected Section 56 posts not yet being filled at KSD LM). It can be argued that this has contributed to the poor implementation of certain decisions taken by KSD PI structures, including for example issues related to the development of infrastructure sustainability plans and a plan for developing municipal capacity.

At face value it appears that the governance arrangements put in place through the PI have improved accountability for implementing KSD PI decisions taken at PMU. However closer scrutiny reveals that there is poor monitoring and oversight and the PMU has no authority to enforce implementation of its decisions. There are no consequences for failure to implement either workstream or PMU decisions as the PI activities are not integrated into performance agreements of people involved, and PI activities are in addition to core job responsibilities of role players. The weak implementation of Municipal Performance Management agreements/systems for senior management has contributed to poor municipal accountability (which is related to a number of Section 56 posts KSD LM being vacant).

### **3.7 Advantages and disadvantages of the PI in terms of other planning priorities and budgeting of the government entities and the opportunity cost in terms of infrastructure investments forgone in other communities in need**

This question has not been officially answered as requests for information in this regard made to organisations involved in funding PI infrastructure projects including National Treasury/EC Provincial Treasury/ORTDM/KSD LM/departments were not responded to. However the key informant perspective is that:

- Certain MIG allocations by COGTA to the ORT DM for water and sanitation were made despite their being under-expenditure on previous MIG allocations.
- Individuals delegated by national and provincial departments, ORT DM, and KSD LM to participate in the KSD workstreams and other PI activities take time off their core responsibilities to serve on KSD PI.
- Delays in electricity projects were experienced due to lack of participation of ESKOM.

The implication is that the time committed to the PI by personnel results in reduced focus on their other key responsibilities and areas in need because of the focus on KSD.

### **3.8 Comparison of costs of the PI governance and programme management and accountability elements compared to benefits of the established structures and arrangements**

The total value of completed KSD PI projects is in the region of R4 billion. Against this, the direct costs of participating in KSD PI structure meetings between 2010-2013 are estimated at R33 million (Please refer to Annex 11 for the detailed calculations used to derive these total cost figures). There are also non-quantifiable benefits which should also be considered, for

example, improved relationships and understanding between the three spheres of government - this will hopefully translate into ongoing future benefits into the future.

The role played by SAFIRI in supporting the Project management component could be a valuable lesson to learn in terms of bringing on board additional capacity on a contract basis to support other aspects of PI delivery.

### **3.9 Elements not included that may have enhanced programme efficiency, effectiveness, impact, and sustainability**

The following crucial aspects have been identified by key informants and in minutes of various meetings as either not having been sufficiently addressed or considered in the PI intervention and that have not been covered in the points above:

1. **Leadership** – underlying KSD's problems are leadership problems and political competition (e.g. an ORT DM Mayoral Committee member stated that a key problem in the area is councillors fighting for positions at the neglect of service delivery. He stated that when ANC factions get into office they "are reckless and do not serve anyone equally. We need a united force to deliver services"). The leadership of the two lead municipalities is not addressing the problems satisfactorily, e.g. filling of vacant posts, or dealing with audit issues. Until issues around leadership are resolved it will be difficult to address the root causes and have a sustained impact on the municipalities and hence on development in the area. This undermines both normal operations as well as the PI.
2. **Organisational capacity** at KSD is not being addressed by the PI. KSD LM should urgently finalise the appointment of highly experienced senior management within KSD LM. A specific example where this has affected the PI is that a Document Management System is not in place and no common repository of KSD PI documents. This has a negative effect on institutional memory and this was felt during the evaluation as there was no common repository of KSD PI documents. The abrupt pull out of the company that was offering Secretariat support to the PI renders putting in place a document management system an urgent priority.
3. **Challenges around revenue and expenditure management** which are systemic problems affecting the survival of the municipalities. Some examples were the valuation roll is out of date, indigent register is not updated, losses of water and electricity, and the abuse of overtime. In addition informants suggested that the equitable share allocation to the KSD LM is mis-used for purposes other than to cover free water and electricity and guidelines that are provided to guide the use of the equitable share are not adhered to by the municipality.
4. The **communication/marketing of the KSD PI** has not necessarily prioritised the private sector as a key target group and a plan in this regard needs to be considered/developed and resourced:
  - A local business development strategy is needed with a focus on contractor development e.g. improving Construction Industry Development Board grading, as well as establishing a forum of local businesses and key partner agencies who are already implementing useful supplier development support programmes such as the Construction industry Development Board, local commercial banks, Small Enterprise Development agency, Easter Cape Development Corporation, FABCOS, Border Kei Business Chamber etc.
  - Attracting private sector investment, improving the performance of the education system and strengthening the local circulation of income through reducing income leakages are critical to support local people's opportunities for, and ability to access, sustainable employment opportunities. Currently consumer expenditure is mainly at national retail chains and government contracts are going to national/regional businesses from outside the area.

The relative ineffectiveness of the Governance and Communications Workstream can be attributed to the failure to adequately address points 2 and 4 above. Fast tracking resolution of pending land claims by engaging DRDLA in EC would keep delivery of PI on affected areas on track, reducing delays on multi-year projects.

### **3.10 Level of beneficiary engagement and sensitisation of communities to their responsibility in sustaining gains post-intervention**

According to a KSD LM official general community engagement happens every 3 months at the town hall to hold stakeholder engagement meetings to which “business, banks, finance sector, NGOs” are invited to “make sure people are informed of progress with projects.” However, community participation in the PI has not been strong and as a result community ownership is an outstanding issue which still needs to be addressed to strengthen community ownership and sustainability of the PI. In addition, the Government Communications and Information Department has also provided assistance regarding communication. No corroboration of this was provided by others.

### **3.11 Indicators of programme success**

No indicators of success have been provided that were identified at the beginning of the PI, as the PI has no defined objectives, timeframes etc. The main indicators of success which are currently monitored are project management indicators i.e. whether projects are implemented according to target deadlines (and to a lesser extent within budget).

## 4 Conclusions, lessons learnt and recommendations

This section of the report covers key conclusions related directly to the research questions and makes recommendations on how future similar interventions should be delivered; how the KSD PI successes can be enhanced and sustained, and how weaknesses identified in the implementation of the PI in KSD can be addressed, locating these within the context of the intergovernmental coordination model.

### 4.1 Conclusions and lessons learned regarding PIs in general

#### 4.1.1 Address the core institutional weakness

The intention of the PI was to get urgency to address the problems of the area in a coherent manner. However without addressing the underlying causes, it appears that many of the problems underlying deficiencies in the area were replicated, and there wasn't sufficient planning to address these underlying causes. The core to the problem is weak leadership with political battles impeding the ability of the municipalities to resolve their problems, battles within and between the municipalities, with municipal trade unions, with the province.

**R1 The issue of weak leadership must be addressed at a political level if a sustainable impact is to be made on the underlying causes of the problems.**

#### 4.1.2 Create space for consultation before sites for PIs are publicly declared

The KSD PI is perceived as an intervention imposed from the Presidency which is probably why it is not fully embraced by either KSD LM or ORT DM. There are gaps with regards to the implementation of the KSD PI that seem to suggest that the officials of both these Municipalities may not have understood what is expected of them. While it is the prerogative of the President to decide on PI locations, it is important to embark on some process calculated at creating space for senior officials and political office bearers of the target locality to be involved prior to the intervention and prevent a perception that the intervention is being imposed from the Presidency. This will hopefully avoid the backlash and create a sense of ownership that is likely to lead to better commitment to the implementation of the intervention. This approach may be perceived as being more in line with the spirit of cooperative governance.

**R2 DPME to develop a model for the consultation process prior to declaring a site a PI which allows key stakeholders to own the creation of the PI and so maximises the likelihood of support.** This should include thorough stakeholder mapping to make sure that all pertinent stakeholders are brought on board including civil society and business.

#### 4.1.3 Good initial planning is needed which addresses the underlying causes to ensure the PI is able to overcome the challenges in the area

The results of the PI suggest that the existence of the Mthatha 2030 Master Plan was a necessary and very important starting point, but insufficient to drive efficient delivery of the PI. The ORT DM MM has referred to the lack of a *“strategic integrated vision that includes Mthatha and the surrounding areas in the District”* as a glaring omission of the KSD PI. This could have resulted in the creation of more jobs outside of the urban area of Mthatha in an attempt to alleviate the ongoing movement of people from the rural areas to the urban area of Mthatha. Between 2001 and 2011 the total population of the Mthatha municipal area grew by over 35,000 people whereas overall the total population of the Eastern Cape Province declined. The absence of thorough planning has had the following negative consequences on the delivery of KSD PI:

- Lack of identification and consideration of underlying root causes and critical success factors that both KSD LM and ORT DM needed to address to enhance chances of PI success has led to carry over of challenges of the past into the PI;
- Loss of opportunity to make logical decisions about the lifespan, priority areas of focus of the PI considering issues of affordability, identification of indicators of success, and monitoring mechanisms that go beyond monitoring of individual projects;
- The fact that a Business Plan and business case was not developed has deprived the PI of a tool crucial for attracting private sector investment;
- After the plan the multiple role players that need to commit resources to the PI needed to adjust their plans accordingly (KSD LM, ORT DM as well as national and provincial departments and parastatals) which would have hopefully led to better meeting Treasury requirements for funding;
- The opportunity to build institutional memory that is necessary to sustain the implementation of the PI beyond individual role players was lost;
- The joint identification of key projects and areas where workstreams would need to work together was only addressed late in the intervention;
- An opportunity was lost in terms of thinking about sustainability and developing sustainability plans right from the beginning.

**R3 Before a PI is implemented a thorough diagnostic and planning is needed involving the three spheres of government and parastatals that are expected to contribute to the implementation of the PI (including senior municipal officials as well as political heads). This should include:**

- R3.1 An initial diagnostic should be done (for a comprehensive diagnostic, the Presidency's Municipal Assessment Tool can be used, or if appropriate a simpler diagnostic tool can be used) before declaring a PI.. The aims of the diagnostic should be to:
- a) Clarify the problem statement
  - b) Identify the cause(s) of the problem
  - c) Identify the most appropriate type of national and provincial government response (if any) to apply in the circumstances
  - d) Estimate the resources required for the initiative and timeframes
  - e) Identify potential resources and roles and responsibilities
  - f) Confirm the strategic prioritisation of the need and the feasibility of the change initiative.

This should then guide undertaking a proper **diagnostic** to identify the root causes of the problems, the core focus and purpose of the PI. key stakeholders, ways to address key organizational challenges for the PI to succeed, as well as options for implementation and to ensure sustainability. This should include a capacity analysis of the organisations, and a human resource skills audit if there is no such recent report.

- R3.2 **Defining the geographical scope of focus** (considering that a broader economic development approach is necessary to deal with issues holistically), **specific objectives and indicators of the PI (including both infrastructural, service and institutional objectives)**, and these should be supported by an appropriate monitoring, reporting, and performance management system.

- R3.3 Part of the plan should be a specific **institutional development** component dealing with challenges of leadership (likely to be addressed at a political level), weaknesses in senior management, institutional fragmentation, and financial management. Where capacity is very low in the municipality, consider mandating agencies with sufficient capacity (e.g. SANRAL, Amatole Water Agency etc.) to be lead agencies or implementing agents with responsibility to project manage the projects. Identify a mechanism to deal with identified skills shortages to enhance delivery and sustainability

of the PI e.g.. deployment of capable staff to the PI on a secondment basis/ engage competent staff on a contract basis to contribute the implementation of the PI and foster skills transfer.

- R3.4 **Structures** defined that need to be put in place to manage the delivery of the PI as well as their roles responsibilities, and lines of accountability (see Recommendation 5/6). :The functionality of existing inter-governmental relations structures should be assessed during the diagnostic and such existing structures should be used (or be resusciated if dysfunctional)for the PI where they exist instead of establishing parallel / duplicating PI structures as this would contribute to sustainability issues at the institutional level.
- R3.5 PIs should focus on a number of complementary **spatial** scales, starting at the regional level in terms of key enabling bulk infrastructure, while also considering one or more local nodes and corridors to focus investment as a development of this nature is less likely to succeed long term, in isolation.
- R3.6 **Operations and Maintenance Plans** should be developed as part of PI implementation and budgeted for accordingly to enhance the sustainability of the PI, and this budget should be cascaded back into the regular municipal budget.
- R3.7 **Sustainability plans** for various projects included in PIs should be developed as part of planning and not as an afterthought (see Recommendation 3.1 and 7). These should include a carefully thought out exit strategy: sustainability of the systems put in place, of actual gains made, continuous monitoring of the outcomes, as well as environmental sustainability across all PI initiatives. Each workstream should develop a specific costed plan on how gains made will be sustained.
- R3.8 **Risk management plan** identifying key risks and mitigation measures.
- R3.9 As the plan for implementation of the PI is being developed the linkages to the IDPs and departmental strategic plans/APPs needs to be identified and the **integration into their plans assured**.
- R3.10 Service delivery planning and organisational performance systems need to be strengthened to improve accountability.

#### 4.1.4 Addressing systemic funding gaps likely to affect delivery of multi-year large infrastructure PIs

The bringing together of the 3 spheres of government creates a challenge of different funding cycles if the PI is not integrated into the IDP. This is important to enable PI projects to be incorporated into the MIG system and accommodate applications for funding over a 3-5 year time-frame for large-scale multi-year infrastructure projects. This requires proper planning for implementation bearing in mind the conditions applying to the specific grants targeted. SCM processes and various grant allocation conditions may not be entirely conducive to facilitate this kind of intervention.

- R4 Conditional infrastructure grants may need to include additional requirements that operations** and maintenance plans are developed and agreed to by stakeholders as part of the funding application process, as well as part of the business plan development. Further investigation may be needed into how grant conditions can support PIs in future between the Presidency and National Treasury.

#### 4.1.5 PIs need to explicitly plan for involvement of the private sector, particularly for LED

The approach to economic development that seems to be taken in the KSD PI is the “non-mainstreamed LED approach” that sees the LED workstream as responsible for driving local economic development. This is quite narrow in focus, and does not infuse LED into the main PI agenda. Furthermore, the poor quality of services rendered by local suppliers has been noted and this limits the economic benefit that accrues to immediate communities beyond short-term manual jobs. Not enough has been done to ensure that in the localities of PI projects, communities and local businesses reap substantial benefits beyond being employed at minimum wages by contractors.

**R5 LED capacity needs to be developed and LED needs to be mainstreamed into the PI process to maximise economic spinoffs.** Where possible PIs should appoint local small businesses that are of good standing to provide services, and a component of the PI could also be supplier development. Larger service provider contracts should be structured such that big contractors delivering projects in PIs are required to partner with local emerging contractors, or at least undertake supplier development (see Recommendation 3.3).

#### 4.1.6 Governance and programme management arrangements

Coordination among the 3 spheres of government that underpins this intervention is a good start. Establishment of a Programme Management Unit, Intergovernmental Workstreams, a Provincial Working Group, and IMC/Technical IMC has enhanced the focus, coordination, prioritisation and funding allocations among the three spheres of government. However, it is not clear if these structures duplicate existing inter-governmental structures in some cases and whether there may be issues of duplication. Presidential oversight is still insufficient to address all coordination challenges.

Roles and responsibilities and terms of reference of the various governance structures were not clearly articulated leading to duplication and role confusion. These roles and responsibilities should also be aligned to legislative mandates. Additional measures are needed to strengthen a PMU so that it is able to play a meaningful role in following up PI structure decisions between meetings. Clear communication protocols and processes between the administrative and political levels are needed to contribute towards ensuring effective leadership is provided. Improvements in reporting from lower to upper level governance structures are needed to ensure that meeting agendas focus on critical decisions which need to be made at the correct level of structure.

It is very important that these structures are developed in a way which promotes sustainable support to the PI and the subsequent programmes as they are mainstreamed in the work of the different institutions.

**R6 To play a sustainable and meaningful project monitoring and coordination role a PMU/project management office (PMO) should be established in either the local or district municipality,** whose initial role is taking forward the PI but that it continues to play a programme and project management role on behalf of the municipality. The PMO needs to have a clear mandate, resources and stronger decision-making powers, which are captured in its ToR, and with direct reporting lines to the municipal manager. Other recommendations are:

**R6.1** Integrate responsibilities of PI role players into their performance agreements for the duration of the PI so PI activities can be given the attention they deserve, and where

there are serious capacity shortages, bring on board additional human resources on a contract basis.

R6.2 PI PMU progress reports should be presented to the Municipal Mayoral Committee at both local and district municipality before presentation to the PWG.

R6.3 The PMU must be adequately resourced to carry out effective document management with an off-site back-up facility to ensure documents and institutional memory of the PI is protected.

#### **R7 Key systems should be institutionalised to ensure sustainability:**

R7.1 DPME should develop a model for Terms of Reference and Guidelines for all structures involved in a PI . These should be adapted and agreed at the early stage of any PI.

R7.2 The PI interventions and activities should be integrated into the overall functioning of the municipality including the IDPs and include progress reporting on the PI as a standard item on the Municipality's Mayoral Committee agendas.

R7.3 PI progress reporting should feed upwards from the PMU to the municipal level, and then to provincial and national levels. Only strategic issues which are most effectively addressed at higher level should be reported on.

R7.4 A PI communications plan should be developed with clear objectives, actions, and responsibilities, protocols and processes between the administrative and political levels, and this should be mainstreamed into municipal communication channels for continuity. The municipal Head of Communication/PR should be tasked with ongoing communication on PI matters to various stakeholders

#### **4.1.7 Monitoring systems**

**R8 All PIs should develop and put in place systems to monitor their delivery, including but not limited to the PI.** This should include monitoring of key risks, finances, as well as services, as well governance structures. Ideally the PI monitoring and reporting will form a component of the municipalities' existing IDP and performance monitoring system if this is well developed. Reporting intervals should be dovetailed with intervals decided upon for management reporting and communication with stakeholders.

### **4.2 KSD PI-specific lessons and recommendations**

#### **4.2.1 Is the intervention appropriate, credible and does it address root causes not symptoms**

It was appropriate to undertake a PI at KSD. However, its focus has been on symptoms and it has not addressed underlying causes, particularly those related to leadership, building organisational capacity, or putting in place systems necessary for optimum delivery. Furthermore the PI is perceived to have been imposed by the Presidency. It is appropriate to bring together the 3 spheres of government for joint planning and delivery of projects. Key is dealing with underlying root causes and institutional issues holistically by putting in place systems, filling vacant posts, implementing the recommendations of the DBSA-Anglo-American Report.

**R9 Efforts must be made to ensure that senior KSD LM and ORT DM politicians own and lead the KSD PI.** The governance and communications workstream must be appropriately resourced to lead this process, as well as to ensure that it develops a

comprehensive and coherent approach and plan to address priority KSD LM and ORT DM organisational capacity issues which impact on the effectiveness and sustainability of the KSD PI.

**R10 KSD must deal with capacity issues proceeding immediately in the filling of all Section 56 vacant posts by appointing suitably qualified incumbents, as well as other urgent vacancies (e.g. technical and engineering).** The Department of Cooperative Governance and Traditional Affairs and/or Provincial Government) should assist to ensure that these are high quality appointments which comply with the 2011 Municipal Systems Amendment Act and that an effective performance management system is in place and functional. Organised labour should be involved to get their buy-in in supporting interventions aimed at solving all outstanding HR issues.

**R11 KSD must move to strengthen the financial management systems.** This includes leadership ensuring that an action plan to ensure previous audit findings as well as the local government turnaround strategy are effectively implemented and supported by adequate HR and systems capacity and that the revenue enhancement plan is closely monitored and strengthened if necessary. A qualified finance director should be appointed in compliance with the Municipal Finance Management Act and the performance of the incumbent should be closely monitored.

#### 4.2.2 Is the PI improving planning at KSD?

The selection of the KSD as PI node was sound as this locality already had a credible Master Plan in place that was arrived at through an inclusive and consultative process. While the Master Plan was deemed to be credible due to the processes that were followed to develop it, its credibility was never tested in terms of scoping resources that would be needed to implement it, how the needed resources were to be secured, and there was also no indication of how KSD was going to put its house in order in preparation for the implementation of the plan. The PI went ahead to implement the Master Plan without any planning for implementation and as such one of the glaring weaknesses identified is the absence of a clear implementation plan that should have included identification of geographical spread of the intervention, specific objectives on a prioritised basis as well as timeframes, resources needed, the sustainability plan as well as an exit strategy.

PI projects are still not incorporated into KSD and ORT IDPs, and the PI is reported on as a separate section. The ORT DM also does not incorporate the KSD Water and Sanitation Projects in its IDP. The lack of a formally defined and mutually accepted geographic focus and time frames hampers efficient planning. It is therefore recommended that:

**R12 Outstanding planning issues raised above need to be implemented including:**

R12.1 Defining the specific objectives and timeframes of the KSD PI.

R12.2 Aligning the PI with, and incorporating components into the IDPs and Service Delivery and Budget Implementation Plans (SDBIPs) of ORT DM and KSD LM in line with mandates and updating on an annual basis as well as linking these to performance agreements and the performance management system.

R12.3 Aligning KSD PI and the KSD spatial development framework.

R12.4 Finalising outstanding sector-specific Master Plans.

R12.5 Finalising Operational & Maintenance Plans for infrastructure.

R12.6 Developing a KSD/ORT District Investment strategy.

R12.7 Putting in place ORT District 2030 Development Plan which aligns with the National Development Plan.

### 4.2.3 Economic development strategy

Little long term sustainable benefit is accruing to local communities from the implementation of PI at KSD. Apart from recommendation 4 the following needs to be implemented.

**R13 A consultative business forum (which includes civil society representatives) should be established** and driven by the KSD LM to facilitate formal engagement with the local and regional business communities on the KSD PI and more widely and this should develop a clear approach to attracting private business to invest in KSD. This should include a clear plan to resolve land claims issues.

### 4.3.4 Risk management

KSD PI implementation is threatened by internal risks without any risk management plan in place to mitigate them. This includes routine risks that any municipality should be mitigating e.g. electricity losses, abuse of overtime, etc. and all these threaten financial sustainability of the Municipality

**R14 Develop an all-encompassing Risk Management Policy for KSD LM** as a matter of urgency with procedures and tools pertinent to various risk areas. Each project delivered as part of PI should put in place risk management mechanisms and these should be developed as part of project planning and then monitored.

### 4.2.5 Stakeholder involvement: identification, mobilisation and management

A thorough stakeholder mapping exercise does not seem to have been undertaken, hence some important stakeholders were not included in the PI process.

**R15 Embark on an inclusive stakeholder mapping exercise as part of developing an improvement plan around the evaluation findings.** Include all significant stakeholders that were left out with a clear brief about why their participation is important, how they are to contribute, also making sure that organised labour, civil society and business, Departments of Education, SAPS etc are involved. Ensure there is stronger community participation and ownership moving forward and re-sensitive stakeholders regarding their roles in the PI by including all stakeholders that were involved in the crafting of the Mthatha 2030 Master Plan.

### 4.2.6 Governance and programme management arrangements

The structures established have enhanced, focus, coordination, prioritisation and funding allocations among three spheres of government, but the PMU needs strengthening as well as clear communication protocols and processes between the administrative and political levels are needed. The recommendations above on the PMU also apply to KSD PI.

### 4.2.7 Capacity development

There is no evidence of capacity building that can be directly attributed to the PI. Out of 86 individual functions assessed by the Municipal Demarcation Board in its most recent Municipal Capacity Report (Municipal Demarcation Board. 2012), KSD LM indicated that it performed only about 19. Reasons for this state of affairs include lack of staff (notably vacant Section 56 posts), staff with inadequate skills, high staff turnover, budget shortages, and a lack of equipment and systems needed to execute the core functions required for municipal effectiveness.

In terms of municipal financial management, KSD LM has received disclaimers of, or qualified, audit opinions for the past six financial years (ending 2011/12), and this included a period of KSD PI implementation. Although KSD LM officials indicated in interviews that there have been

some recent improvements in selected aspects of financial management, there has not been any concrete evidence to that effect.

Notwithstanding commissioned research (DBSA-Anglo-American study) that identified human resource capacity issues within the KSD LM as a serious threaten to service delivery in KSD, these recommendations were never implemented and the PI paid no attention to directly addressing human resource capacity. Furthermore, a standoff between the Municipalities and organised labour stifled recruitment and filling of management posts within KSD.

This threatens the Municipality's capacity to deliver on its regular mandate not to mention management of complex large-scale infrastructure projects as part of the KSD PI. As indicated in recommendation 3.3 consider mandating agencies with sufficient capacity (e.g. SANRAL, Amatole Water Agency etc.) to be lead agencies in instances where internal capacity is lacking or implementing agents should be mandated with responsibility to project manage these projects.

**R16 Implement the DBSA-Anglo American recommendations around capacity development.**

The implementation of these recommendations will go a long way in improving the delivery of the PI at KSD. It needs to be acknowledged that data collection for this formative evaluation happened in March/April of 2013 and as such some of the issues raised may have been dealt with in the meantime.

## Annexes

### Annex 1: References

- Beinart, W. (2001): *Twentieth-Century South Africa*. New York: Oxford University Press.
- Bohl, C. C. (2000): *New Urbanism and the City: Potential Applications and Implications for Distressed Inner city Neighbourhoods* in Housing Policy Debate, 11. 4 Fannie Mae Foundation, 2000.
- Bouckaert, C. Peters, BG and Verhoest., G (2010): *The Coordination of Public Sector Organisations. Shifting Patterns of Public Management*. Basingstoke: Palgrave MacMillan.
- Clingermayer, J C. and Feiock R C. (2001): *Institutional Constraints And Policy Choice An Exploration Of Local Governance*. Albany State University of New York Press.
- DBSA (2010): *Case Study Report: Mthatha Sustainable Development Initiative*, Development Bank of Southern Africa (DBSA) Mthatha Case Study, Mid-Rand, Development Bank of Southern Africa.
- DBSA (2011): *Status Quo Assessment of King Sabata Dalindyebo Municipality*, September 2011. Mid-Rand, Development Bank of South Africa.
- DBSA (2011): *Proposals for Capacity Enhancement: King Sabata Dalindyebo Municipality*. Mid-Rand: Development Bank of South Africa.
- DHLGTA (2008): *Report to the Select Committee on Local Government and Administration: Municipalities receiving support and interventions*. Bisho.
- DLGTA (2011): KSD PI: Progress Update presented by: Mr Stanley Khanyile Superintendent - General I: DLGTA, Bisho, Dept of Local Government and Traditional Affairs.
- DLGTA (2012): *Final Draft: Integrated Development Plan 2011/12 Review*, Bisho, Department of Local Government and Traditional Affairs.
- DLGTA (2013): *Profile for KSD Local Municipality*. Bisho, Department of Local Government and Traditional Affairs.
- DPME (2010): *Guide to the Outcomes Approach*, Pretoria, Department of Performance Monitoring and Evaluation.
- DPME (2008): *Draft Green Paper: National Policy Framework For Performance Monitoring And Evaluation*, Pretoria, Department of Performance Monitoring and Evaluation.
- DPME (2013): *Impact and Implementation Evaluation of Government Coordination Systems: International Literature Review*, Pretoria, Department of Performance Monitoring and Evaluation.
- DPME (2011): *Close-Out Report Following The Presidential Monitoring And Evaluation To King Sabata Dalindyebo, Eastern Cape Province, 29 September 2011*, Pretoria, Department Performance Monitoring and Evaluation.
- Dplg (2006):. *The South African National Urban Renewal Programme Toolkit for Programme Managers*. Pretoria, Department of Provincial and Local Government.
- DPSA (2006): *Guidelines for Managing Joint Programmes*, Pretoria, Department of Public Service and Administration.
- Education and Training Unit (undated): *The Policy and law making process..* <http://www.etu.org.za/toolbox/docs/govern/policy.html> (accessed July 16, 2013).
- Feiock and Clingermayer (1993): *Institutional power and the art of the deal: An analysis of Municipal development policy options: in Economic Development Strategies for State and Local Government – Robert McGuire&Edward Ottensmyten (eds)* Chicago- Nelson Hall
- Gunlick, L (1937): *Notes on the Theory of Organisation*. In *Classics of Public Administration*, by J. M. Hyde A. C. and Parkes, S. J. Shafritz, 77-85. Belmont, California: Thomson Wadworth.

- Gutto, S (2007): *A study on enhancing the status, role, image and positioning of the Parliament of the Republic of South Africa.*
- Impact Economix. (2013): *A Study of Effective Strategies to Reduce Municipal Red Tape: The Case of Swartland Municipality.* Draft 18 February 2013 produced for the Western Cape Provincial Government.
- KSD (2009): *Development Charter for Mthatha KSD Municipality, Mthatha, King Sabata Dalindyebo Municipality*
- KSD (2009): *Master Plan A Sustainable Development Plan for Urban Functional Areas of the King Dalindyebo Municipality.*
- KSD (2009-2012) *Municipal Budgets and Annual Reports.*
- Halligan, J., Buick, F and O'Flynn, J (2012): *Experiments with joined- up, horizontal and whole-of- government in Anglophone countries.* Chapter 5 In *Experiments in Anglophone countries.* 2012.
- Hoebel, E.A (1966): *The study of man.* In *Anthropology*, by McGraw-Hill. 1966.
- Kernaghan, K, and Kuper O (1983): *Coordination in Canadian Governments: A Case Study of Aging Policy.* Ottawa, Institute of Public Administration of Canada.
- Managing Successful Programmes. Welcome to the Official MSP® Website. 07 July 2013. <http://www.msp-officialsite.com/> (accessed July 16, 2013).
- McCormack, M. H (1997): *On Negotiating.* Newstar Press.
- Meredith, J.R., and Mantel, S.J. Jr. (2000): *Project Management: A Managerial Approach.* New York: John Wiley and Sons, 2000.
- Nalbandian (1999): *Facilitating community enabling democracy- New roles for local government managers. Public Administration Review Vol 59 No3 May/ June 1990*
- New Zealand Government: State Services Commission. (2008): *Factors for Successful Coordination: Helping State Agencies Coordinate Effectively,* <http://www.ssc.govt.nz/sites/all/files/Factors%20spreadsheet.pdf> [Accessed 23/05/2013]
- Ng, M.K., Cook, A (2001): *The Road Not Travelled: A Sustainable Urban Regeneration Strategy for Hong Kong.* Planning Practice and Research, 2001: 171-183.
- Oxford Dictionaries. Oxford Dictionaries: The world's most trusted dictionaries. 2013. <http://oxforddictionaries.com/> (accessed July 16, 2013).
- Perri (2004): *Joined-Up Government in the Western World in Comparative Perspective: A Preliminary Literature Review and Exploration.* Journal of Public Administration Research and Theory, 2004: 106.
- PMU (2014): *Briefing note on Progress on the PI,* February 2014, Mthatha, Project Management Unit.
- SAFIRI (2012): *King Sabata Dalindyebo Presidential Revitalisation Project: Project Management Approach,* 06 June 2012, Presented by Mr. Bongisizwe Mpondo Managing Director SAFIRI (Pty) LTD
- Schein, E.H (1985): *Organizational Culture and Leadership.* London: JosseyBass Publishers.
- UNDP (2009): *Capacity Development: A UNDP Primer.* New York: United Nations Development Programme.
- United Kingdom Social Exclusion Unit (2001): *A New Commitment to Neighbourhood Renewal - National Strategy Action Plan,* United Kingdom: United Kingdom Social Exclusion Unit, 2001.
- Victorian State Services Authority (2007): *Victorian Approaches To Joined Up Government: An Overview.* Melbourne.
- Wikipedia.
- Leadership. 2013. <https://en.wikipedia.org/wiki/Leadership> (accessed July 16, 2013).
  - Organisational Culture. 2013. [http://en.wikipedia.org/wiki/Organizational\\_culture](http://en.wikipedia.org/wiki/Organizational_culture) (accessed July 16, 2013).
  - Urban Renewal. 2013. [http://en.wikipedia.org/wiki/Urban\\_renewal](http://en.wikipedia.org/wiki/Urban_renewal) (accessed August 7, 2013).
- Yang, Y (2010): *Sustainable Urban Transformation - Driving Forces, Indicators And Processes.* Master of Science Thesis , Bauhaus University, Germany, 2010.

## **Annex 2: Minutes of KSD PI Meetings Reviewed**

- KSD Presidential Technical Task Team Meeting: 29 March, 2011
- Provincial Technical Munimec Meeting: 30th June - 01st July 2011
- KSD Technical Committee Meeting 16 August, 2011
- Provincial Minmec meeting 18th – 19th August 2011
- KSD meeting of the DGs, HODs and MMs 25 August, 2011
- KSD PI Progress Report for Technical IMC 25 August, 2011
- KSD PI PWG action minutes 25 August 2011
- KSD PI PWG action minutes 26 August 2011
- KSD PI PWG action minutes 13 September, 2011
- KSD PI PWG action minutes 22 November, 2011
- KSD PI PWG action minutes 01 February 2012
- KSD meeting of the DGs, HODs and MMs 23 April, 2012
- KSD PI PWG action minutes 31 August 2012
- KSD PI PWG action minutes 31 October 2012

Various workstream progress reports to the PMU and PWG incl. 22 October 2012, 26 November 2012, 25 January 2013, 5 April 2013.

**Annex 3: Glossary**

<b>Term</b>	<b>Definition</b>
<b>Accountability</b>	A social relationship where an actor (an individual or an agency) feels an obligation to explain and justify his or her conduct to some significant other (the accountability forum, accountee, specific person or agency) (Gutto 2007).
<b>Capacity</b>	The ability of individuals, institutions and societies to perform functions, solve problems, and set and achieve objectives in a sustainable manner. Capacity development is about transformations that empower individuals, leaders, organisations and societies. If something does not lead to change that is generated, guided and sustained by those whom it is meant to benefit, then it cannot be said to have enhanced capacity, even if it has served a valid development purpose (UNDP 2009)
<b>Coordination</b>	<p>'A process in which two or more parties take one another into account for the purpose of bringing together their decisions and/or activities into harmonious or reciprocal relation' (Kernaghan and Kuper 1983)</p> <p>'the development of ideas about joint and holistic working, joint information systems, dialogue between agencies, process of planning and making decisions' (Perri 2004)</p> <p>The all-important duty of inter-relating the various parts of the work (Gunlick 1937)</p> <p>'The instruments and mechanisms that aim to enhance the voluntary or forced alignment of tasks and efforts within the public sector. These mechanisms are used in order to create a greater coherence and to reduce redundancy, lacunae and contradictions within policies, implementation or management' (Bouckaert, Peters and Verhoest 2010)</p> <p>The sharing of information, resources and responsibilities to achieve a particular outcome (New Zealand State Services Commission (State Services Commission 2008), 2008).</p>
<b>Culture</b>	<p>The ideas, customs, and social behaviour of a particular people or society (Oxford Dictionaries 2013)</p> <p>An integrated system of learned behaviour patterns which are characteristic of the members of a society and which is not a result of biological inheritance (Hoebel 1966)</p>
<b>Effectiveness</b>	<p>The extent to which objectives are achieved or expected to be achieved, against predetermined and stated objectives (DPME).</p> <p>The degree to which something is successful in producing a desired result (Oxford Dictionaries 2013).</p>
<b>Efficiency</b>	A measure of how economically resources/inputs (money, people, time, etc.) are translated into results (DPME).
<b>Governance</b>	"The political commitment to sustainable urban transformation, the efforts of authorities to empower public participation and improve efficiency and effectiveness of infrastructure and service delivery" (Yang 2010).
<b>Horizontal Management/ Coordination</b>	The coordination and management of a set of activities between two or more organisational units, [which] do not have hierarchical control over each other and where the aim is to generate outcomes that cannot be achieved by units working in isolation (Halligan, Buick and O'Flynn 2012)
<b>Impact</b>	The medium to long-term results of achieving specific outcomes (DPME)
<b>Inter-governmental relations</b>	Relationships that arise between different governments or between organs of state from different governments in the conduct of their affairs (SA Inter-governmental Relations Act 13 of 1995).
<b>Joint programme</b>	<p>A national development priority, the planning and implementation of which requires the involvement of various organs of state either within a particular sphere of government, or in different spheres of government.</p> <p>a) Programmes that require a cross-departmental involvement in the planning, budgeting and delivery of services.</p> <p>b) A number of departments are often responsible for specific aspects of the programme, but none is responsible for it in its entirety.</p> <p>c) Programmes that require integration rather than mere coordination. (DPSA, 2006)</p>
<b>Leadership</b>	Leadership is a process whereby an individual influences a group of individuals to

Term	Definition
	achieve a common goal (Northouse, 2007). Leadership is "organising a group of people to achieve a common goal" (Wikipedia 2013)
<b>Negotiation</b>	Discussion aimed at reaching an agreement. (Oxford Dictionaries 2013) Negotiating is the process of getting the best terms once the other side starts to act on their interest (McCormack 1997) Negotiation is a field of knowledge and endeavour that focuses on gaining the favour of people from whom we want things (Meredith and Mantel 2000)
<b>Organisational culture</b>	Deeper level of basic assumptions and beliefs that are shared by members of an organization, that operate unconsciously and that define in a basic "taken for-granted" fashion an organization's view of itself and its environment" (Schein 1985)
<b>Policy</b>	A policy outlines what an organisation hopes to achieve and the methods and principles it will use to achieve them. It states the goals of the organisation. A policy document is not a law but it will often identify a need for new laws in order to be able to achieve its goals. (Education and Training Unit Undated)
<b>Programme Management</b>	The coordinated organisation, direction and implementation of a portfolio of projects and activities that together achieve outcomes and realise benefits that are of strategic importance (Managing Successful Programmes 2013).
<b>Sustainability</b>	Ability to sustain benefits or outcomes at a certain rate or level (Oxford Dictionaries 2013) . Components of sustainability include environmental, social, economic and financial and highlight how gains made will be made to last beyond interventions.
<b>Urban management</b>	About government's responsibility for the planning, development and day-to- day operations of a city (South African Cities Network 2009)

**Annex 4: KSD 2030 Master Plan Vision**

# KSD 2030 VISION

## KSD VISION IDENTIFIED IN THE SUSTAINABLE DEVELOPMENT MASTER PLAN:2009

- Today's babies, tomorrow's adults will in 2030 live in a Mthatha that –
  - Has retained and enhanced it's natural assets and resources
  - Has welcoming, vibrant and safe streets
  - Affordable, non polluting & effective transport system
  - Attracts investment & creates Sustainable Human Settlements
  - Offers dignified living and recreation areas
  - A balanced community exists with a range of housing types and affordability with access to social facilities, amenities and employment opportunities, all within walking distance of place of residence.
- To achieve this, and based on a SDP study, the river, market, street housing and people systems are identified for intervention, all underpinned by strong infrastructure

Source: Launch of the 20-year vision of sustainable Mthatha and the signing ceremony of its development charter (September 1, 2009).

## Annex 5: KSD Master Plan Project List

### Summary Project List

#### Projects Identified in the 2009 Master Plan/ Sustainability Plan

Project	KSD Master Plan Infrastructure Issues and Projects (2009)
ENVIRONMENT (The river systems in the plan)	<ul style="list-style-type: none"> <li>• Improve storm water management system</li> <li>• Improve and maintain the sewerage treatment and reticulation system</li> <li>• Protect and manage environmental assets such as the river and catchment that deliver eco-services</li> <li>• Promote the conservation of water and reduction in consumption</li> <li>• Promote the use of alternative energy sources</li> </ul>
ENVIRONMENT: Guiding decision making - River	<ul style="list-style-type: none"> <li>• Implement leak detection together with improved maintenance of water reticulation system</li> <li>• Upgrade the sewerage system treatment works</li> <li>• Integrated high rate algal pond interventions at existing and non-compliant sewage works to convert nutrients into useful bio fertilizer</li> <li>• Compliance with environmental laws and regulations</li> <li>• Develop water conservation measures in urban reticulation and use system</li> <li>• Rainwater, storm water and ground water harvesting and grey and black water recycling</li> <li>• Ensure urban development takes cognisance of aquatic biodiversity corridors (Eastern Cape Biodiversity Conservation plan)</li> </ul>
TRANSPORT (The street systems in the plan)	<ul style="list-style-type: none"> <li>• Improve storm water management system</li> <li>• Improve and maintain sewerage treatment and reticulation system</li> <li>• Protect and manage environmental assets such as the river and catchments that deliver eco-services</li> <li>• Promote the conversation of water and reduction in consumption</li> <li>• Promote the use of alternative energy sources</li> </ul>
Guiding decision making - street	<ul style="list-style-type: none"> <li>• Pavement management system.</li> <li>• Repair and maintenance of damaged road surfaces and pavements should be given priority.</li> <li>• Maintain road markings.</li> <li>• Traffic signals should comply with the SA Road Traffic Signs Manual and signal timings to be adjusted based on changes in traffic volumes</li> <li>• Replace all faded/weathered signal displays/lenses</li> <li>• Replace incandescent bulbs with Light Emitting Diodes (LED's)</li> <li>• Traffic signals should operate within the legal requirements at all times</li> <li>• Cantilevered masts should be used at all signalised intersections on the major routes</li> </ul>
The market systems in the plan	<ul style="list-style-type: none"> <li>• Promote the generation of alternative energy and the use of local energy sources</li> <li>• Promote the 'reduce, re-use, recycle and renewable energy principle for waste management</li> <li>• Promote zero waste practise for Mthatha and surrounding villages</li> <li>• Promote local economic development linked to zero waste practice and generation of renewable energy</li> </ul>
Guiding the marketing systems	<ul style="list-style-type: none"> <li>• Implement biogas digesters and integrated algal pond systems (IAPS) for waste treatments expansions for energy, nutrient and job creation beneficiation back to the city</li> <li>• Implement cooperative based zero waste collection and sorting to prevent contamination of water courses with litter and chemical, solvent and oil pollution</li> <li>• 50% by 2012 and Zero waste by 2022 (As per Local Government commitments to the Polokwane Declaration 2001)</li> <li>• Redesign of urban space such as pedestrianisation of roads to provide designated hawker trading areas</li> <li>• Entrepreneur development through recycling</li> </ul>

Project	KSD Master Plan Infrastructure Issues and Projects (2009)
The home systems in the plan	<ul style="list-style-type: none"> <li>• Management of water per site and per settlement.</li> <li>• Promote use of renewable energy sources on site.</li> <li>• Management of storm water</li> <li>• Promote more sustainable homes.</li> <li>• Promote sustainable human settlements.</li> </ul>
Guiding the home systems	<ul style="list-style-type: none"> <li>• Upgrading of the services networks to meet current and future demands</li> <li>• Regular collection of solid waste</li> <li>• Whilst there is land available for development and intensification, capacity of infrastructure needs to be augmented in almost all areas to realize development potential</li> <li>• On site water management e.g. rainwater tanks to existing and new housing and grey and black water recycling to irrigate urban agriculture sites.</li> <li>• Requirements for storm water suppression in all Storm water Management Plans for new developments (e.g. retention and slow release areas)</li> <li>• Use waste to produce energy in the form of biogas for heating, cooking, lighting.</li> <li>• Implement electricity load reduction measures.</li> <li>• Installation of alternative technologies and infrastructure for the home.</li> </ul>
Implementation Area 1: Mathata West	<ul style="list-style-type: none"> <li>• Improve the current water supply to the stand taps so that water is readily available in short term</li> <li>• Increase the level of service to metered house connections which will curb illegal connections and improve the quality of life while also providing revenue to the municipality- med term</li> <li>• Provide sustainable sanitation solutions to improve the quality of life and mitigate health risks -med</li> <li>• Provide electrical connections to every house hold</li> <li>• Rehabilitate the roads starting with the main arterials to improve access for public transport and services Implement a community based waste collection service</li> </ul>
Implementation Area 2: CBD and Central Areas	<ul style="list-style-type: none"> <li>• Implement a vigorous infrastructure maintenance programme starting with a complete asset review looking at what is there and the current condition. Water, sanitation , electricity - short</li> <li>• Put in to action the pavement management system and review regularly</li> <li>• Invite business to help the municipality with innovative ways for waste collection in the CBD and in the industrial area as the waste plays a part in turning away business</li> <li>• Promote usage of solar power systems and other power saving measures</li> <li>• Implement a community based waste collection service</li> </ul>
Implementation Area 3: Mthatha South	<ul style="list-style-type: none"> <li>• Improve the current water supply to the stand taps so that water is readily available- short term</li> <li>• Increase the level of service to metered house connections which will curb illegal connections and improve the quality of life while also providing revenue to the municipality - mid term</li> <li>• Provide sustainable sanitation solutions to improve the quality of life and mitigate health risks -mid Provide electrical connections to every house hold</li> <li>• Implement a community based waste collection service</li> <li>• Rehabilitate the roads starting with the main arterials to improve access for public transport and services</li> </ul>
Implementation Area 4: Mthatha North	<ul style="list-style-type: none"> <li>• Implement a vigorous infrastructure maintenance programme starting with a complete asset review looking at what is there and the current condition. Water, sanitation, electricity - short</li> <li>• Put in to action the pavement management system and review regularly Implement irrigation schemes</li> <li>• Promote usage of solar power systems and other power saving measures</li> <li>• Implement a community based waste collection service</li> </ul>
Implementation Area 5: Mqanduli	<ul style="list-style-type: none"> <li>• Improve the current municipal water supply- short term Improve current electrical supply</li> <li>• Provide sustainable sanitation solutions to improve the quality of life and mitigate health risks -mid</li> </ul>

Project	KSD Master Plan Infrastructure Issues and Projects (2009)
	<ul style="list-style-type: none"> <li>Implement a community based waste collection service</li> <li>Rehabilitate the roads starting with the main arterials to improve access for public transport and services</li> </ul>

### Detailed Project List:

#### Implementation area 1: Mthatha West

Ref	Project		Scope/Description	Time frame		
				Short	Medium	Long
1	Level1 Informal Sports Facility	17	Levelled areas planted with grass. Posts provided by the council can be moved around the space as desired by the community. The space will be maintained by the community and could also be used for grazing	X	X	
2	Level 2 Local Sports Facility	4	Contained space for informal sports fields, with low white walls to provide seating, some hard courts and play areas for small children		X	
3	Level3 Neighbourhood Sports Facility	3	Established sports fields with a pavilion, and levelled grassed space for informal fields as well as hardcourts and a playground and recreational space along the river		X	
	Level 4 District Sports Complex	1	Sports Stadium with indoor and outdoor sports facilities and some informal fields. Recreational spaces along the river including picnic spots and braai areas and playgrounds			X
5 6 7	New Roads	4	The following roads are proposed: <ul style="list-style-type: none"> <li>Link between the Western bypass and Mthatha dam road</li> <li>Links between informal settlements, N2 and western bypass</li> <li>Road next to Nduli Game Reserve and Fort Gale, linking the R61 with the N2</li> </ul>		X	
8	Upgrading of existing roads	1	The road linking the informal settlements to the east and to the west should be surfaced	X		
9	Pedestrian Bridges	4	Pedestrian bridges should be constructed over the river along proposed pedestrian routes to give pedestrians easy access to other parts of Mthatha			
10	New neighbourhood	1	Chris Hani south west approx 4500 units	X		
11	New neighbourhood	1	Jo Slovo east approx 2700 units		X	
12	New neighbourhood	1	Jo Slovo west approx approx 850 units			X
13	New neighbourhood	1	south of Myezo Park 2450 units	X		
14	Node	1	On western bypass, Mandela Park/Chris Hani		X	
15	Node	1	Tourist node related to Nduli reserve		X	

Ref	Project		Scope/Description	Time frame		
				Short	Medium	Long
16	Public facilities	2	Community centres x2, Clinics x2, Libraries x2, Post offices x5, Schools x13, Creches x17, Municipal offices x1, Community health x1	X		
17	Zoning of Public Open Space		Implement rezoning of land within the identified open space footprint for public open space	X		
18	River Rehabilitation		Rehabilitation of Cichera River banks through clean ups of solid waste, alien plant removal and bank erosion protection	X		
19	Sand winning Management		Regulate sand winning along river banks and floodplains through demarcation of appropriate areas and through issuing of permits	X		
20	Alien plant removal		Removal of alien vegetation within floodplains, wetlands and grassland areas within the Open Space System	X		
21	Wetland Rehabilitation		Identification and demarcation of wetlands, rezoning of land for public open space or conservation and removal of solid waste, alien vegetation and establishment of storm water management within adjacent settlements	X		

### Implementation Area 2: CBD and Central Areas

Ref	Project		Scope/Description	Time frame		
				Short	Medium	Long
1.	Level 1 Informal Sports Facility	1	Levelled areas planted with grass. Informal sports fields			
2.	Level 2 Local Sports Facility	2	Contained space for informal sports fields edging hard courts and play areas			
3.	Level 3 Neighbourhood Sports	1	Established sports fields with a pavilion, and levelled grassed space, informal fields, hard courts and a playground			
4.	Level 4 District Sports Complex	4	Sports Stadium with indoor and outdoor sports facilities and informal fields. Recreational spaces along the river			
5.	2010 Sports Stadium		Construction of Mthatha Sports Stadium and linked infrastructure and investment			
6.	Nduli Nature Reserve		Multi-purpose ecologically sensitive development e.g. accommodation, conference centre & environmental education			
7.	Light industrial parks		Re-development of existing Transido industrial parks and development of new ones as part of mixed land-use zones			
8.	Interim N2 Bypass	1	Link Errol Spring Street with the N2 via Owen Dam and with the R61 via Bernard Schultz Avenue. This can serve as an interim by-		X	

Ref	Project		Scope/Description	Time frame		
				Short	Medium	Long
			l pass to help through traffic avoid the CBD. It will also link with the proposed new N2 toll road			
9.	General improvements	1	Local widening, improve intersection control and signal timing, signage, clear road markings and signal display	X		
10.	Couplet	1	A one-way pair (couplet) should be constructed along Madeira Street and Sprigg Street	X		
11.	Public transport interchanges	5	New transport interchanges should replace the informal.		X	
12.	Road extentions	1	Extension between Vulindlela and Hoadley roads will provide valuable link to the CBD for neighbourhoods in southern Mthatha	X		
13.	Widen bridge	1	Widen Mthatha River Bridge to help ease traffic flow and in doing so ease congestion	X		
14.	Infill housing	1	South of Southernwood 220 units	X		
15.	Infill housing	1	East of Vulindlela 1070 units	X		
16.	Infill housing	1	Between Southridge Park and N2 500 units		X	
17.	Infill housing	1	Reservoir 250 units		X	
18.	Infill housing	1	The Hill (golf course) 1200 units		X	
19.	Urban renewal	1	Between railway line and Nelson Mandela Drive 1000 units mixed use		X	
20.	Urban renewal	1	The Hill			X
21.	Nelson Mandels cultural precinct		Develop museums, library, community theatre, multi-media centre, mini conference facility and street furniture		X	
22.	Owen street market		Creation of a pedestrian mall for hawkers linked to the Nelson Mandela Cultural precinct development and channeling foot traffic from taxi rank. mall to adress issues of access to basic services, safety and space	X		
23.	Vulindlela industrial park upgrade		Re-design and upgrade of Vulindlela Industrial park to accomodate growth in the manufacturing and logistics sectors	X		
24.	Mixed land and building use		Integrated transport, social services, commerce, residential and light industry	X		
25.	Owen Dam development		Mixed commerce and residential development		X	
26.	Mthatha fresh produce market		Develop operational and managemet strategy to revive the market and stimulate production and access by small farmers	X		
27.	Zoning of Public Open Space		Implement rezoning of land within the identified open space footprint for public open space			
28.	River Rehabilitation		Rehabilitation of Mthatha River banks through clean ups of solid waste, alien plant removal and bank erosion protection.			
29.	Alien plant removal		Removal of alien vegetation within floodplains, wetlands and grassland			

Ref	Project		Scope/Description	Time frame		
				Short	Medium	Long
			areas			
30.	Wetland Rehabilitation		Identification and demarcation of wetlands, rezoning of land for public open space or conservation and removal of solid waste, alien vegetation and establishment of storm water management within adjacent settlements.			
31.	Redevelopment of Nduli Conservation area		Redevelopment of the area through provision of new infrastructure and facilities to facilitate environmental education programmes, day visits for recreation and cultural events and through sensitively designed restaurant venue.			

### Implementation Area 3: Mthatha South

Ref	Project		Scope/Description	Time frame		
				Short	Medium	Long
1	Level 1 Informal Sports Facility	9	Levelled areas planted with grass. Posts provided by the council can be moved around the space as desired by the community. The space will be maintained by the community and could also be used for grazing			
2	Level2 Local Sports Facility	2	Contained space for informal sports fields, that can be moved around, with low white walls to provide seating, some hard courts and play areas for small children			
3	Level 3 Neighbourhood Sports Facility	3	Established sports fields with a pavilion, and levelled grassed space for informal fields as well as hardcourts and a playground and recreational space along the river			
4	N2 by-pass	1	Increase system capacity by developing a proposed by-pass along the current planned alignment			X
5	New Roads	5	New roads linking main roads and suburbs are proposed		X	
6	Road extentions	1	A road linking Etipini with Boundary Road is proposed	X		
7	New neighbourhood	1	50Ha site approx 17500 units	X		
8	New neighbourhood	1	West of Zimbane Heights approx 1500 unit	X		
9	Infill housing	1	South of Mbuqe Extension 240 units		X	
10	Infill housing	1	North of Mbuqe Extension 420 units		X	
11	Infill housing	1	Kei Rail west 300 units	X		
12	Infill housing	1	Kei Rail east 200 units	X		
13	Infill housing	1	Ngangeliswe 130 units		X	
14	Infill housing	1	Waterfall 250 units		X	
15	Infill housing	1	New Brighton 250 units	X		
16	Infill housing	1	Ikwezi Extension west 60 units	X		

Ref	Project		Scope/Description	Time frame		
				Short	Medium	Long
17	Nodes	1	Vulindlela Road		X	
18	Nodes	1	Sprigg St extension adj to Mbuqe Park			X
19	Nodes	1	Adjacent to Ikwezi Ext	X		
20	Community centres	2		X		
21	Libraries	2		X		
22	Post office	6		X		
23	Schools	3			X	
24	Creches	16		X		
25	Zoning of Public Open Space		Implement rezoning of land within the identified open space footprint for public open space.			
26	River Rehabilitation		Rehabilitation of Mthatha River banks through clean ups of solid waste , alien plant removal and bank erosion I protection			
27	Sand winning Management		Regulate sand winning along river banks and floodplains			
28	Alien plant removal		Removal of alien vegetation within floodplains, wetlands and grassland areas			
29	Wetland Rehabilitation		Identification and demarcation of wetlands, rezoning of land for public open space or conservation and removal of solid waste, alien vegetation and establishment of storm water management within adjacent settlements			

#### Implementation Area 4: Mthatha North

Ref	Project		Scope/Description	Time frame			
				Short	Medium	Long	
1	Level 1 Informal Sports Facility	4	Levelled areas planted with grass . Posts provided by the council can be moved around the space as desired by the community. The space will be maintained by the community and could also be used for 1qrazinq				
2	Level 2 Local Sports Facility	3	Contained space for informal sports fields, that can be moved around, with low white walls to provide seating, some hard courts and play areas for small children				
3	Level Neighbourhood Sports Facility	3	1	Established sports fields with a pavilion, and levelled grassed space for informal fields as well as hardcourts and a playground and recreational space along the river			
4	Pedestrian bridges	9	Pedestrian bridges should be constructed over the river along proposed pedestrian routes to give ! pedestrians easy access to otherparts of Mthatha	X			
5	Road Extentions	4	Certain road extensions are proposed to provide better linkaqes for both vehicles and pedestrians	X			
6	New vehicular bridge	1	A new road and bridge linking Norwood with future suburbs to the west is proposed			X	

Ref	Project		Scope/Description	Time frame		
				Short	Medium	Long
7	New neighbourhood	1	East of Sawmill approx 1900 units			X
8	New neighbourhood	1	Prison site approx 2600 units	X		
9	New neighbourhood	1	Ncamedlana west 1200 units	X		
10	New neighbourhood	1	Ncamedlana adjacent N2 approx 1780 units		X	
11	New neighbourhood	1	Ncamedlana East 2600 units		X	
12	New neighbourhood	1	Port St Johns road approx 1120 units			X
13	Infill housing	1	Phase 530 approx units			X
14	Infill housing	1	Maydene extension approx 1490 units			X
15	Crèches	4			X	
16	Zoning of Public Open Space		Implement rezoning of land within the identified open space footprint for public open space.			
17	River Rehabilitation		Rehabilitation of Mthatha and Ncamedlana River banks through clean ups of solid waste , alien plant removal and bank erosion protection.			
18	Alien plant removal		Removal of alien vegetation within floodplains, wetlands and grassland areas			
19	Wetland Rehabilitation		Identification and demarcation of wetlands, rezoning of land for public open space or conservation and removal of solid waste, alien vegetation and establishment of storm water management within adjacent settlements			
20	Agricultural Development		Establish pilot intensive market gardening projects along the Ncamedlana River in order to ensure productive use of land on the northern edge of the town that will contribute to food security, local economic development and also the establishment of a sustainable green buffer to the northern sprawl of the town.			

### Implementation Area 5: Mqanduli

Ref	Project		Scope/Description	Time frame			
				Short	Medium	Long	
1	Level 2 Local Sports Facility	1	Contained space for informal sports fields, that can be moved around, with low white walls to provide seating, some hard courts and play areas for small children	x			
2	Level Neighbourhood Sports Facility	3	2	Established sports fields with a pavilion, and levelled grassed space for informal fields as well as hard courts and a playground and recreational space along the river		x	
3	Rural trading and service hubs		Hubs clustering activities such as schools, libraries, markets , ATMs, small retailers and social services		x		
4	Main street sidewalk		Upgrade and landscaping	x			
5	Agricultural college		To develop skills in cultivating high value crops		x		
6	Mixed use		On main road				

Ref	Project	Scope/Description	Time frame		
			Short	Medium	Long
	development				
7	Upgrade taxi rank				
8	New hawkers market	With shelter and storage			
9	Forestry				
10	Sports complex	With potential to develop into sports academy			
11	Zoning of Public Open Space	Implement rezoning of land within the identified open space footprint for public open space.			
12	River Rehabilitation	Rehabilitation of River banks through clean ups of solid waste, alien plant removal and bank erosion protection.			
13	Alien plant removal	Removal of alien vegetation within floodplains , wetlands and grassland areas			
14	Wetland Rehabilitation	Identification and demarcation of wetlands, rezoning of land for public open space or conservation and removal of solid waste, alien vegetation and establishment of storm water management within adjacent settlements			
15	Agricultural Development	Establish pilot intensive market gardening projects around the settlement footprint in order to ensure productive use of land on the edge of the town that will contribute to food security, local economic development and also the establishment of a sustainable Green buffer to the sprawl of the town.			
16	New Neighbourhood	North approx 1250 units			
17		West approx 1500 units			
18	Infill/residual	West approx 225 units			
19		East approx 150 units			

## Annex 6: KSD PI Evaluation Methodology

The methodology is divided into desk review, data collection processes and data analysis. The data collection includes key informant interviews and surveys, whilst data analysis entailed thematic analysis for qualitative data and statistical data summaries for quantitative data.

### Desk Review

One of the key milestones of this evaluation was to carry out a detailed literature review. This review was carried out using internal reports; minutes published and unpublished reports from various structures that were working directly and indirectly with the KSD Local Municipality before and during the current Presidential Intervention phase. In-addition, external literature relating to similar initiative such as the Presidential Intervention were reviewed.

### Number of Survey Respondents by Workstream and PWG

KSD PI Structure	Number of Representatives On the Workstream	Average number representatives that attend meetings	Number of respondents who received the survey	Number of respondents who completed the survey
Human settlements workstream	34	17	10	2
Water and Sanitation workstream	30	13	16	3
LED and RID workstream	15	7	17	6
Social Development and Health workstream	15	7	8	0
Energy and Waste and Environment workstream	24	10	9	3
Governance and Communication workstream	15	7	13	0
Transport and mobility workstream	34	14	25	3
PWG	50	30	36	11

The low number of responses received for certain workstreams is an indication of the low level of participation in these workstreams. The low level of responses to the PWG survey is linked to the fact that some representatives sit on both the workstreams and the PWG and would not have wanted to complete both surveys, as well as the fact that many of the PWG representative are Heads of Department and have very little time to complete surveys. The data collected from the survey therefore cannot be treated as representative but has been used to triangulate data from other sources and only as indicative of responses and issues.

### Data Analysis

Thematic analysis was being used to synthesise all the qualitative data that was collected. This process involved coding all the data under themes that are derived from the evaluation questions. The quantitative data from the survey will be summarised in form of tables and graphs. In addition, open ended questions have been coded to inform the analysis of evaluation questions.

### **Data coding**

Each evaluation question for this study has been treated as a code for analysis. Data has been coded using Atlas.ti software for all interview records, survey responses, the literature review, and administrative records in the form of minutes of the KSD PI work-streams, PWG, and Technical IMC and IMC. Data for each of the evaluation questions was then collated and analysed to get an overall analysis for each evaluation question in terms of key findings and supporting evidence.

### **Quantitative data**

Quantitative data collected from the three surveys was summarised in Microsoft Excel and then presented in form of tables, graphs and charts where appropriate.

In addition to the quantitative data obtained from the survey, additional statistical tables were extracted 2011 census. The datasets for this analysis were sourced from Statistics South Africa (Stats SA). These provide a broad socio-economic context profile within which the KSD PI is taking place and talk to the challenges which the KSD PI is trying to address.

### **Capacity Building**

The evaluation process thus far has contributed towards capacity-building in the following ways:

- Client/ DPME has been requested to comment on the project inception report, evaluation plan and data collection instruments, literature review and draft reports;
- An evaluation process launch workshop was held with about 50 key KSD PI participants and a participative and facilitated KSD PI SWOT exercise was conducted to inform the refinement of the evaluation plan;
- Two workshops have been held during the evaluation process with the Project Management Unit representatives.
- Two workshops were held with the SC/ PMU to obtain comments on the three draft theme reports (April 2014) and to validate and refine the final findings and recommendations (May 2014).

### **Methodological limitations and challenges:**

- It was not possible to access/ interview the chair-person of the IMC or to obtain their input to the survey;
- The KSD LM was not able to provide any data requested on KSD LM human resources;
- There were no respondents from representatives from two of the work-streams and the number of respondents was generally too low to be considered representative at the work-stream level.

### **Evaluation Plan**

Data collection has been guided by an evaluation plan which contained detailed evaluation questions to support the main evaluation questions contained in the Terms of Reference. In addition, data sources for each question were specified. This guided the development of the data collection instruments. The Presidency was asked to comment on the evaluation plan and comments received were incorporated into its revision. The main sources of data are as follows and these have been analysed using Atlas\_t\_i using the main evaluation questions as code themes:

- Survey of KSD PI participants in workstreams and the PWG
- Key informant interviews with workstream coordinators, municipal Councillors and officials, and other important decision-makers
- The literature review which analysed existing documents on the KSD PI
- The DBSA's capacity and sustainability assessment of the KSD LM (carried out at the end of 2011)

### **Survey Sampling**

The focus of the evaluation was on key participants in the various KSD PI structures, including key politicians and officials at the KSD LM and ORT DM level. Key informant interviews with workstream coordinators and other key role-players (municipal officials and political office holders) have been conducted.

The survey of participants in KSD PI structures attempted to reach all current and past participants, however, it was impossible to build a complete database of such participants due to the frequently changing nature of participation and unavailability of contact details for some participants.

### **Key informant interviews**

As specified in the evaluation plan, the data collection process for this evaluation comprised key informant interviews with representatives in key KSD PI structures such as the, Technical Inter-Ministerial Committee (Technical IMC), Provincial Working Group (PWG), Work-streams and the Programme Management Unit. These interviews were semi-structured interviews based on the use of an interview guideline which was developed as part of the Evaluation Plan (which DPME commented on). Respondents were advised that they did not need to answer any questions if they preferred not to, and that the information collected would be treated confidentially. In addition, their permission for the interview to be recorded was requested. Finally, respondents were informed that their permission would be requested if the service provider wished to quote them in the report.

In addition, a workshop was held to launch the evaluation process with stakeholders in February 2013. At this workshop, a participative process was facilitated to obtain perceptions on the KSD PI strengths, weaknesses, opportunities and threats. The workshop results helped to inform the focus of the evaluation plan and data collection instruments.

### **Logistical issues**

Appointments were made through telephone calls and emails with the key informants that were targeted for interviews. All the interviews were held at the key informant respective offices, most of whom were based in Mthatha and East London, thus the service provider travelled to the region to conduct these interviews. In other cases where the key informant had a busy schedule, telephonic interviews were arranged and conducted.

Each key informant interview was recorded using an audio recorder. In addition, interview notes were taken for each interview.

The table below gives an overview of the interviews with key informants that were conducted during the data collection process.

**List of key informant interviews conducted**

<b>Date of Interview</b>	<b>Person Interviewed</b>	<b>Position and Organisation</b>	<b>Type of interview (Face to Face/ Telephonic)</b>
4 March	Mr R. Spalding	Human Settlements coordinator	Telephonic
6 March	Mr G. Pieterse	PMU Coordinator	Face to face
7 March	Mr B. Sparg	Aurecon	Face to face
7 March	Mr. G. Mkaba	Manager - Waste Management Division	Face to face
7 March	Mr D. Mdunge	Project Management Office: Coordinator	Face to face
7 March	Phumla Mr M. Henry	KSD Finance Department	Face to face
7 March	Mr T. Klassen	Coordinator: Local Economic Development and Regional Industrial Development Workstream	Face to face
7 March	Mr D. Damane	Provincial Local Government and Tradition Affairs	Face to face
7 March	Mr. M. Mbana	Councillor	Face to face
11 March	Mr M. Moroeng	Energy, Waste and Environmental Management Workstream Coordinator	Telephonic
17 April	Mr L. Mqambila	OR Tambo District Municipality Mayoral Committee member, Infrastructure Services	Face to face
17 April	Mr H. T. Hlazo	OR Tambo District Municipality Municipal Manager	Face to face
18 April	Mr B. Matomela	Governance and Communication Workstream convenor	Face to face
18 April	Mr S. Kanyile	ECPG Superintendent-General	Face to face
18 April	Mr Z. Z. Mngqaneni	KSD Local Municipality Municipal Manager	Face to face
30 April	Councillor N Ngqongwa	KSD Municipal Mayor	Face to face
30 April	Ms N. Kazaza	South African National Civic Organisation Regional Secretary	Face to face
30 April	Mr D. Bezana	Social Development and Health Workstream convenor	Face to face
30 April	Mr P. Ndendela	National African Federated Chamber of Commerce and Industry (NAFCOC) Chairperson	Face to face
3 May	Mr M. Moroeng	Energy, Waste and Environmental Management Workstream Coordinator	Face to face
18 June 2013	Ms P Makhanya	Water and Sanitation workstream convenor	Telephonic

**Online Surveys for key KSD PI structures**

Three surveys were conducted in the form of a short online survey with representatives of the following structures:

- Survey of Technical IMC and IMC Representatives (survey request to IMC representatives to be sent to representatives by chairperson of IMC)
- Survey of Provincial Working Group Representatives
- Survey of Workstream Coordinators and representatives

**Survey process**

The service provider asked the DPME to assist with the rolling out of the survey to members of the IMC and the Technical IMC. This was done to improve the response rate in the survey. A letter giving a brief overview of the survey was drafted and sent to DPME for signing before sending it out to the IMC. The survey request was sent out from the Director General in the Presidency.

As specified in the Evaluation plan, the survey was internet and paper-based. The survey was distributed using online survey software called Survey Monkey. The respondents were sent a SMS and an email with the internet link to the survey. To complete the survey, a respondent had to click the link or copy and paste into an internet browser after which they would be directed to the web-based survey.

Following a recommendation made at the PMU meeting held on the 10<sup>th</sup> of May 2013 in Mthatha; where the service provider presented a progress report; a Microsoft Word version of the questionnaire was also emailed to the entire survey population in the three different groups. A 14 day response time period was given (between 7 May – 24 May 2013) for respondents to complete the survey. Follow up emails and SMS reminders were sent to all to the respondents periodically throughout the survey period. Additional phone calls were also made to some of the respondents to try and encourage them to complete the survey before the deadline.

**Respondent databases**

The PWG online survey was sent out to 36 people using the database provided to the Service provider whilst the workstream survey was sent to 98 representatives in the 7 Work-streams. The comprehensive list for all the target respondents is found in Annex 4.

**Annex 7: Detailed timeline of KSD key events from 2000 to 2013**

<b>Year</b>	<b>Key Events in KSD and with KSD PI relevant to the KSD Presidential Intervention</b>
<b>2000</b>	<ul style="list-style-type: none"> <li>• KSD Local Municipality established; includes former Umtata Transitional Council and Mqanduli Transitional Council</li> <li>• Municipality defaults on DBSA Loan 2000-2002</li> <li>• 5 December local government election - UDM takes control of KSDLM</li> </ul>
<b>2001</b>	<ul style="list-style-type: none"> <li>• National Urban Renewal Programme starts</li> </ul>
<b>2002</b>	<ul style="list-style-type: none"> <li>• <b>January</b> DBSA conducts workout assessment study of the KSD Municipality on behalf of the Public Investment Corporation Limited (municipality had a book debt of R25.5 million and arrears of R10.7 million). Recommendations included a combination of cost-cutting (salaries in particular); revenue collection through billing, debt collection and the filling of vacancies in the Treasury; debt rescheduling; outsourcing of services; and the sale of assets.</li> <li>• <b>5 March</b> agreed between KSD and DBSA that the DBSA would consider rendering technical assistance to the municipality so as to improve its billing system, improve customer care, and broaden the income base.</li> <li>• <b>2001-2002</b> Workout Intervention (DBSA lead and based on an August 2001 Africon Engineering report)</li> <li>• <b>June</b> task team proposed a series of short, medium and long term measures.</li> </ul>
<b>2003</b>	<ul style="list-style-type: none"> <li>• <b>December Water services function moved from KSD LM to ORT DM</b></li> </ul>
<b>2004</b>	<ul style="list-style-type: none"> <li>• <b>23 June</b> ANC takes control of KSDLM following floor crossing and by-elections</li> <li>• <b>July</b> Municipality fails to pass budget before start of financial year, as required by Municipal Finance Management Act</li> <li>• <b>August</b> Municipality placed under administration by the Eastern Cape Provincial Government, pursuant to Section 139 of the Constitution</li> </ul>
<b>2005</b>	<ul style="list-style-type: none"> <li>• <b>21 October</b> reported that municipality was on track with delivery, all departments were functioning and improving their delivery capacity, actions did not deviate from approved directions and plans; internal cooperation and the integration of service delivery were healthier.</li> <li>• <b>December</b> Ngangelizwe township included as one of the initial pilot areas for the Sustainable Communities Project when the initiative was approved by the DBSA's Board.</li> </ul>
<b>2006</b>	<ul style="list-style-type: none"> <li>• <b>1 March</b> Municipal elections ANC retains control of both ORT DM and KSD LM Ngangelizwe Pilot Programme</li> <li>• <b>July</b> Municipal recovery plan adopted</li> <li>• <b>August</b> Report, <i>Progress on the Implementation of the Municipal Recovery Plan</i> released, which suggests that municipality is still in dysfunctional state.</li> </ul>
<b>2007</b>	<ul style="list-style-type: none"> <li>• <b>May</b> the extension of the Sustainable Communities Project pilot to all of Mthatha was proposed</li> <li>• <b>July</b>: the first interactions with the KSD Municipality to promote such an approach took place</li> <li>• Mthatha Planning Consortium was appointed under the leadership of City Think Space to develop comprehensive package of plans, including spatial, settlement, infrastructure and economic development plans that are integrated and aligned with each other, and are all based on sustainability principles.</li> <li>• ORT DM receives disclaimer of opinion in AG Report for 2006/7 financial year</li> <li>• KSD LM receives disclaimer of opinion in AG Report for 2006/7 financial year</li> <li>• Launch of the DBSA's 'Sustainable Communities Programme' (SCP) in the greater Mthatha magisterial area.</li> </ul>
<b>2008</b>	<ul style="list-style-type: none"> <li>• <b>March</b> consortium commenced its engagement in Mthatha</li> <li>• <b>December</b> consortium submitted the "Draft Sustainable Development Plan for the Urban Functional Areas of the King Sabata Dalindyebo Municipality"</li> <li>• ORT DM receives disclaimer of opinion in AG Report for 2007/8 financial year</li> <li>• KSD LM receives disclaimer of opinion in AG Report for 2007/8 financial year</li> </ul>
<b>2009</b>	<ul style="list-style-type: none"> <li>• <b>March</b> the final version of the KSD Master plan submitted</li> <li>• <b>31 March</b> KSD Master Plan adopted by the KSD Municipal Council</li> <li>• <b>31 March</b> the KSDLM adopts the 20 year Development Master Plan</li> </ul>

Year	Key Events in KSD and with KSD PI relevant to the KSD Presidential Intervention
	<ul style="list-style-type: none"> <li>• <b>31 May</b> municipality's IDP, which incorporated plan the Master Plan, was approved</li> <li>• <b>22 April</b> General elections, following which Jacob Zuma becomes president</li> <li>• <b>August</b> plan was marketed through an extensive road show by the mayor, with the support of the municipal manager and the project team. The road show involved investors, local civil society and business, the Walter Sisulu University, the Mthatha Further Education and Training institution, the OR Tambo District Municipality, the provincial government of the Eastern Cape, para-statals, and the national government (the Treasury, Presidency, and the Departments of Transport and of Environmental Affairs and Tourism).</li> <li>• <b>August</b> Mthatha declared a Rapid High Impact Presidential Intervention node by President Zuma</li> <li>• <b>2 September</b> Development Charter signed on by all key stakeholders, including the KSD Municipality; the OR Tambo District Municipality; the Eastern Cape Premier; the National Department of Transport; the National Department of Water and Environmental Affairs; the DBSA; the Ratepayers' Association of Mthatha on behalf of the Mthatha civil society; and the National African Federated Chamber of Commerce and Industry (Nafcoc), on behalf of local business.</li> <li>• <b>November</b> PWG meets for the first time</li> <li>• ORT DM receives qualified opinion in AG Report for 2008/9 financial year</li> <li>• KSD LM receives qualified opinion in AG Report for 2008/9 financial year</li> </ul>
2010	<ul style="list-style-type: none"> <li>• <b>28 January</b> Provincial Cabinet meets (inception meeting for formal initiation of PI)</li> <li>• <b>15 March</b> Inter-sphere political committee meets (The highest political executive structure in the PI at that time was the Inter-sphere political committee which met periodically to receive reports on progress)</li> <li>• <b>15 April</b> Briefing of Deputy President</li> <li>• <b>April 2010</b> Provincial Cabinet meets</li> <li>• <b>November</b> PWG meets for the second time</li> <li>• ORT DM receives qualified opinion in AG Report for 2009/10 financial year</li> <li>• KSD LM receives disclaimer of opinion in AG Report for 2009/10 financial year</li> </ul>
2011	<ul style="list-style-type: none"> <li>• <b>29 March</b> technical task team meets</li> <li>• <b>29 March</b> PWG meets</li> <li>• <b>6 May</b> Meeting of National Heads of Departments convened in Cape Town by deputy minister P M &amp; E preparatory to establishing IMC</li> <li>• <b>18 May</b> Municipal Elections ANC retains control of both ORT DM and KSD LM</li> <li>• <b>20 May</b> IMC National Technical Committee meets</li> <li>• <b>30 May</b> IMC meets to consider report of KSD PI from the IMC National Technical Committee. Resolved on the following as catalytic projects: Roads, Airport, Water, Sanitation, Electricity and Housing.</li> <li>• <b>20 June</b> IMC National Technical committee meets</li> <li>• <b>28 June</b> Workstreams workshop</li> <li>• <b>12 July</b> PWG meets</li> <li>• <b>12 July</b> Management Committee meets</li> <li>• <b>13 August</b> PWG meets</li> <li>• <b>16 August</b> IMC National Technical Committee meets to receive reports to assess progress of the KSD PI, especially on the catalytic projects. The need for an effective PMU was recognised. Chairperson raised a concern regarding the failure of relevant National Directors-General to attend the KSD Technical Committee meetings</li> <li>• <b>25 August</b> PWG meets</li> <li>• <b>5 September</b> Workstreams convenors working session</li> <li>• <b>8 September</b> Workstreams preparatory session</li> <li>• <b>9 September</b> 2011 P M &amp; E minister Collins Chabane visits Mthatha</li> <li>• <b>22 September</b> National Technical Committee meets</li> <li>• <b>28/29 September</b> President Jacob Zuma visits the Eastern Cape and "was encouraged by the progress made since his intervention "</li> <li>• <b>22 November</b> PWG meets</li> <li>• ORT DM receives adverse opinion in AG Report for 2010/11 financial year</li> <li>• KSD LM receives disclaimer of opinion in AG Report for 2010/11 financial year</li> </ul>

Year	Key Events in KSD and with KSD PI relevant to the KSD Presidential Intervention
2012	<ul style="list-style-type: none"> <li>• <b>10 January</b> KSD PMU meets</li> <li>• <b>1 February</b> PWG meets</li> <li>• <b>2 February</b> IMC National Technical Committee meets</li> <li>• <b>10 February</b> KSD PMU meets</li> <li>• <b>9 March</b> KSD PMU meets</li> <li>• <b>16 April</b> PWG meets</li> <li>• <b>13 April</b> KSD PMU meets</li> <li>• <b>23 April</b> National Technical Committee meets</li> <li>• <b>10 May</b> KSD PMU meets</li> <li>• <b>21 May</b> Provincial government and ministry of defence sign agreement whereby Provincial Government will hand over the airport to the Ministry of Defence and Military Veterans for a maximum of five years in order to utilise it for training and other military exercises, particularly by the South African Air Force. In return, the Defence Ministry will help to construct a new runway in order to accommodate bigger aircraft at the airport.</li> <li>• <b>21 May</b> PWG meets</li> <li>• <b>1 June</b> Supreme Court of Appeal judgment on land claims delivered in favour of KSD LM</li> <li>• <b>8 June</b> KSD PMU meets</li> <li>• <b>25 June</b> PWG meets</li> <li>• <b>10 July</b> KSD PMU meets</li> <li>• <b>8 August</b> KSD PMU meets</li> <li>• <b>31 August</b> PWG meets</li> <li>• <b>7 September</b> KSD PMU meets</li> <li>• <b>10 October</b> KSD PMU meets</li> <li>• <b>19 October</b> PWG meets</li> <li>• <b>22 October</b> National Technical Committee meets</li> <li>• <b>31 October</b> PWG meets</li> <li>• <b>9 November</b> PMU meets</li> <li>• <b>7 December</b> KSD PMU meets</li> </ul>
2013	<ul style="list-style-type: none"> <li>• <b>21 January</b> PWG meets</li> <li>• <b>23 January</b> National Technical Committee meets</li> <li>• <b>25 January</b> PM&amp; E minister Collins Chabane visits Mthatha</li> <li>• <b>8 February</b> KSD PMU meets</li> </ul>

**Annex 8: Meetings of KSD Governance Structures**

KSD PI Meetings						
	Site Verification Visits (41 days)	Programme Management Unit (19 meetings)	Provincial Working Group (12 meetings)	Technical Inter- Ministerial Committee (6 meetings)	Inter-Ministerial Committee (2 meetings)	Presidential Site Visit (1 site visit)
May 2011					31 May	
June 2011				20 June		
July 2011			12 July			
Aug 2011			25 August	16 & 25 August		
Sept 2011		5 & 19 September	13 September	22 September	23 September	01 September
Nov 2011		7 November	19 November			
Dec 2011	05 – 06 December	7 December				
Jan 2012		10 January				
Feb 2012		10 February	01 February	02 February		
March 2012	07 – 08 March	09 March				
April 2012	11 – 12 April	13 April	16 April			
May 2012	08 -09 May	10 May				
June 2012	06-07 June	08 June	25 June			
July 2012	09-10-July	11 July				
Aug 2012	06-07 August	08 July				
Sept 2012	05-06 September	07 September				
Oct 2012			18 October 31 October	22 October		
Nov 2012	07 - 08 November	09 November				
Dec 2012	05-06 December	07 December				
Jan 2013			21 January 25 January			
Feb 2013	06-07 February	08 February				
March 2013	06-07 March	08 March				
April 2013	10-11 April	12 April	05 April			
May 2013	08-09 May	10 May	20 May			

Source: KSD Project Management Unit: Presentation to 7 June 2013 Project Management Unit

**Annex 9: Functions Performed and Not Performed by KSD LM**

<b>1. Governance and Administration</b>	<b>Yes</b>
2. Municipality is water services authority	No data
3. Municipality is water services provider	No
4. Municipal public transport	No
5. Municipal airports	No
6. Pontoons, ferries and harbours	No
7. Refuse removal	No
8. Refuse dumps/solid waste disposal	No
9. Cleansing	No
10. Electricity	No
11. Street lighting	No
12. Municipal roads	No
13. Storm water systems in built-up areas	No
14. Municipality performs the 'District' roads function	No
15. Beaches and amusement facilities: Regulation & facilitation	No
16. Beaches and amusement facilities: Service provision	No
17. Local amenities: Regulation & facilitation	No
18. Local amenities: Service provision	No
19. Local sports facilities: Regulation & facilitation	No
20. Local sports facilities: Service provision	No
21. Municipal parks and recreation: Regulation & facilitation	No
22. Municipal parks and recreation: Service provision	No
23. Public places: Regulation & facilitation	No
24. Public places: Service provision	No
25. Child care facilities: Regulation & facilitation	No
26. Child care facilities: Service provision	No
27. Cemeteries, funeral parlours and crematoria: Regulation & facilitation	No
28. Cemeteries, funeral parlours and crematoria: Service provision	No
29. Libraries: Regulation & facilitation	No
30. Libraries: Service provision	No
31. Museums: Regulation & facilitation	No
32. Museums	No
<b>33. Municipal planning</b>	<b>Yes</b>
<b>34. Building regulations</b>	<b>Yes</b>
<b>35. Land-use management</b>	<b>Yes</b>
<b>36. Property development (non-municipal property)</b>	<b>Yes</b>
37. Fire fighting	No
38. Rescue services	No
39. Disaster management	No
40. Ambulance services	No
41. Municipal health: Regulation & facilitation	No
42. Municipal health: Service provision	No
43. Licensing and control of undertakings that sell food to The public: Regulation & facilitation	No
44. Licensing and control of undertakings that sell food to the public: Service provision	No
45. Noise pollution: Regulation & facilitation	No
46. Noise pollution: Service provision	No
47. Pounds: Regulation & facilitation	No
48. Pounds: Service provision	No
49. Accommodation, care and burial of animals: Regulation & facilitation	No
50. Accommodation, care and burial of animals: Service provision	No
51. Licensing of dogs: Regulation & facilitation	No
52. Licensing of dogs: Service provision	No
53. Primary Health Care	No
54. Environmental planning	No
55. Bio-diversity management	No
56. Climate change interventions	No
57. Alternative energy planning	No

58. Air pollution	No
59. Local tourism: Regulation & facilitation	Yes
60. Local tourism: Service provision	Yes
61. Markets: Regulation & facilitation	Yes
62. Markets: Service provision	Yes
63. Abattoirs: Regulation & facilitation	Yes
64. Abattoirs: Service provision	No
65. Trading regulations: Regulation & facilitation	Yes
66. Trading regulations: Service provision	Yes
67. Street trading: Regulation & facilitation	Yes
68. Street trading: Service provision	Yes
69. Billboards and the display of advertisements in public places: Regulation & facilitation	Yes
70. Billboards and the display of advertisements in public places: Service provision	Yes
71. Fences and fences: Regulation & facilitation	No
72. Fences and fences: Service provision	Yes
73. Control of undertakings that sell liquor to the public: Regulation & facilitation	Yes
74. Control of undertakings that sell liquor to the public: Service provision	No
75. Local economic development: Regulation & facilitation	Yes
76. Local economic development: Service provision	Yes
77. Housing facilitation (managing developers, housing lists etc.)	No
78. Acting as developer of housing	No
79. Landlord (owning and managing housing stock)	No
80. Traffic and municipal police	No
81. Community safety	No
82. Control of public nuisances	No
83. Driver licensing	No
84. Motor vehicle licensing	No

(note: The MDB previously assessed municipal capacity according to the powers and functions of local government as set out in Schedules 4 and 5 to the Constitution report, issued in 2012, however, makes use of an expanded list of functions which does not strictly follow the functions set out in the Constitution.)

**Annex 10: Staff Vacancies at KSD LM per Directorate: 2008/9-2010/11**

Year	2008/9			2009/10			2010/11		
Section	Approved	Vacancies	Vacancy%	Approved	Vacancies	Vacancy %	Approved	Vacancy	Vacancy %
Community services	759	315	42%	Not applicable					
Corporate services	85	33	39%	166	23	13.8%	166	23	13.8%
Finance/Budget and Treasury	92	38	41%	188	112	59%	188	112	59%
Infrastructure	364	185	51%	Not applicable					
MM's office	26	8	31%	125	77	62%	125	77	62%
Public Safety / community safety	440	195	44%	787	396	50%	787	396	50%
PS& ED/ S& ED	20	5	25%	191	128	67%	191	128	67%
Health and Environment	Not applicable	Not applicable	Not applicable	640	331	52%	640	331	52%
Human Settlements	Not applicable	Not applicable	Not applicable	165	73	44.2%	165	73	44.2%
Technical Services	Not applicable	Not applicable	Not applicable	477	149	31%	477	149	31%

Source: Annual Reports, KSD LM, 2008/9, 2009/10 and 2010/11

*PS& ED =Planning, social & economic development ; S& ED =social and economic development*

## Annex 11: Costs of KSD PI governance structures

The direct costs for regular meetings held under the KSD PI structures per annum have been estimated for the IMC, Technical IMC, PMU, PWG and Work stream structures.

The calculations for these costs were based on several assumptions which are summarised in the table below (based on the costs of goods and services in June 2013):

### Assumptions used in the calculation of costs of KSD PI meetings

Assumptions	Average Cost
Accommodation per night per head	R 550.00
Average flight from East London/Mthatha to JNB/CPT (Return)	R 4 000.00
Average gross total cost of employment for senior management attendees	R 1 000 000.00
Average total cost of employment for middle management attendees	R 750 000.00
Average number of working days per year	250.00
Average number of working hours per day	8.00
Average number of hours used for a meeting per day per head	6.00
Hourly rate for Senior officials	R 500.00
Hourly rate for Middle management officials	R 375.00
Average cost hiring a car	R 550.00
Accommodation per night + meals	R 750.00
Catering at PMU, PWG, Tech IMC and IMC meeting/ person	R 250.00
Estimates excludes costs involved in: Meetings outside of Work streams PMU secretariat/ Safiri Secretariat costs Time spent in meetings outside of WS / PMU / PWG/ Site Visits/ Tech IMC/ IMC e.g. appointment and management of service providers, internal de-briefings etc.	

### Average number of meetings

The average number of meetings per structure was estimated based on consultations with selected representatives participating in these structures.

### Average number of participants

The average number of participants per structure was obtained from participant registers provided to the service provider as well as consultations with selected representatives participating in these structures. In order to accommodate the costs of travelling from outside Eastern Cape, the average number of participants was divided proportionally between local attendees and those coming from primarily Johannesburg and Cape Town.

### Average total professional costs

The average gross salaries for the professionals as stated in the assumptions table, was divided into daily and hourly rates to give the average allowance per each meeting day. This average daily rate was then multiplied by the number of professionals coming to each meeting to get the total professional costs per each meeting. It was assumed that the professionals coming from outside Eastern Cape are senior management officials.

**Total logistic costs**

The logistic costs include airfare and car-hire and accommodation per individual attending each meeting. The total cost was obtained by multiplying each individual cost by the number of attendees coming from outside Eastern Cape.

**Monthly meeting catering costs**

The total meeting catering costs was obtained by multiplying in the average number of attendees at each PMU, PWG, Tech IMC and IMC meeting by the average catering cost per head.

The above calculations were done for 3 financial years based on the available data: 2010/2011, 2012 and 2013. The 2013 estimates are projected to the end of the year using the planned meeting schedule provided to the Service Providers.

The table below summarises the average estimated costs as calculated in the tables above.

**Overall estimated direct costs of participating in KSD PI structures: 2010-2013**

<b>Year</b>	<b>Total cost for KSD PI meeting (R)</b>
2010/2011	R7 933 000
2012	R12 593 000
2013 (projected)	R12 664 000
<b>Grand total</b>	<b>R33 190 000</b>

**Average cost for KSD PI structures meetings in 2010/2011**

Year/item	Average number of meetings per month	Average Number Participants from outside EC/ location/ meeting	Average Number of local participants /meeting	Average Total Professional Costs (No. meetings X no. participants X avg. hourly cost per head) / Month	Total Logistics Costs: Airfare and car- hire, accommodation per head	Monthly Meeting Catering Average Cost	Total Cost of meetings in a month	Total Cost of meetings in a year (11 months)
<b>2010/2011</b>								
Site Visits	2	10	25	R 172 500.00	R 88 000.00		R 260 500.00	R 2 865 500.00
PMU	1	12	20	R 81 000.00	R 70 200.00	R 8 000.00	R 159 200.00	R 1 751 200.00
Workstream	0	4	10	R 8 625.00	R 17 437.50		R 26 062.50	R 286 687.50
PWG	1	10	30	R 48 750.00	R 47 875.00	R 10 000.00	R 106 625.00	R 1 172 875.00
Tech IMC	0.33	10	40	R 40 000.00	R 44 944.44	R 12 500.00	R 97 444.44	R 1 071 888.89
IMC	0.08	15	5	R 4 687.50	R 61 682.29	R 5 000.00	R 71 369.79	R 785 067.71
<b>Total</b>	<b>4</b>	<b>61</b>	<b>130</b>	<b>R 355 562.50</b>	<b>R 330 139.24</b>	<b>R 35 500.00</b>	<b>R 721 201.74</b>	<b>R 7 933 219.10</b>
<b>2011/12</b>								
Site Visits	2	10	25	R 172 500.00	R 88 000.00		R 260 500.00	R 2 865 500.00
PMU	1	12	20	R 81 000.00	R 70 200.00	R 8 000.00	R 159 200.00	R 1 751 200.00
Workstream	7	4	10	R 241 500.00	R 160 200.00		R 401 700.00	R 4 418 700.00
PWG	1	10	30	R 97 500.00	R 58 500.00	R 10 000.00	R 166 000.00	R 1 826 000.00
Tech IMC	0.25	10	40	R 30 000.00	R 43 593.75	R 12 500.00	R 86 093.75	R 947 031.25
IMC	0.08	15	5	R 4 687.50	R 61 682.29	R 5 000.00	R 71 369.79	R 785 067.71
<b>Total</b>	<b>11</b>	<b>61</b>	<b>130</b>	<b>R 627 187.50</b>	<b>R 482 176.04</b>	<b>R 35 500.00</b>	<b>R 1 144 863.54</b>	<b>R 12 593 498.96</b>
<b>2012/13</b>								
Site Visits	2	10	25	R 172 500.00	R 88 000.00		R 260 500.00	R 2 865 500.00
PMU	1	12	20	R 81 000.00	R 70 200.00	R 8 000.00	R 159 200.00	R 1 751 200.00
Workstream	7	4	10	R 241 500.00	R 160 200.00		R 401 700.00	R 4 418 700.00
PWG	1	10	30	R 97 500.00	R 58 500.00	R 10 000.00	R 166 000.00	R 1 826 000.00
Tech IMC	0.25	10	40	R 30 000.00	R 43 593.75	R 12 500.00	R 86 093.75	R 947 031.25
IMC	0.17	15	5	R 9 375.00	R 63 479.17	R 5 000.00	R 77 854.17	R 856 395.83
<b>Total</b>	<b>11</b>	<b>61</b>	<b>130</b>	<b>R 631 875.00</b>	<b>R 483 972.92</b>	<b>R 35 500.00</b>	<b>R 1 151 347.92</b>	<b>R 12 664 827.08</b>

## Annex 12: DBSA Recommendations

In November 2011 the DBSA completed a KSD LM Municipal Capacity Assessment (at the request of Anglo American). This report was discussed at the 1 February 2012 PWG meeting. Its findings at the time included the following:

- A Comprehensive Infrastructure Plan and Disaster Management Plan is not in place;
- Municipal Manager and heads of department/directors do not have valid performance plans;
- Risk management plans are in the process of being developed (a Chief Risk Management Officer post has been created);
- There is no fraud or corruption policy in place, even though a fraud prevention plan has been developed; and
- A supply chain management policy, and supply chain management unit with committees have been established and are operational, and records of procurement committee meetings are available, however, the awarding of bids takes too long and no strategy is in place to speed up the tender process. There is no indication of interference by Councillors in the procurement process.

The DBSA capacity assessment report included the following recommendations for KSD LM to implement and which will also inform this evaluation's overall conclusions and recommendations:

- a) The PMO and PMU units should be merged to form one Project Management Unit that will provide the project management support required.
- b) The KSD LM should provide the Project Management Unit with adequate resources with regards to both personnel and equipment required in order to provide adequate support to the municipality.
- c) A project prioritisation model should be developed to assist in prioritising projects from the IDP so that key projects are executed first.
- d) The municipality should investigate options for service delivery mechanisms in terms of section 78 of the Municipal Systems Act, Act 32 of 2000.
- e) The municipality should update and/or develop master plans for all physical infrastructure, sports facilities and buildings owned by the municipality.
- f) The municipality needs to implement a Revenue Enhancement Strategy \
- g) The Municipality must conduct an investigation into the Causes of Electricity Losses and the Reduction of Electricity Losses
- h) The municipality needs to implement an infrastructure O&M programme for priority maintenance to improve the condition of infrastructure and improve service delivery .

The last three recommendations were prioritised in the DBSA report as the most critical to take forward immediately.