

# **Making Local Government Work Better**

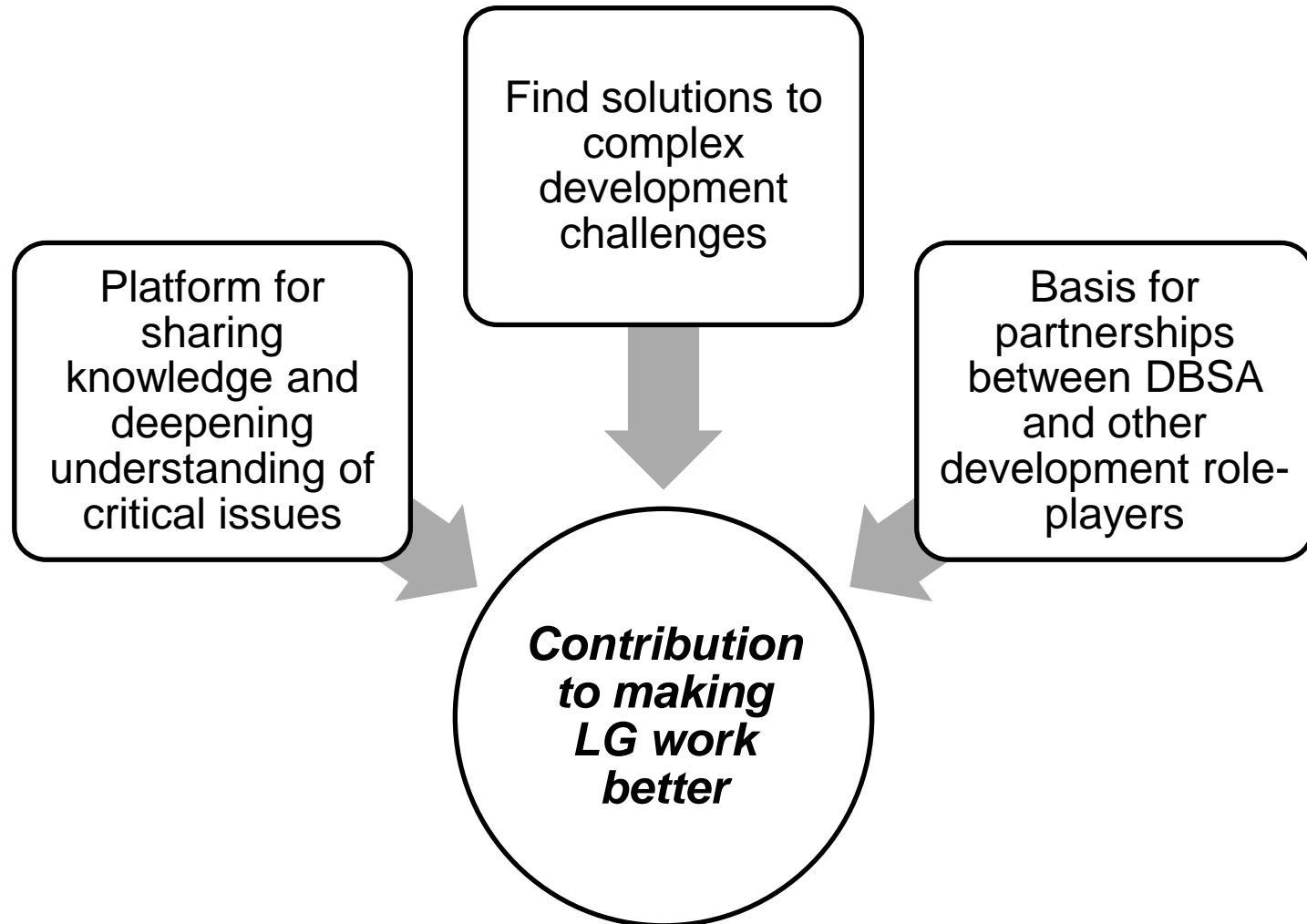
**DBSA**

***Ravi Naidoo***

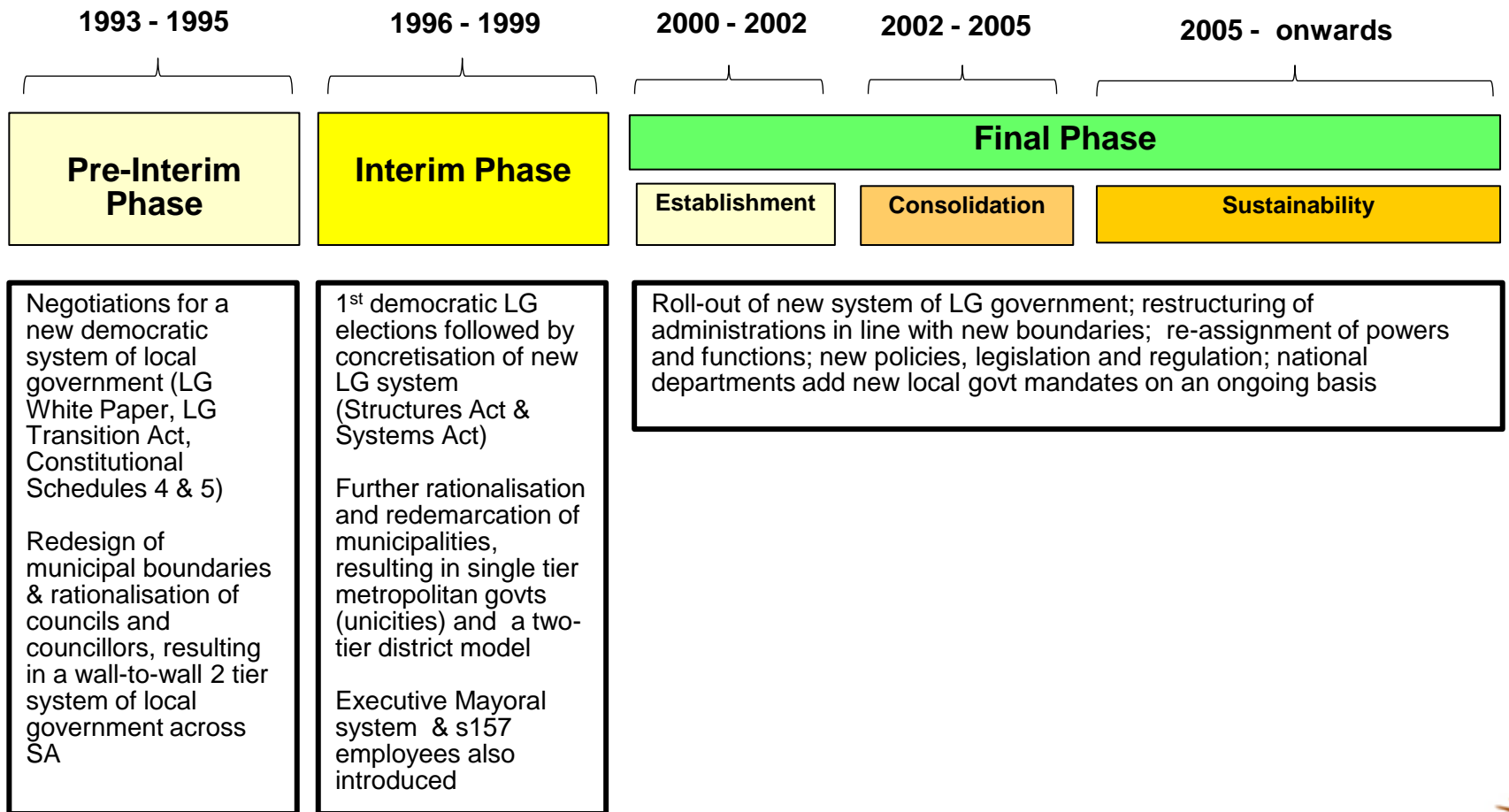
***Knowledge Week***

**3 November 2009**

# Knowledge Week 2009



# Overview of the Local Government Transition



# Whilst there have been some successes....

## □ Fifteen Year Review

- Improvements in access to basic services 1996 - 2007
  - ❖ Water: 62% - 88%
  - ❖ Sanitation: 52% - 73%
  - ❖ Electricity: 58% - 80% (for lighting)

## □ Vuna Awards 2008

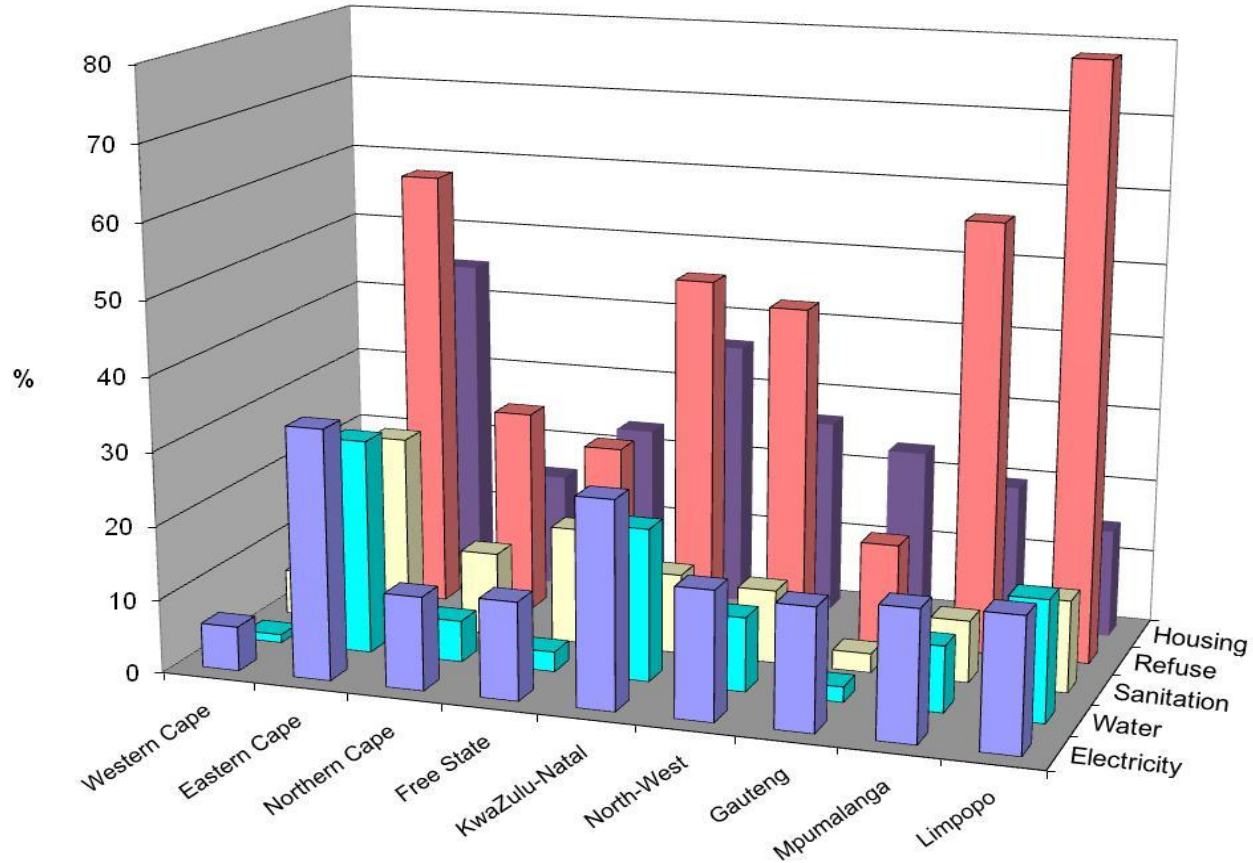
- Some examples of potential excellence
  - ❖ Categories A, B & C
    - CoJ, Swartland, Bophirima
  - ❖ Recurring winners include
    - Ethekwini , Steve Tshwete, Nkangala, Capricorn Lainsburg

# Critical Challenges Remain...

## *Service Delivery*



**Housing and housing service backlogs**  
**- Backlogs as % of total households in province by category**



# Critical Challenges

## *Fiscal Space & Financial Management*

- ❑ Affordability significantly constrains fiscal space
  - Services under-priced, undermining effective asset management
  - But price adjustments constrained by pressures on household budgets
  - Decreases in municipal collection rates heightens dependence on national transfers
- ❑ Poor financial management
  - 54.4% of municipalities received qualified, disclaimer or adverse audit opinions in 2007/8 (OAG)
- ❑ Poor cash-flow management
  - 35 municipalities overspent their total adjusted budgets to the total amount of R2.6 billion while 182 municipalities underspent to the amount of R19.1 billion

# Critical Challenges

## *Governance*

### ❑ COGTA Assessment 2009

- Political factionalism and polarisation has led to the deterioration of municipal functionality
- Redeployment of politicians to the administration without the necessary qualifications
- External political interference undermines the decisions of councils
- In many municipalities corruption, fraud and financial mismanagement is pervasive across all political parties
- Poor application of measures to facilitate public involvement – in despite a well developed policy and legislative framework
  - ❖ Ward committees dysfunctional – fail to call councils to account, fail to involve communities in decisions about service delivery

# Critical Challenges

## *Management & Administration*

- ❑ The capacity assessment of MMs in 2006/07 (Siyenza Manje)
  - 41% of municipal managers had less than 5 years of experience in local government
  - 30% have a diploma, mostly in public administration and teaching
  - Only 2% of municipal managers nationally have a technical background.
- ❑ COGTA Assessment 2009
  - High percentage of employees have below matric qualifications
  - Consistently high vacancy rates in critical posts (technical & support)
  - No performance contracts for many s57 employees
  - Management does not submit performance reports to council
- ❑ NT – 28% of municipal employees appointed to non-existent posts

### Resulting in...

- Fabric of institutions is eroding – structured, predictable systems, processes and procedures –
- High turn-over rates lead to a loss of institutional memory
- This in turn leads to a lack of institutional depth –meaning performance declines as soon as effective leader moves on

# Critical Challenges

## *Community Protests 2009*



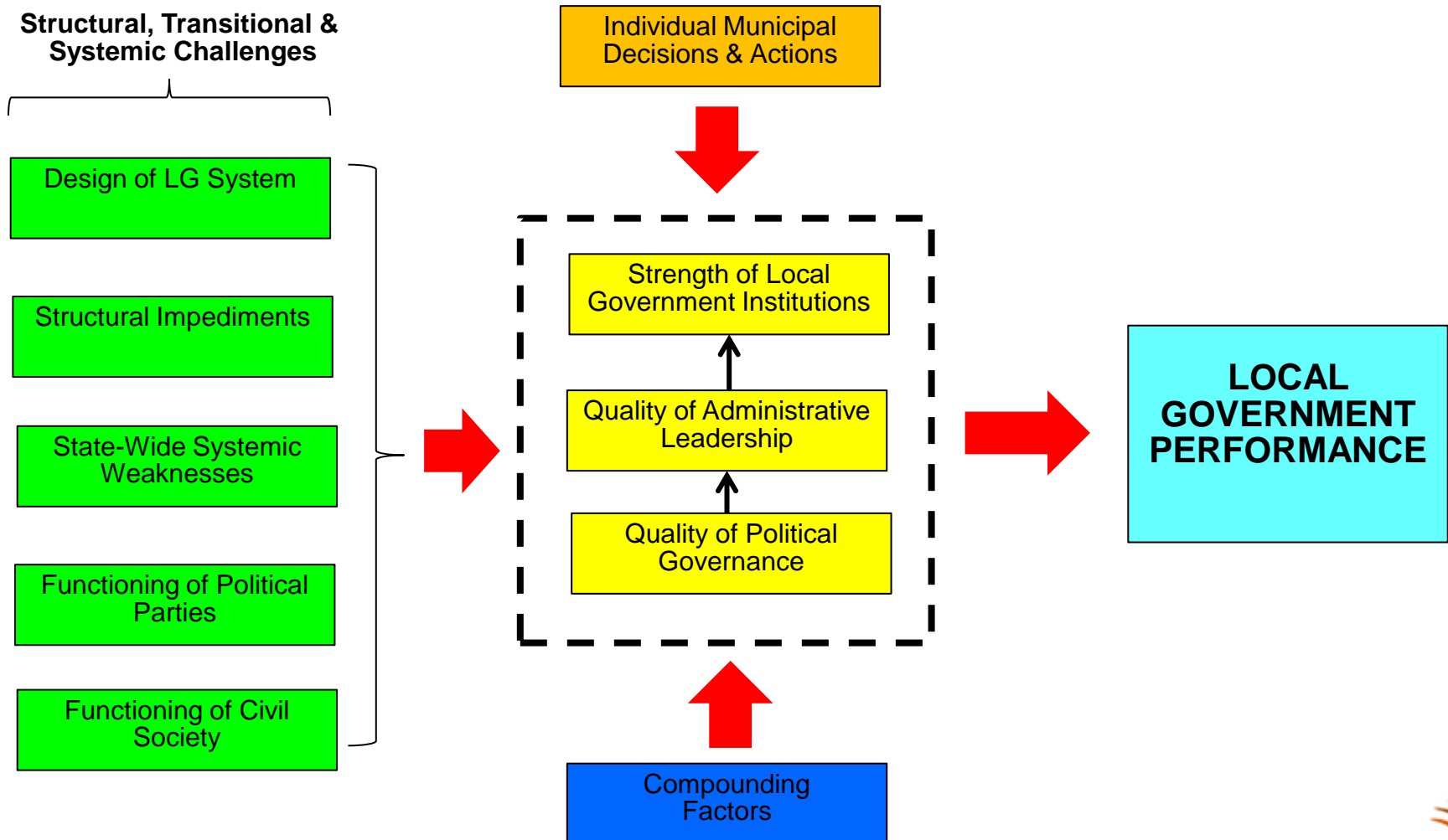
### Provincial Breakdown (Municipal IQ)

- Gauteng 27%
- North West 15%
- Western Cape 15%
- Free State 13%
- Eastern Cape 9%
- KwaZulu Natal 8%
- Mpumalanga 7%
- Limpopo 3%
- Northern Cape 3%

#### Observations

- ✓ Various reasons for protests
- ✓ Have had double amount of protests in first 8 months of 2009 than in whole of 2008
- ✓ 38% of protests emerging from informal settlements
- ✓ Protests not necessarily from wards or municipalities with high service delivery backlogs

# Schematic of LG Performance Challenges



# Key actions?

1. Strengthen National and Provincial capacity to facilitate LG turn-around
2. Match municipal roles to capabilities
3. Improve political governance
4. Get the skills and technical capacity in place
5. Standardise and simplify processes and systems
6. Align the IGR planning and budgeting processes and timelines
7. Define accountability and consequences at key decision-points
8. Align and link national/ provincial/ municipal budgeting and performance
9. Strengthen community involvement and participation
10. Strengthening performance monitoring and reporting

# Knowledge Week

- Context
- Specific issues:
  - Service delivery
  - Policy, structures and systems
  - Financial sustainability
  - Capacity
  - Governance and accountability
- Contribution to COGTA-led LG turnaround strategy