

Executive Summary

State of Local Government in South Africa – Overview Report. National State of Local Government Assessments.

Completed by COGTA in August 2009

1 Key words

Local Government; Municipalities; Service Delivery; Infrastructure; Governance; Financial Management; Labour Relations; Professionalisation; Differentiation; Powers and Functions; Outcome 9; Service Delivery protests; Ward Committees; Oversight; Vulnerability; Turnaround; Intergovernmental Co-operation

2 Commissioned and Conducted by

The State of Local Government Assessment was commissioned and internally conducted by the Department of Cooperative Governance and Traditional Affairs.

It was conducted between April and August 2009.

3 Background to evaluation

The State of Local Government Review was initiated by newly appointed Minister Sicelo Shiceka, shortly after the newly elected President Zuma appointed his cabinet. Aligned with the new administration's electoral mandate to deliver on key priorities that ensure visible, tangible and positive change in rural and urban communities and in response the signs of distress argued to be showing in the the local government system.

With this in mind, the 2009 Government Programme of Action committed to build a developmental state, improve public services and strengthen democratic institutions. This was the point of departure for the priority of intervening, stabilising and supporting local government in order for it to fulfil its core mandates.

4 Overall purpose of the evaluation

This evaluation provides an analysis of the performance and state of local government and started to point to key issues to be addressed in a Turn Around Strategy for Local Government. While there was an explicit purpose to focus on the problem areas in local government, and in particular, understand why outcomes have been disappointing, there has been an opportunity to recognize some of the good work being done by municipalities.

5 Scope of the evaluation

The evaluation examines municipal performance in all nine provinces across all municipal categories broadly since 2000, but as at 2009. The analysis focuses on the following thematic areas:

- Governance
- Service Delivery & Infrastructure
- Financial Management
- Labour Matters

6 Evaluation questions

The key evaluation question was “What is the state of local government in 2009 and what must be done to restore the confidence of our people in this sphere of government by 2011 and beyond?”

Added to this is “Why have outcomes been disappointing?”

At municipal scale the evaluation question was: “Is the municipality delivering on the desired outcomes, and is it operating on a sustainable basis?”

7 Evaluation methodology

7.1 Type of evaluation

Given the timing and purpose of this evaluation to inform the policy agenda for local government action under the new administration, it was appropriate to embark on a diagnostic evaluation.

The evaluation involved some data gathering from municipalities, but was significantly an evaluation synthesis, drawing on other evaluations of COGTA programmes and additional research.

7.2 Methodology

A mixed methodology was employed using structured questionnaire data collection from municipalities, workshops with provincial departments responsible for local government and a synthesis of other evaluation and research conducted by DCOG.

This State of Local Government Report derives from the consolidated national report of the nine provincial reports, compiled following assessments jointly conducted across the country between April and August 2009. The assessments were designed to ascertain the root causes of the current state of distress in many of the country’s municipalities in order to inform a National Turn-Around Strategy for Local Government.

All nine provinces went through the assessment process, bringing provincial and national officials together, and some politicians, in a facilitated workshop using a standard questionnaire.

Municipalities were requested to complete a municipal questionnaire.

The evaluation analysed previous assessments and reviews of the state of local government. These assessments include in recent years, the 10 and 15 Year Reviews (The Presidency), The 1995 Local Government Review (**dplg**), and the Policy Review of Provincial and Local Government (COGTA). There was also attention paid to the support programmes that have been put in place in recent years. Two key support initiatives included Project Consolidate (PC), and the 5 Year Strategic Agenda (LGSA).

8 Conclusions

Governance Issues

Some of the key themes identified politically included a lack of political leadership, or political interference and patronage. There is a lack of policy coherence, multiple reporting demands and a weakening of institutional and organisational abilities in many municipalities. Functional overreach and complexity are forcing many municipalities into distress mode, exacerbated by the poor leadership and support from the other spheres and from stakeholders.

In instances where it was found that there was a lack of a genuine participatory process, due to political instability, corruption and undue interference in the administration, it can be said that there is a failure to provide democratic and accountable government. This failure is growing as evidenced by the community protests and intense alienation towards local government being expressed by such communities.

The identification of inefficient and ineffective administrations was premised upon:

- Susceptibility to inappropriate political interference
- Poor (political and administrative) oversight and weak compliance
- Inability to respond to complexity of demands and expectations
- Huge variables in spatial location, skills base and socio-economic legacies

Service failures by municipalities may be attributed to elements of uneven and unstable governance. There is evidence of a high incidence of irregular or inappropriate appointments, coupled with low capacities, poor skills development programmes and weak institutional management. Those municipalities in remote areas experience the added challenge of access to skills and little understanding of their spatial and economic realities. They generally lack the financial and human resources to deliver on their constitutional and legal mandate and on citizen expectations.

Service Delivery & Infrastructure

The current analysis of the constraints to cooperative governance by COGTA reveals the imperative of creating a new policy framework for the practice of cooperative governance across the three spheres. Whilst change and maturity in the governance systems would assist, the weakness of institutionalisation of cooperative governance constrains the evolution. The need for a change in how leadership and management echelons think and perform is also critical to success, as cooperation for service delivery in all its manifestations cannot be managed on a legislative, policy or technical basis alone.

Highly uneven responsiveness to the challenges of local government in the management and provision of services has contributed significantly to the state of distress local government finds itself in today. It can be said that the key high level problematic in planning, service delivery and infrastructure thus include:

- Poor cooperative governance;
- Poor Implementation of the IGRF Act;
- Ineffective functioning of the Cluster system;
- Poor community / civil society engagement and mobilisation; and
- Uneven and inadequate implementation of government programmes.

These areas of ineffectiveness result in much of the poor implementation of the IDP in municipal areas. Considering the IDP is the representation of most aspects of service delivery per municipality, the gap between the ideals of intergovernmental coordination and the realities on the ground is fundamental.

Following from this identification, it became clear that the lack of a relationship between a system of national indicators that enables government to assess the comparative performance of different municipalities and the planning related powers and functions assigned to them has become highly problematic.

Cities such as Cape Town, eThekweni and the Gauteng complex for example, may require special legislation and functional planning authority to maximise their role in building the national economy, whilst rural municipalities in former 'homeland' areas for example, need to be released from the complexities of compliance with an integrated development plan that is way beyond their capacity to implement.

This reverts back to the issue of policy assumptions – policy goals have to be realized through a joint governance and fiscal lens. It was demonstrated that housing and land policies, continue in practice to confound the local sphere, through complex split authorities that remove decision-making and the regulatory environment from the local sphere. Larger and competent urban metros and municipalities are frustrated by the complexities of accreditation and the role of reluctant provinces in granting any of the three accreditation levels.

Efforts to improve and restructure coordination will not be effective if premised upon the same assumptions that have bedevilled service delivery expectations to date – one mandate – one-size-fits all – combined with prevailing poor performance and a lack of monitoring and support.

Financial Management

The assessment process has revealed that the financial environment in municipalities is a highly problematic area – at worst it is fraught with both a poor skills base, weak support from provinces, and then open to abuse and fraudulent activity. Many municipalities lacking a tax base, short of Equitable Share and with a weak revenue base simply cannot leverage the funds they need for even moderate municipal functionality.

One of the basic principles underlying Municipal Finances is the principle that Local Government is substantially financed by means of own resources. This is an

important feature of any democratic local government system. It ensures that municipalities are directly accountable to local residents for the functions they perform and the services they provide.

With respect to financial management, National Treasury reports referred to in this Assessment Report provide clear evidence of the dire financial situation of municipalities. Municipal revenue collection has begun to fall as greater reliance is placed on transfers as a revenue source. Municipalities continue to face capacity constraints in conceptualising and implementing developmental spending programmes. Growing grant dependence is creating a dependency syndrome, which in future might be unsustainable. Furthermore, if municipalities had collected half of their outstanding debts, they would have had about 18 per cent more revenue with which to fund the delivery of services. The increase in outstanding consumer debts highlights possible governance problems.

It is argued here that the policy context for financial management may be over sophisticated for many municipalities, and expectations too high. The principle of a differentiated approach towards the different types of municipalities may need to be further entrenched in financial management policies for local government and aligned to emerging policy proposals for a new national approach to differentiation.

It makes sense that government should extend financial freedoms and flexibilities to competent municipalities in order to speed up the provision of services in a manner that can be sustained and to address bottlenecks, backlogs and neglected repairs and maintenance. Conversely, better technical assistance should be provided to municipalities with weak capabilities in financial management, external borrowing, income generation and debt collection.

Labour Relations

The analysis of labour issues indicates that the current municipal working environment is not an attractive proposition. The poor human resource management prevalent in many municipalities does not assist in attracting and retaining the skilled and professional staff required to ensure service delivery. This is further compounded by political interference in the recruitment process, appointment of persons to non-existent positions and disparities in salaries. A lack of compliance with work place obligations have been reported widely.

There is an urgent need to facilitate engagements between the workers and employers to stabilise the deteriorating relationship, illustrated by protracted labour disputes. The way the current organisational rights collective agreement is implemented, mediated and monitored requires review. The need for dedicated and accredited training for the local government sector is evident from the lack of current meeting of skills development obligations.

Evidence of use

There is very significant evidence to show that this diagnostic evaluation has informed emerging policy in the local government. Firstly, it directly resulted in Local Government Turnaround Strategy and thereafter was translated into the Outcome 9 Delivery Agreement.

The agenda publicised by the assessment, thus remains important in the local government space:

- Differentiation in Local Government
- Clarity in Powers and Functions
- Professionalisation, filling of vacancies and improved human resources
- Oversight and supervision by national and provincial departments

However LGTAS shows little evidence of implementation. The effect of policy developments associated with Outcome 9 have yet to realise a meaningful difference in municipal practice and in the lives of citizens.

Note on quality of report

This evaluation received a quality assessment of 2.53, which would translate into the evaluation being publishable with significant limitations noted.

This diagnostic evaluation was placed under severe time pressure without adequate resourcing in terms of budget for sourcing external support as well as the internal availability of more than three individuals time to conduct this large and complex assessment. It relied on mixed methods of data collection using a questionnaire for municipalities and facilitated workshops for provinces using a questionnaire as a way to structure the workshop. More detail on the methodology and findings as they are synthesised nationally are not adequately presented. The evaluation is also a synthesis of other COGTA evaluations, whose findings are used, but the methodology of these studies is not reviewed. Interviews highlighted the absence of critical performance monitoring data for this assessment. The assessment was subject to significant limitations, not sufficiently accounted for in the report. A major strength of the evaluation has been the involvement of provincial and municipal stakeholders in a widely participative process, albeit without significant citizen involvement. The report has been widely published and publicised and has helped to feed into policy and practice in local government, particularly through Outcome 9 delivery agreement.