



**2022-
2027**

STRATEGIC PLAN



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery



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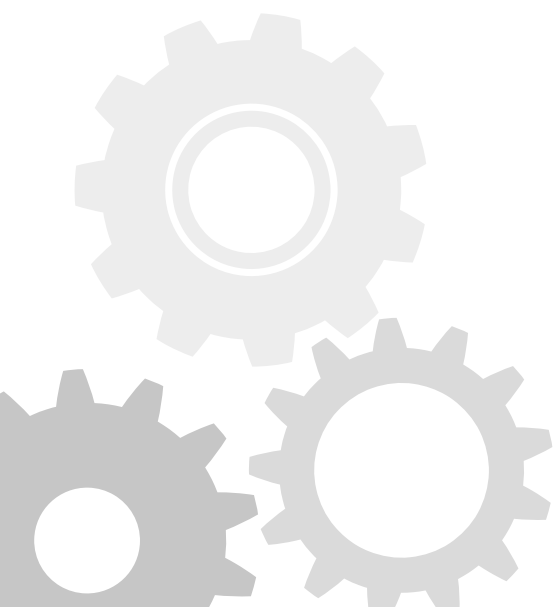
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ACRONYMS

ACRONYM	FULL DESCRIPTION
4IR	Fourth Industrial Revolution
5IR	Fifth Industrial Revolution
5G	Fifth generation of wireless products
AFS	Annual Financial Statement
AGSA	Auditor General South Africa
ANC	African National Congress
APP	Annual Performance Plan
App	Application (software)
ARC	Audit and Risk Committee
AR	Annual Report
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BBBEE	Broad-Based Black Economic Empowerment
BCP	Business Continuity Plan
BEE	Black Economic Empowerment
BER	Bureau of Economic Research
BIGM	Building Inclusive Green Municipalities
BRICS	Brazil, Russia, India, China and South Africa
CAPEX	Capital Expenditure
CBOs	Community Based Organisations
CDP	Councillor Development Programme
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIP	Councillor Induction Programme
CLGF	Commonwealth Local Government Forum
CLLR	Councillor
CoGTA	Department of Cooperative Governance and Traditional Affairs
CO	Chief Officer
COO	Chief Operations Officer
CPD	Continuous Professional Development

ACRONYM	FULL DESCRIPTION
CPI	Consumer Price Inflation / Corruption Perception Index
CWP	Community Works Programme
DA	Democratic Alliance
DBSA	Development Bank of Southern Africa
DEFF	Department of Environment, Forestry and Fisheries
DM	District Municipality
DORA	Division of Revenue Act
DPME	Department of Planning, Monitoring and Evaluation
DRDLR	Department of Rural Development and Land Reform
DTIC	The Department of Trade Industry and Competition
DWS	Department of Water Services
ECD	Early Childhood Development
EDMS	Employee Development and Management System
EFF	Economic Freedom Fighters
EHW	Employee Health and Wellness
EMT	Executive Management Team
ENE	Estimates of National Expenditure
EPWP	Expanded Public Works Programme
EU	European Union
FBS	Free Basic Services
FCM	Federation of Canadian Municipalities
FETs	Further Education and Training
FFC	Financial and Fiscal Commission
FSPAPP	Framework for Strategic Plans and Annual Performance Plans
FY	Financial Year
G7	Group of Seven (an intergovernmental organisation consisting of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States).
G&A	Governance and Administration
GDP	Gross Domestic Product
GIS	Geographical Information System
GRAP	Generally Recognised Accounting Practice
GRC	Governance, Risk and Compliance
HCCS	Human Capital and Corporate Services
HOD	Head of Department
HR	Human Resource

ACRONYM	FULL DESCRIPTION
HRD	Human Resource Development
IA	Internal Audit
ICT	Information Communication & Technology
IDC	Industrial Development Corporation of South Africa Ltd
IDIP	Infrastructure Delivery Improvement Programme
IDMS	Infrastructure Delivery Management System
IDP	Integrated Development Plan
IDS	Infrastructure Delivery, Spatial Transformation Services, and Inclusive Communities
IFMS	Integrated Financial Management System
IGR	Intergovernmental Relations
IGP	Integrated Growth Plan
IMF	International Monetary Fund
IMTT	Inter-Ministerial Task Team
IPAP	Industrial Policy Action Plan
IRMF	Integrated Risk Management Framework
IT	Information Technology
IoT	Internet of Things
ITP	Information Technology Procurement
IUDF	Integrated Urban Development Framework
LED	Local Economic Development
LG	Local Government
LOGIS	Logistical Information System
LUMs	Land Use Management Systems
MayMEC	Mayoral Member of the Executive Committee
MoA	Memorandum of Agreement
MCG	Municipal Capabilities and Governance
M&E	Monitoring and Evaluation
MEC	Member of the Executive Committee
MFF	Municipal Finance, Fiscal Policy and Economic Growth
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MinMEC	Ministers and Members of the Executive Councils
MINTOP	Minister and Top Management
MIS	Management Information System
MISA	Municipal Infrastructure Support Agency

ACRONYM	FULL DESCRIPTION
MPAT	Management Performance Assessment Tool
MSA	Municipal Systems Act
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MuniMEC	Provincial IGR structure established by the Premier for the MEC Local Government
NC	National Conference
NCOP	National Council of Provinces
NDMC	National Disaster Management Centre
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NEMA	National Environmental Management Act, No. 107 van 1998
NEPAD	New Partnership for Africa's Development
NGOs	Non-Governmental Organisations
NGP	New Growth Path
NIMS	National Infrastructure Maintenance Strategy
NPOs	Non-Profit Organisations
NT	National Treasury
NYS	National Youth Service
OECD	Organisation for Economic Cooperation Development
OLG	Organised Local Government
Ops	Operations
OPEX	Operational Expenditure
PAIA	Promotion of Access to Information Act
PCC	Presidential Coordinating Commission
PDMC	Provincial Disaster Management Centres
PDO	Provincial Director of Operations
PEP	Public Employment Programme
PFMA	Public Management Finance Act, 1999 (Act No. 1 of 1999) as amended
PH	Portfolio Head
PICC	Presidential Infrastructure Coordinating Commission
PMDS	Performance Management and Development System
RiMCo	Risk Management Committee

ACRONYM	FULL DESCRIPTION
PRMG	Provincial Roads Maintenance Grant
SA	South Africa
SADC	Southern African Development Community
SALGA	South African Local Government Association
SARS	South African Revenue Services
SCLG	SALGA Centre for Leadership and Governance
SCM	Supply Chain Management
SDF	Spatial Development Framework
SDG	Sustainable Development Goal
SDMF	Service Delivery Model Framework
SDIP	Service Delivery Improvement Programme
SDS	Service Delivery Standards
SETA	Sector Education and Training Authority
SGCLG	Strengthening Governance and Capacity in Local Government
SIP's	Strategic Integrated Projects
SLA	Service Level Agreement
SMME	Small, Medium and Micro-sized Enterprises
SOE's	State Owned Entities
SONA	State of the Nation Address
SP	Strategic Plan
SPLUMA	Spatial Planning and Land-Use Management Act
STATS SA	Statistics South Africa
TID	Technical Indicator Description
ToR	Terms of Reference
UCLG	United Cities of Local Government
UN	United Nations
VVSG	Association of Flemish Cities and Municipalities
WSA	Water Service Authority
WSP	Workplace Skills Plan



EXECUTIVE AUTHORITY STATEMENT

PRESIDENT OF SALGA'S FOREWORD

It is a great pleasure to present the five-year strategic plan of the South African Local Government Association (SALGA). I do so at the successful conclusion of our National Conference held in Cape Town in early March, during which the members of SALGA's National Executive Committee (NEC), as chosen by the provincial conferences, were confirmed for their period of office to 2027. As the new NEC and elected Provincial Executive Committees (PECs) take up their office, we congratulate them and wish them strength as they tackle the portfolios set before them by this strategic plan.

The plan has been carefully crafted following extensive consultation and analysis over at least six months into the local government sector and SALGA itself. We are confident that the thoroughness and care with which we have undertaken this planning exercise will stand SALGA and the local government sphere in good stead as we move forward to cascade the plan into annual, quarterly and daily planning and activities to ensure we meet our strategic outcomes.

In setting our strategy for 2022-2027, we are acutely aware of the need to take global, continental, national and local contexts into account in setting strategic imperatives. On a global level, our context is set by the sustainable development goals (SDGs) of Vision 2030 and the Paris Accord on Climate Change. In respect of our continent, our strategy is informed by Agenda 2063, Africa's blueprint and master plan to transform the continent into a global powerhouse of the future. Closer to home, we draw our strategic direction from the National Development Plan and the Medium-Term Strategic Framework (MTSF) and its seven priorities, to name just two of the most important frameworks in which we operate. On a local level, we are reminded again of the importance of local government as the sector that interacts every day with our citizens through the 257 wall-to-wall municipalities that make up South Africa.



On a local level, we are reminded again of the importance of local government.

As the sector that interacts every day with our citizens through the 257 wall-to-wall municipalities that make up South Africa. The ability of these municipalities to deliver quality and efficient services to our citizens

The ability of these municipalities to deliver quality and efficient services to our citizens makes a direct and measurable contribution to improving the quality of their lives by reducing poverty, unemployment and inequality.

Part of the process of setting strategic goals for an organisation involves an in-depth analysis of the environments in which we operate through, in the case of this strategic plan, the STEEPLE methodology (covering social, technological, economic, environmental, political, legal and ethical factors) to capture all elements that influence the environment of local government and SALGA. In this particular planning cycle, we have been especially cognisant of the Covid-19 pandemic which has impacted on every aspect of municipal activity. Given the extent to which the pandemic has had a negative impact on the long-term developmental goals of local government, we can safely say that we will have to double, if not triple or more, our efforts to achieve the developmental goals of local government.

SALGA's Constitution clearly sets out that the organisation has a clear strategic role to play in representing the interests of local government in the system of government as a whole on the one hand and supporting its members to fulfil their developmental obligations, on the other. As a full partner in government, SALGA is expected to be an active participant in the intergovernmental relations (IGR) system, to provide common policy positions on numerous issues and to voice local government interests, as well as provide solutions to the challenges facing local government more generally. It does so in the form of a unitary structure by implementing six mandates:

- Representation, advocacy and lobbying;
- Acting as an employer body;
- Capacity building;
- Providing support and advice;
- Strategic profiling; and
- Knowledge and information sharing.

As we move forward into the next phase of our development as a democratic South Africa working to achieve the aspirations of all our people, SALGA will engage with its customers to deliver integrated services through the district development model (DDM), as launched by the President of South Africa.

I am confident that I can count on the dedication, focus and commitment of not only all our employees, but also of every person in the local government sphere, from mayor to pothole repairer, to fulfil our mandate. It is my pleasure to fully endorse this five-year strategic plan and commit myself, the newly elected NEC and all the PECs, the organisation and the local government sphere to its effective and efficient implementation.



CLLR BHEKE STOFILE

SALGA PRESIDENT

DATE: 29 April 2022



ACCOUNTING OFFICER STATEMENT (CEO)

South Africa has moved into the 6th administration of democratic government against the backdrop of the National Development Plan (NDP) and the Medium-Term Strategic Framework (MTSF), which aim to eliminate poverty and reduce inequality by 2030. The NDP believes that South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society. To achieve the vision of the NDP and MTSF, President Cyril Ramaphosa has identified seven priorities that will fast track South Africa's path to prosperity.

It is in this context that SALGA has undertaken a detailed study and analysis of the local government sphere that it serves as well as of its own internal processes. This painstaking effort, spread over six months and involving a multiplicity of external and internal stakeholders, has resulted in this strategic plan that will set the agenda for the next five years, which marks the 5th administration of local government.

A problem and solution tree method of diagnosis has been used to delineate and understand the reasons as to why the developmental impact of local government, as spelt out in the 1998 White Paper for Local Government, has largely not been achieved. The analysis identified four root causes:

- Poor political leadership capacity and weak administrative management;
- Ineffective utilisation of financial resources, inability to collect revenue and insufficient fiscus allocation;
- Inefficient and non-integrated local government delivery mechanisms, systems and processes to enable service delivery;
- Degenerating infrastructure and non-existent or poor services provided to local communities.



SALGA and its partners in local government face a daunting task ahead. This five-year period will be a critical one in determining the success or failure of local government.

The effects of each of these is spelt out and the interventions required to address these are outlined in this strategic plan.

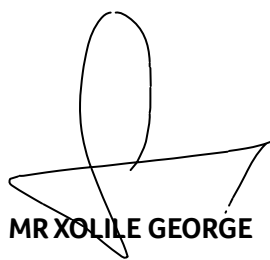
The same problem/solution tree method has been used to determine SALGA's outcomes as an organisation in the next five years. The White Paper for Local Government determined SALGA's key role as the effective representation of the local government in the legislative processes of all spheres of government and inter-governmental executive processes. A diagnostic analysis of SALGA's functional role conducted for this strategic plan, however, concluded that SALGA's influence is inadequate, and the organisation is seen by government departments as a junior partner. The practical issues of representing the sector as a unified voice therefore necessitates a rethink of how the organisation operates. We have therefore reviewed our performance as an organisation to inform us as to how we as SALGA can better serve our customers. This has involved a survey of customer needs of local government, a review of SALGA's organisational structure, and a survey of the organisation's culture. This review will enable us to set performance indicators through which we will achieve our desired outcome of being an "agile force of influence" through networks and effective intergovernmental relations. We will focus on innovative digital and research outcomes for our customers. These in turn will enable our customers – municipalities – to achieve their outcomes of being a capable and reputable sphere of government, creating socially cohesive and economically viable communities that are globally competitive.

A further aspect that has informed our strategic planning is that of the district development model (DDM), as launched by President Ramaphosa. In the next five years, SALGA will work with its customers to deliver integrated services through the DDM, which provides both an institutional approach and territorial approach (geographic space) focus. The districts and metros will become the strategic alignment platforms for all three spheres of government where One Plan for each space guides and directs all strategic investments and projects for transparent accountability. The One Plan will harmonise IDPs and create development hubs that

are simultaneously interrelated, interdependent and independent. SALGA is a partner in the conceptualisation and delivery of this model and will continue to play a major role in its coordination, monitoring and evaluation processes to ensure the DDM is a success.

SALGA and its partners in local government face a daunting task ahead. This five-year period will be a critical one in determining the success or failure of local government. Many challenges lie ahead if we are to achieve the outcomes of this planning document. Every one of us will need determination and the utmost dedication to the task at hand.

Nevertheless, I have no doubt that this sector, with the assistance of SALGA which moves into the next five years under the wise and highly experienced leadership of our newly elected President, Cllr Bheke Sithole, the three Deputy Presidents elected at our recent National Conference, and the new NEC and PECs around the country, will rise to the occasion to achieve these outcomes by overcoming the challenges and make our citizenry proud of this sphere of government.



MR XOLILE GEORGE

SALGA CEO

DATE: 29 April 2022



OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the South African Local Government Association under the guidance of SALGA CEO Mr Xolile George;
- Takes into account all the relevant policies, legislation and other mandates for which SALGA is responsible; and
- Accurately reflects the impact, outcomes and outcome indicators that SALGA will endeavour to achieve over 2022-2027.

Mr. LANCE JOEL

CHIEF OF OPERATIONS

Signature:



Ms. THEMBEKA MTHETHWA

CHIEF FINANCIAL OFFICER

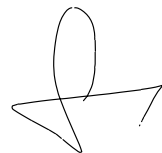
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Mr. XOLILE GEORGE

CHIEF EXECUTIVE OFFICER

Signature:



APPROVED BY THE NATIONAL EXECUTIVE COMMITTEE (NEC)

CLLR BHEKE STOFILE

SALGA PRESIDENT

Signature:



PEOPLE
 business
 EXTERNAL
 procedure
 observation
 EQUIPMENT
 REALIBILITY
 security
oversight
 GOVERNANCE
 municipality
 urban STRATEGY
 managment
 PREVENTATIVE

technology

PART A

OUR MANDATE

PART A: GENERAL INFORMATION

PART B: OUR STRATEGIC FOCUS

PART C: MEASURING OUR PERFORMANCE

PART D: TECHNICAL INDICATOR DESCRIPTION

PART A

OUR MANDATE

1. SALGA'S CONSTITUTIONAL MANDATE

SALGA was established at a gathering of municipalities in 1996 and was recognised on 27 January 1998 by the Minister of the erstwhile Department of Provincial Affairs and Constitutional Development, the predecessor to the Department of Provincial and Local Government and current Department for Cooperative Governance and Traditional Affairs (CoGTA), as the national organisation representing South Africa's local government sector through the Government Notice R.175 in the Government Gazette 18645, Vol 391 of 30 January 1998.

SALGA's power over its members stems from its Constitution. However, it does not have statutory executive authority over its members. The organisation is also registered as a Schedule 3A Public Entity in accordance with the Public Finance Management Act No. 01 of 1999 (PFMA), with the following arrangement:

- Executive Authority - Minister of CoGTA;
- Accounting Authority – National Executive Committee; and
- Accounting Officer – Chief Executive Officer.

The role and mandate of SALGA is outlined in the SALGA Constitution as follows:

- Represent, promote and protect the interests of local government in the intergovernmental system;
- Transform local government to enable it to fulfil its developmental role;
- Enhance the role and status of its members and be a consultative body of local government;
- Enhance the role and status of municipalities;



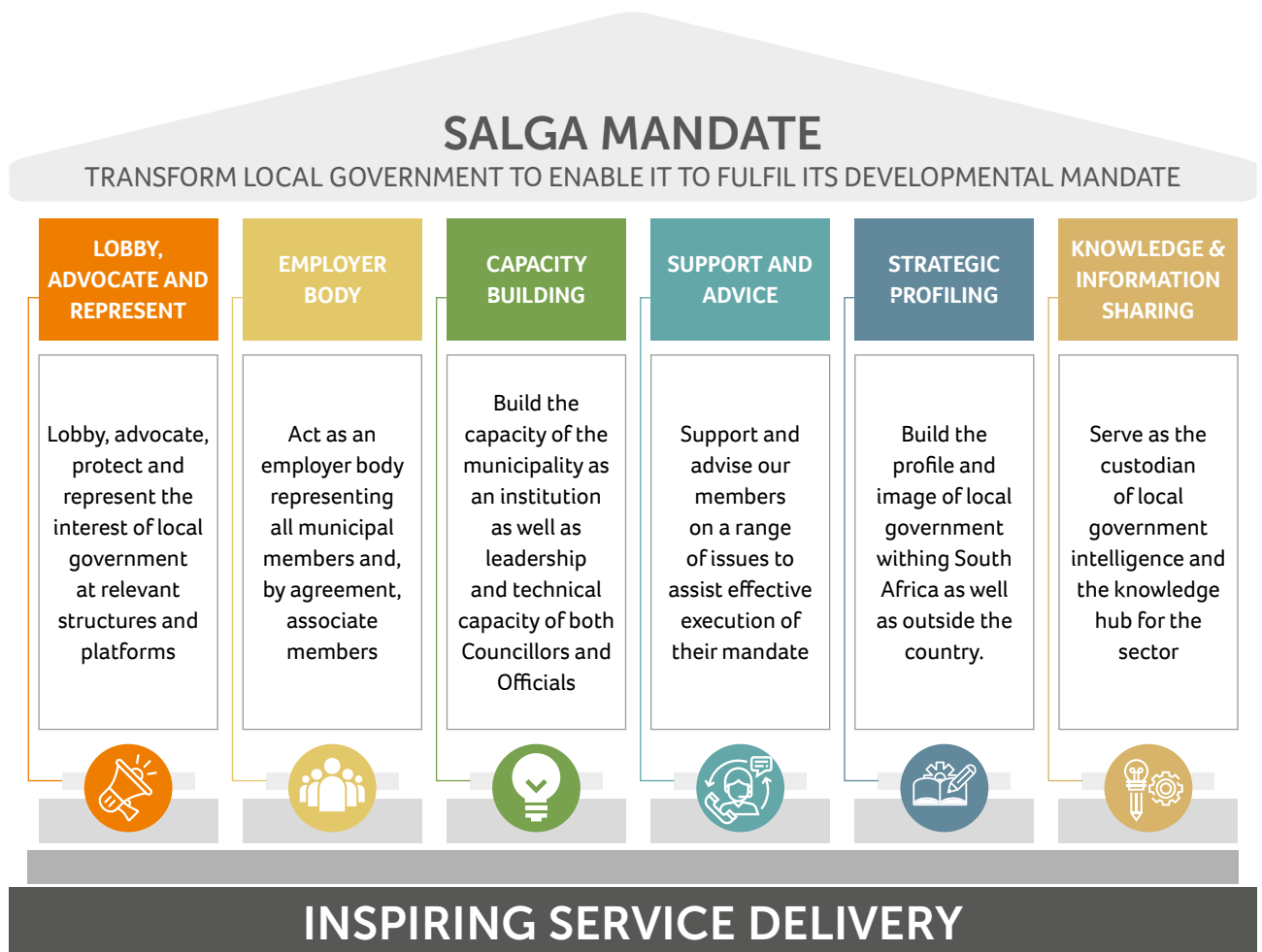
SALGA has a clear strategic role to play in representing the interests of local government within the system of government as a whole on the one hand, and supporting its members to fulfil their developmental obligations.

- Develop common approaches for local government as a distinct sphere of government;
- Enhance cooperation, mutual assistance and sharing of resources among members;
- Find solutions for problems relating to local government generally;
- Ensure the full participation of women in organised local government, including striving for parity (fifty percent) of representation in SALGA's governance structures;
- Increase knowledge sharing and improve the communications capacity as well as vertical and horizontal connectivity of organised local government and municipalities;
- Be the National Employers' Association representing all municipal members and, by agreement, associate members;
- Regulate the relationship between its members and their employees within the meaning of section 213 of the Labour Relations Act 66 of 1995, as amended;
- Encourage the settlement of disputes among its members and between them and their employees or trade unions through co-operative governance or labour law principles;
- Affiliate with and participate in the affairs of any international organisation that will serve the interests of the members;
- Ensure that South African local government plays a critical role in furthering Africa's development at regional, continental and international levels; and
- Do such lawful things as may appear to be in the interest of the organisation and its members which are not inconsistent with the objects, or any matter specifically provided for in this Constitution.

Since its establishment, SALGA has endeavoured to bring focus to its mandate of supporting local government transformation in a complex environment, characterised by a highly diverse membership-base of municipalities. In terms of its amended Constitution, SALGA is a unitary body that consists of a national association and nine provincial offices.

SALGA has a clear strategic role to play in representing the interests of local government within the system of government as a whole on the one hand, and supporting its members to fulfil their developmental obligations, on the other. As a full partner in government, SALGA is expected to be an active participant in the intergovernmental relations (IGR) system, to provide common policy positions on numerous issues and to voice local government interests, as well as provide solutions to the challenges facing local government more generally. This can be summarised in the SALGA mandate as per Figure A 1.

Figure A 1: SALGA Mandate



SALGA’s mandate is unpacked below:

- **Representation, Advocacy and Lobbying** refers to representing the interests of members in legislatures and other policy making and oversight structures. It also refers to engaging with various stakeholders, public debates etc. in the interest of local government;
- **Employer Body** refers to being an effective employer representative for members. This employer representation is carried out in collective bargaining in terms of the Labour Relations Act in various structures including but not limited to those established in the South African Local Government Bargaining Council;
- **Capacity Building** refers to facilitating capacity building initiatives through, among others, representing member interests in the Local Government Sector Education Authority (LGSETA);
- **Support and Advice** refers to the provision of tools and services that enable municipalities to understand and interpret trends, policies and legislation affecting local government and to implement the said policies and plans;
- **Strategic Profiling** refers to enhancing the profile and image of local government as an important and credible agent for the delivery of services. Profiling focuses within South Africa, the African continent, and the rest of the world; and
- **Knowledge and Information Sharing** refers to building and sharing a comprehensive hub of local government knowledge and intelligence that will enable informed delivery of other SALGA mandates. The knowledge hub is also a useful reference point for all who seek local government information.

SALGA has demonstrated a political preference for a unitary structure for organised local government. In terms of the SALGA Constitution as adopted at the 2016 National Conference, it has the following categories of members:

- Municipalities established in terms of the Municipal Structures Act, Act 117 of 1998;
- Provincial associations; and
- Associate members.

2. CONSTITUTIONAL, LEGISLATIVE AND POLICY MANDATES

There is a clear distinction between the local government constitutional, legislative and policy mandate and the constitutional, legislative and policy mandate obligations for SALGA. This section provides this distinction and explains the different obligations for local government as a sector and SALGA as an association for organised local government.

2.1 The Constitutional Mandate for Local Government

The Constitution of the Republic of South Africa, 1996, envisioned a strong local government and required local government capacity to be built by continuous (systemic) support from National and Provincial Government.

It establishes the following categories of municipality:

- **Category (A):** A municipality that has exclusive municipal executive and legislative authority in its area;
- **Category (B):** A municipality that shares municipal executive and legislative authority in its area with a Category (C) municipality within whose area it falls; and
- **Category (C):** A municipality that has municipal executive and legislative authority in an area that includes more than one

municipality.

The Constitution determined the objects of local government as follows:

- Provide democratic and accountable government for local communities;
- Ensure the provision of services to communities in a sustainable manner;
- Promote social and economic development;
- Promote a safe and healthy environment; and
- Encourage involvement of communities and community organisations in matters of LG.

2.2 Legislative and Policy Mandate for Local Government

Over and above the legislative and policy mandates for organised local government (OLG), there are legislative mandates that are imposed to Local Government that OLG has an obligation in ensuring that local government is supported to give effect to its mandated obligations as raised in the following pieces of legislation in table A 1.

Table A 1: Legislative policy mandate for local government

<p>The White Paper on Local Government (1998)</p>	<p>The vision of the White Paper on Local Government is one of a strong local government, supported by a firm subsidiarity principle and original powers. The White Paper provides that national legislation will provide for a mechanism to facilitate the allocation of powers and functions between the different categories of municipalities.</p> <p>Developmental local government is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.</p> <ul style="list-style-type: none"> ▪ Maximising social development and economic growth; ▪ Integrating and coordinating; ▪ Democratising development, empowering and redistributing; and ▪ Leading and learning. <p>Developmental outcomes of local government:</p> <ul style="list-style-type: none"> ▪ Provision of household infrastructure and services; ▪ Creation of liveable, integrated cities, towns and rural areas; and ▪ Local economic development.
<p>Municipal Structures Act, 1998</p>	<ul style="list-style-type: none"> ▪ Section 4: the Demarcation Board may determine that an area must have a category A municipality only after consultation with the Minister, the MEC for local government in the province concerned and SALGA. ▪ Section 12: the MEC for LG must at the commencement of the process to establish a municipality, give written notice of the proposed establishment to organised local government in the province and any existing municipalities that may be affected by the establishment of the municipality and before publishing the section 12 notice, consult organised local government in the province. Likewise, the MEC for local government must at the commencement of the process to amend a section 12 notice, give written notice of the proposed amendment to organised local government in the province and any existing municipalities that may be affected by the amendment and before publishing the section 16 notice, consult organised local government in the province.

- Section 9: the assignment of a function or power by way of an Act of Parliament to municipalities in general, or any category of municipalities, the organised local government representing local government nationally must be consulted.
- Section 14: the Minister, at the request of organised local government representing local government nationally, or after consulting the MECs for local government and organised local government, may make standard draft by-laws concerning any matter, including standard draft rules and orders referred to in section 160 (6) of the Constitution, for which municipal councils may make by-laws.
- Section 24: an organ of state initiating national or provincial legislation requiring municipalities to comply with planning requirements, must consult with organised local government before the legislation is introduced in Parliament or a provincial legislature, or, in the case of subordinate legislation, before that legislation is enacted.
- Section 43: the Minister, after consultation with the MECs for local government and organised local government, must prescribe general key performance indicators that are appropriate and that can be applied to local government generally and to review and adjust those general key performance indicators.
- Section 71: municipalities must comply with any collective agreements concluded by organised local government within its mandate on behalf of local government in the bargaining council established for municipalities.
- Section 108: the Minister must establish essential national standards and minimum standards for any municipal service or for any matter assigned to municipalities in terms of section 156 (1) of the Constitution, after consulting organised local government representing local government nationally.
- Section 120: the Minister, after consultation with organised local government representing local government nationally, must make regulations or issue guidelines not concerning matters listed in sections 22, 37, 49, 72, 86A and 104 of the Act.

Municipal Finance Management Act (2003)

The Act provides that:

- If a national or provincial organ of state which supplies water, electricity or any other bulk resource to a municipality or municipal entity for the provision of a municipal service, intends to increase the price of such resource for the municipality or municipal entity, it must at least 40 days before making a submission to the regulating agency, request organised local government to provide written comments on the proposed increase;
- If a municipality encounters a serious financial problem or anticipates problems in meeting its financial commitments, it must immediately notify organised local government;
- When preparing a financial recovery plan, the person requested to do so by the provincial executive, or the Municipal Financial Recovery Service must at least 14 days before finalising the Plan, submit the plan for comment to organised local government in the province;
- The MEC for local government or the MEC for finance in a province must at least every three months submit progress reports and a final report on an intervention to organised local government in the province;
- When a provincial intervention ends, the MEC for local government or the MEC for finance in the province must notify organised local government in the province;
- When a municipality is unable to meet its financial commitments, it may apply to the High Court for an order to stay, for a period not exceeding 90 days, all legal proceedings, including the execution of legal process, by persons claiming money from the municipality or a municipal entity under the sole control of the municipality. Notice of an application must be given to organised local government; and
- The consultative processes with organised local government before promulgation of regulations in terms of the MFMA.

Intergovernmental Fiscal Relations Act (1997)

The IFR Act is one of the critical tools in intergovernmental planning and co-ordination in the public sector budget cycle. It intends to:

- Promote co-operation between the national, provincial and local spheres of government on fiscal, budgetary and financial matters;
- Prescribe a process for determination of an equitable sharing and allocation of revenue raised nationally; and
- Provide for matters in connection therewith.

SALGA's role is to represent local government through its participation in the Local Government Budget Forum.

<p>Financial and Fiscal Commission Act (1997)</p>	<p>The Act gives effect to the constitutional requirements relating to the Financial and Fiscal Commission. The Financial and Fiscal Commission, established by section 220 of the Constitution, is a juristic person, independent and subject only to the Constitution, this Act and the law. The Commission acts as a consultative body for, and makes recommendations and gives advice to, organs of state in the national, provincial and local spheres of government on financial and fiscal matters.</p> <p>The Act allows for the nomination of two members to serve on the Commission.</p>
<p>Water Services Act (1997)</p>	<p>The Act provides for:</p> <ul style="list-style-type: none"> ▪ The rights of access to basic water supply and basic sanitation; ▪ The setting of national standards and of norms and standards for tariffs; ▪ Water services development plans; ▪ A regulatory framework for water services institutions and water services intermediaries; ▪ The establishment and disestablishment of water boards and water services committees and their powers and duties; ▪ The monitoring of water services and intervention by the Minister or by the relevant Pprovince; ▪ Financial assistance to water services institutions; ▪ Certain general powers of the Minister; ▪ The gathering of information in a national information system and the distribution of that information; ▪ the Repeal of certain laws; and ▪ Matters connected therewith. <p>SALGA plays a role in:</p> <ul style="list-style-type: none"> ▪ Water Service Authority (WSA) submission of its development plan to OLG; ▪ Representation of WSAs on a water board must be determined by the Minister after consultation with OLG in the province concerned; and ▪ Consultation regarding promulgation of regulations.
<p>Municipal Demarcation Act (1998)</p>	<p>The Act provides for criteria and procedures for the determination of municipal boundaries by an independent authority.</p> <p>Organised local government must designate one member to the selection panel for the appointment of board members.</p>

<p>Municipal Property Rates Act (2004)</p>	<p>The Act regulates the power of a municipality to impose rates on property; to exclude certain properties from rating in the national interest; to make provision for municipalities to implement a transparent and fair system of exemptions, reductions and rebates through their rating policies; to make provision for fair and equitable valuation methods of properties; to make provision for an objections and appeals process; to amend the Local Government: Municipal Systems Act, 2000, so as to make further provision for the serving of documents by municipalities; to amend or repeal certain legislation.</p> <p>General consultation requirements are imposed throughout the Act where SALGA can play a role.</p>
<p>Municipal Fiscal Powers and Functions Act (2007)</p>	<p>The Act provides that national legislation regulating the imposition of rates on property and surcharges on fees for services provided by or on behalf of the municipality and other taxes, levies, and duties appropriate to local government or to the category of local government into which that municipality falls may only be enacted only after organised local government and the Financial and Fiscal Commission have been consulted.</p>
<p>Disaster Management Act (Act No. 57 of 2002)/ Disaster Management Amendment Act (Act No. 16 of 2015)</p>	<p>The Disaster Management Act provides a platform from which all spheres of government and communities can work together to prevent or reduce the risks of disasters including measures which are aimed at preventing or reducing the risk of disasters; taking measures to reduce the impact or consequences of a disaster; emergency preparedness; rapid and effective responses to disasters; and post-disaster recovery and rehabilitation.</p> <p>The Disaster Management Amendment Act further provides for measures to reduce the risk of disaster through adaptation to climate change and developing of early warning mechanisms; to provide for regulations on disaster management education, training and research matters and declaration and classification of disasters.</p> <p>SALGA plays a role in:</p> <ul style="list-style-type: none"> ▪ Supporting municipalities through collaboration with the CoGTA; ▪ Implementing advocacy, support and lobbying interventions for an improved state of disaster preparedness, response and post disaster recovery in municipalities; ▪ Promoting representation of local government interests in the sector including support on sector professionalisation process, capacity building; and ▪ Consultation regarding promulgation of Disaster Management regulations.

<p>Fire Brigade Services Act (Act No. 99 of 1987)</p>	<p>The Fire Brigade Services Act provides for the establishment, maintenance, employment, coordination, and standardisation of fire brigade services and for matters connected therewith. The White Paper on Fire Services further outlines establishment of a fire service that is proactive in preventing fires and other risks.</p> <p>SALGA plays a role in:</p> <ul style="list-style-type: none"> ▪ Implementing advocacy, support and lobbying interventions for an improved state of emergency preparedness and response in municipalities including amongst others, service level standards for the delivery of fire services; ▪ Promoting representation of local government interests in the sector including support on sector professionalisation process, capacity building; and ▪ Support for introduction of a national uniform Incident Management System (IMS) to improve response to fire incidents
<p>Road Traffic Management Corporation Act 20 of 1999</p>	<p>The Road Traffic Management Corporation Act (1999), Section 32(1) stipulates that for the purpose of executing the road traffic law enforcement function, the Chief Executive Officer of the Road Traffic Management Corporation (RTMC) in consultation with the National Commissioner of Police and the National Organisation recognised in terms of the Organised Local Government Act (1997) must develop a National Law Enforcement Code.</p> <p>The Act seeks to harmonise the management of traffic law enforcement by local, provincial and national government through the development of standards and frameworks, ensuring common standards, approaches and control measures. This is done through ensuring common key performance Indicators as well as monitoring and evaluation systems.</p> <p>SALGA plays a role in:</p> <ul style="list-style-type: none"> ▪ Representing local government on the RTMC Board and Shareholders Committee and thus playing oversight over the corporation; ▪ Facilitates local government contributions to the development of legislation, regulations and the code;

2.3 Constitutional Mandate for Organised Local Government (SALGA)

The Constitution of the Republic of South Africa, 1996, entrenched local government as a fully-fledged wall-to-wall sphere of government in a system of cooperative governance in which the three spheres are distinctive, yet interrelated and interdependent. This is against the background that the most pervasive challenges facing our country as a developmental state is the need to redress poverty, inequality, underdevelopment and the marginalisation of people and communities, amongst others.

The constitutional architecture recognises that these challenges can only be addressed through a concerted effort by government in all spheres working together and integrating their actions in the provision of services and development of the country's space. Ultimately, the three spheres must provide effective, transparent, accountable and coherent government for the Republic as a whole.

Section 163 of the South African Constitution (1996) calls for organised local government (OLG) to represent municipalities in the intergovernmental and cooperative governance system, by making provision for OLG to participate in the National Council of Provinces (NCOP) in section 67 and the IGR system more generally and mandated legislation to set out the processes and procedures for doing so. The Constitution further provides that OLG will have a national organisation and provincial organisation to:

- Consult with the national or a provincial government;
- Designate 10 representatives to participate in the NCOP;
- Nominate two persons to the FFC.

Section 154 further requires that draft legislation that affects the status, institutions, powers or functions of LG must be published for public comment, in a manner that allows OLG an opportunity to make representations. Section 214 provides that DoRA only be enacted after

consultation with organised local government, while section 221 provides that the Financial and Fiscal Commission will consist inter alia of two persons selected, after consulting organised local government. The Constitution further provides in section 229 that national legislation regulating the imposition of rates on property and surcharges on fees for services provided by or on behalf of the municipality may be enacted only after OLG.

2.4 Legislative and Policy Mandate for Organised Local Government (SALGA)

2.4.1 Organised Local Government Act (1997)

The Act make provision for the recognition of a national association and provincial associations and established the procedures by which organised local government (OLG) may nominate representatives to the NCOP and the Financial and Fiscal Commission (FFC) and consult with the national and provincial spheres of government. The intergovernmental system has since evolved to specifically include organised local government in the key formal structures of the intergovernmental system as outlined in the Intergovernmental Relations Framework Act of 2005.

2.4.2 The White Paper on Local Government (1998)

The White Paper makes provision for SALGA to play a leading supportive role in the wholesale transformation of LG to be developmentally oriented. The paper provides for SALGA to make a strong contribution to the development of municipalities, through:

- Provision of specialised services to strengthen capacity of local government;
- Research and information dissemination;
- Facilitate shared learning between municipalities;
- HR and leadership development.

It provides a framework for the understanding of the philosophy, mission and role of intelligence in a democratic South Africa. The White Paper suggest that SALGA must:

- Develop own policy formulation and advocacy capacity;
- Develop strong internal mandating and consultative processes;
- Develop expertise in labour relations, bargaining, conflict resolution and HR management and development;
- Be funded on a R-for-R basis out of the equitable share of national revenue to which LG is entitled.

The White Paper on Local Government confirms that SALGA has a key role to play, not only as an employer in the South African Local Government Bargaining Council, but also in building capacity in labour relations among its membership and maintaining open and constructive relationships with organised labour. It further provides that SALGA also has potential to make a strong contribution to the development of municipalities throughout the country.

2.4.3 Municipal Systems Act (2000)

The Act provides that SALGA must seek to:

- Develop common approaches for local government as a distinct sphere;
- Find solutions for problems that relate to local government generally;
- Enhance co-operation, mutual assistance and sharing of resources between municipalities;
- Facilitate compliance with the principles of cooperative governance and IGR.

2.4.4 Intergovernmental Relations (IGR) Framework Act (2005)

The Intergovernmental Relations Framework Act 13 of 2005 intends:

- To establish a framework for the national government, provincial governments and local governments to promote and facilitate intergovernmental relations;
- To provide for mechanisms and procedures to facilitate the settlement of intergovernmental disputes; and
- It provide for matters connected therewith.

The Act envisages that in respect of:

- Issues and/or forums related to national government, OLG will be represented by the National Body (PCC, MinMEC, etc);
- Issues and/or forums related to Provincial government, OLG will be represented by the provincial organisation (PCF, MuniMEC/ MayMEC); and
- Issues or forums within the district realm, municipalities will represent themselves.

With the enactment of the IGR Framework Act, SALGA has seen the establishment of several IGR structures, in line with the provisions of the Act. The IGR Framework Act makes specific provision for organised local government's participation in both national and provincial IGR structures. As such, organised local government participates in a large number of IGR structures, at both provincial and national level.



2.5 Other Legislative Frameworks for SALGA's Administrative Compliance

SALGA is listed as a Schedule 3A public entity in terms of the Public Finance Management Act, Act 1 of 1999 as amended by Act 29 of 1999 (PFMA). The PFMA is the accounting framework for, inter alia, revenue and expenditure, as reflected by the Government Notice 1282 in the Government Gazette 23619 of 2002.

SALGA reports on its performance and expenditure annually to the South African Parliament. As a membership-based association, SALGA is funded through a national government grant, levies from member municipalities and project-specific funding from, inter alia, the international donor community.

Further, SALGA must also comply with all other compliance legislation imposed on government institutions such as:

- a) The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000);
- b) Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000);
- c) Employment Equity Act, 1998 (Act 55 of 1998);
- d) Public Administration Management Act, 2014 (Act 11 of 2014);
- e) Basic Conditions of Employment Act, 1997 (Act 75 of 1997);
- f) The Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003);
- g) Skills Development Act, 1998 (Act 97 of 1998);
- h) Labour Relations Act, 1995 as amended (Act 66 of 1995);
- i) Protected Disclosure Act, 2000 (Act 26 of 2000);
- j) The Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- k) The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000); and
- l) The National Archives and Record Service of South Africa Act, 1996.

2.6 Direct Link to Other Policies and Plans

The current strategic plan has taken into consideration global plans and priorities, the National Development Plan (NDP), the Medium-Term Strategic Framework 2019 - 2024, the Monitoring Framework for the NDP five year implementation plan, spatial development plans, provincial priorities, sector priorities, and local government priorities. Most of these policies and plans/priorities are outlined in Table A 2.

Table A 2: Global and national policies and strategies taken into consideration for the five-year planning period

GLOBAL	
Sustainable Development Goals (SDGs) Vision 2030	Requires local governments to be inclusive, economically productive, environmentally sustainable and resilient to climate change and related risks through, inter alia, the use of renewable energy and sustainable provision of water and sanitation for all. SALGA regards Goal 11 as pertinent to the OLG sector and its commitment to addressing South Africa's development challenges.
Africa Agenda 2063 – The Africa we want	Advocates for structural transformation and economic independence for Africa through agro-based industrialisation, innovation, new technologies and partnerships to provide food security, jobs and cultural reorientation and rejuvenation.
Paris Accord on Climate Change	This accord calls for zero net anthropogenic greenhouse gas emissions by the second half of the 21 st century and commits signatories to limiting the temperature increase to 1.5 °C, which requires zero emissions between 2030 and 2050 and replacing fossil fuels almost entirely with clean energy in the second half of this century.
Habitat III	New Urban Agenda that reflects political commitment to developing sustainable rural and urban towns, cities, and human settlements.
NATIONAL	
National Development Plan (NDP)	<p>The NDP, Our Future Make it Work, sets out a comprehensive plan to eliminate poverty and reduce inequality by 2030 by drawing on the energy of South Africa's people, growing an inclusive economy and building key capabilities, including the necessary skills and infrastructure, building the capacity of the state, and promoting leadership and partnerships throughout society.</p> <p>SALGA, as a state entity, must align its programmes to ensure that it realises the aspects espoused in the NDP.</p>

<p>Medium Term Strategic Framework 2019 - 2024</p>	<p>The MTSF is a high-level strategic document to guide the five-year implementation and monitoring of the NDP 2030. In line with the electoral mandate, the sixth administration identified the priorities to be undertaken during 2019–2024 medium term strategic framework. The MTSF sets targets for implementation of the priorities and interventions for the 5-year period and states the outcomes and indicators to be monitored.</p> <p>The seven priorities derived from the 2019 electoral mandate and SONA are:</p> <ul style="list-style-type: none"> ▪ Priority 1: Building a Capable, Ethical and Developmental State; ▪ Priority 2: Economic Transformation and Job Creation; ▪ Priority 3: Education, Skills and Health; ▪ Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services; ▪ Priority 5: Spatial Integration, Human Settlements and Local Government; ▪ Priority 6: Social Cohesion and Safe Communities; and ▪ Priority 7: A better Africa and World. <p>SALGA’s strategic priorities are directly aligned with the MTSF priorities</p>
<p>Spatial Development Plan</p>	<p>All government institutions preparing short- and medium-term plans must reflect the spatial impact of the priorities that will be planned for. This will also facilitate and promote intergovernmental cooperation in respect of spatial development planning and transformation.</p> <p>In this strategy, SALGA will play a role in ensuring that local government IDPs are aligned to the national and provincial Spatial Development Framework.</p>
<p>Integrated Urban Development Framework (IUDF)</p>	<p>Department of Cooperative Governance and Traditional Affairs (CoGTA) coordinates initiatives to manage urbanisation and achieve economic development, job creation and improved living conditions.</p>
<p>District Development Model</p>	<p>For the government to deliver integrated services whilst strengthening monitoring and evaluation and impact at district and local levels, a District Development Model (DDM) was launched by the President of the Republic of South Africa. The DDM provides both an institutional approach and territorial approach (geographic space) focus. The 44 Districts plus eight Metros as developmental spaces (IGR Impact Zones) can be the strategic alignment platforms for all three spheres of government where One Plan for each space guides and directs all strategic investments and projects for transparent accountability. The Plan will harmonise IDPs and create interrelated, interdependent as well as ‘independent’ development hubs supported by comprehensive detailed plans.</p> <p>SALGA is a partner in the conceptualisation and delivery of this model and will continue to play a huge role in coordination, monitoring and evaluation processes to ensure the programme is a success.</p>

3. INSTITUTIONAL POLICIES AND STRATEGIES GOVERNING THE FIVE-YEAR PLANNING PERIOD

Emanating from SALGA's strategic planning process, several policies and strategies are identified as critical interventions that will assist SALGA in realising the intended impact and identified outcomes over the five years. Some of the existing legislations, policies and strategies will be reviewed and possibly amended or repealed to address the dynamic environment within which local government operates. These include the obligations placed on the SALGA NEC such as:

- Lobbying for the review of the Municipal Systems Act to advance SALGA as the sole employer body in local government to ensure that agreements that oblige municipalities should be implemented accordingly;
- Amend OLGA to make membership and payment of membership fees compulsory in line with SALGA's unitary structure and to repeal the clause on provincial associations;
- Refine and implement SALGA Constitutional amendment adopted by Conference:
 - To strengthen the authoritative relationship between SALGA and members, such as affording SALGA powers to act against failure by a member to uphold SALGA's directive or advice, and
 - To provide for political inclusivity (proportional representation) in all SALGA governance structures;
- Devise instruments to implement government funding obligations to fund the R-to-R as per the WPLG promise as a form of subsidising up to 50% municipal membership fees;
- Lobbying for the review of applicable legislation to utilise SALGA's developed Coalition Framework as a basis for regulating the formation and functioning of coalition governments in the local government space;

- Lobby political parties to ensure deployment of skilled and competent political leadership;
- Professionalisation of administrative staff including standardisation of recruitment to retirement processes.

These policies and strategies are unpacked and incorporated into SALGA's measurable performance information over the next five years, as outlined in this 2022-2027 Strategic Plan and associated Annual Performance Plans.

4. RELEVANT COURT RULINGS

There are no court rulings that have a significant, ongoing impact on operations or service delivery obligations.





PART B

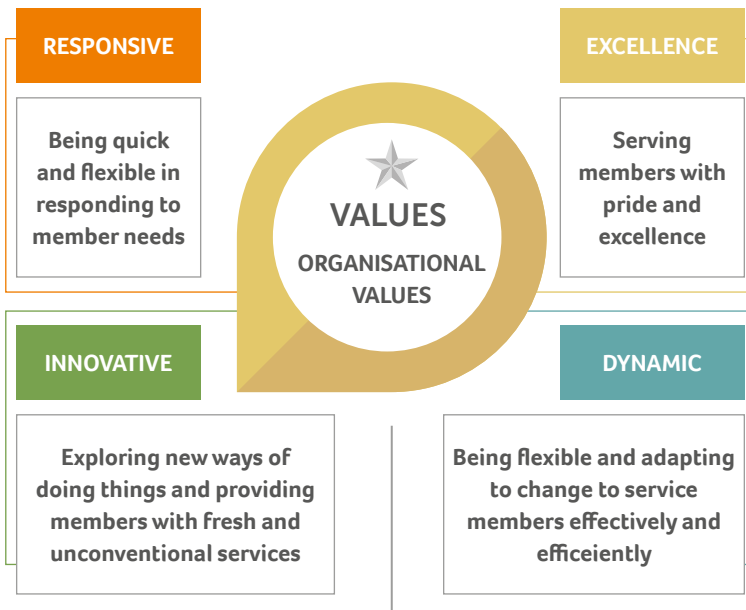
OUR STRATEGIC FOCUS

PART B

OUR STRATEGIC FOCUS

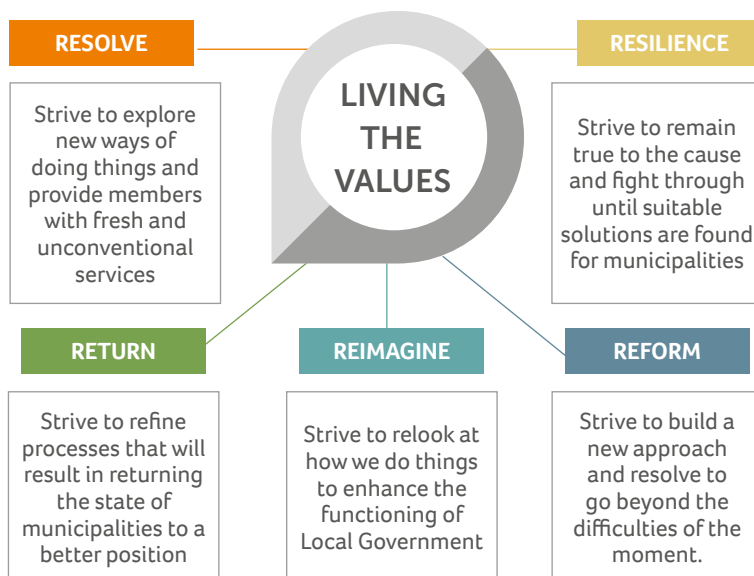
5. VISION, MISSION AND VALUES

SALGA subscribes to the following values:



Principles manifesting the values:

The principles that will serve as a vehicle to manifest these values as part of the lived organisational culture, or what defines SALGA's DNA, include the following:



VISION

An association that leads innovation through cutting edge quality and sustainable service delivery to our member municipalities for better services to communities



MISSION

To be consultative, informed, mandated, credible, accountable and protect the interests of our membership and a catalyst for developmental local government

6. SITUATIONAL ANALYSIS

The situational analysis process is intended to ensure that the internal and external environment is adequately analysed and comprehended by SALGA to inform the planning processes resulting in the development of the strategic plan. As a form of force field analysis, the areas outlined below aim to provide a simple means of capturing the forces, trends, interests or other aspects that may either drive or support the 2022-2027 strategy towards the realisation of the Medium-Term Strategic Framework (Department Planning, Monitoring, Reporting and Evaluation, 2021) targets.

6.1 External Environment Analysis

External analysis relates to how an organisation objectively assesses the changes made to its industry and the broader world that could affect its current business operations. This ensures that organisations can adapt to changes and succeed within an industry (Indeed Editorial Team, 2021). For purposes of this strategy, an external environmental analysis was conducted following the renowned STEEPLE¹ methodology to ensure a complete capture of all factors that affect SALGA's operational environment. The analysis focuses on international statistics or trends, followed with an analysis of the national and municipal environmental factors impacting SALGA.

“The COVID-19 pandemic remains ever-present with its attendant disruptive impact on the economy, and the health and livelihoods of all South Africans” (DPME, 2021). DPME launched two surveys, in May 2020 and February 2021, to determine the impact of the pandemic on municipalities. The survey found that all six categories were impacted in one way or another. The categories were:

- Municipal planning;
- Municipal revenue;
- Municipal expenditure;
- Service delivery;

¹ Social, Technological, Economic, Environmental, Political, Legal and Ethical factors

- Mobilising expanded services; and
- Municipal staff

The external environmental analysis has taken into consideration the effect that Covid-19 has had on the seven factors (STEEPLE) that are outlined below². As part of this new strategy, a new way of thinking, doing and being had to be explored.

6.1.1 Socio-cultural Factors



Information on demographic and population trends, age, education levels, lifestyle, customer behaviour, and inequality is extremely important to guide the planning processes for municipalities and SALGA, as outlined below.

DEMOGRAPHIC TRENDS

Globally, people are moving to cities and living in urban areas. The United Nations predicts that 68 per cent of the world's population will live in urban areas by 2050. Today, 55 per cent of the world's population lives in urban areas. According to a new United Nations data set (United Nations, Department of Economic and Social Affairs, 2018), projections show that the gradual shift of the human population from rural to urban areas (another 2.5 billion people) may be added through population growth by 2050, with close to 90 per cent taking place in Asia and Africa. Should this trend persist for South Africa, additional strain will be placed on urban cities' resources.

Figure B 1 presents the population growth in Western Europe. Comparatively, population growth in sub-Saharan Africa, Southern Africa and South Africa is also presented by class and type in Figure B 2 to Figure B 5.

² The geographical factor has also been tersely outlined as another key aspect that impacts municipalities and SALGA's planning environment, extending STEEPLE to STEEPLEG.

Figure B 1: Western Europe: Total Population (United Nations, Department of Economic and Social Affairs, 2018)

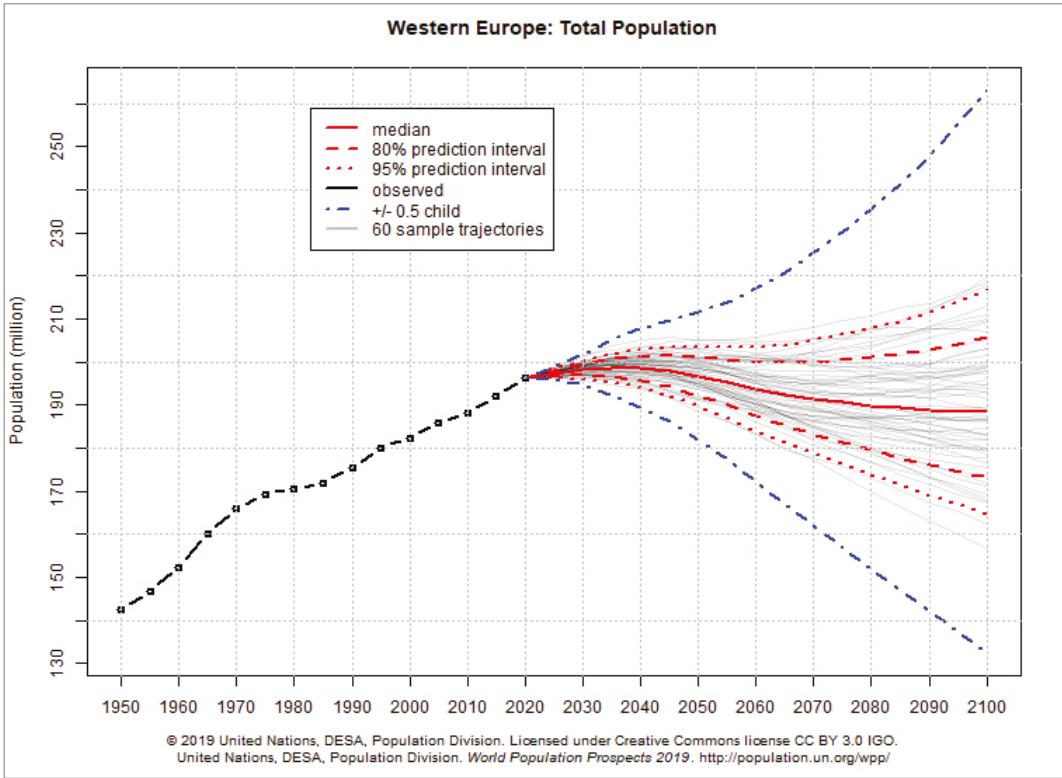


Figure B 2: Sub-Saharan: Total Population (United Nations, Department of Economic and Social Affairs, 2018)

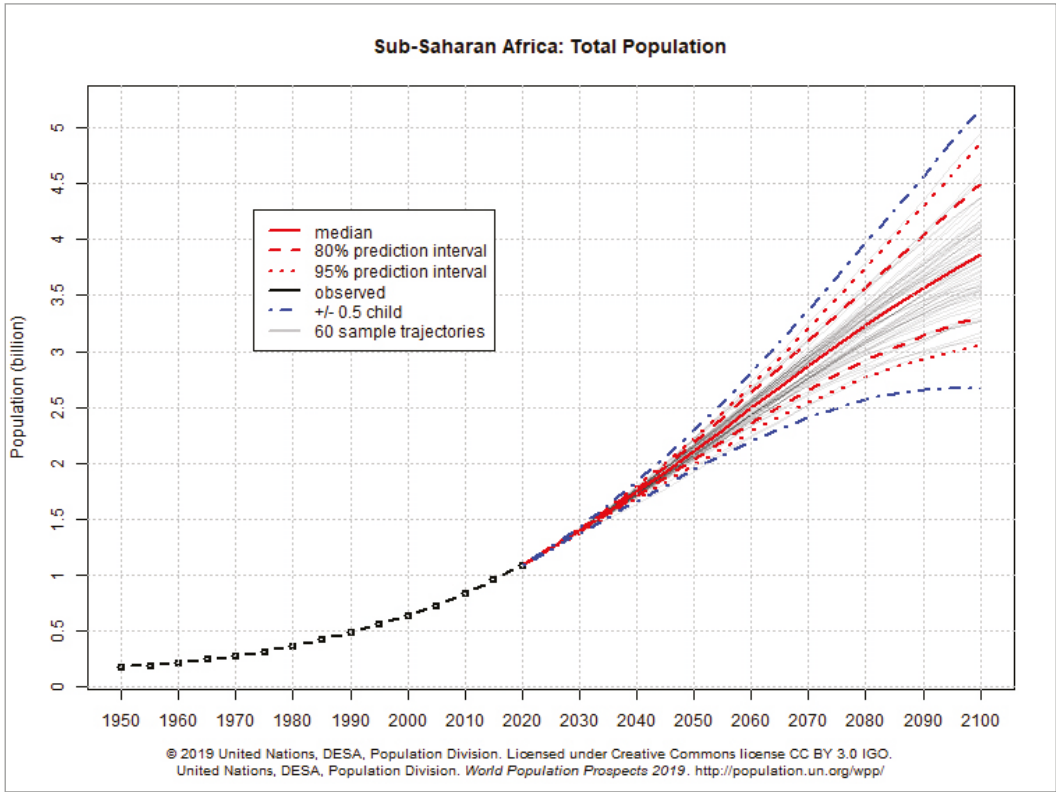


Figure B 3: Percentage of Population in Urban and Rural in South Africa and Regions and Subregions in South Africa and Southern Africa (United Nations, Department of Economic and Social Affairs, 2018)

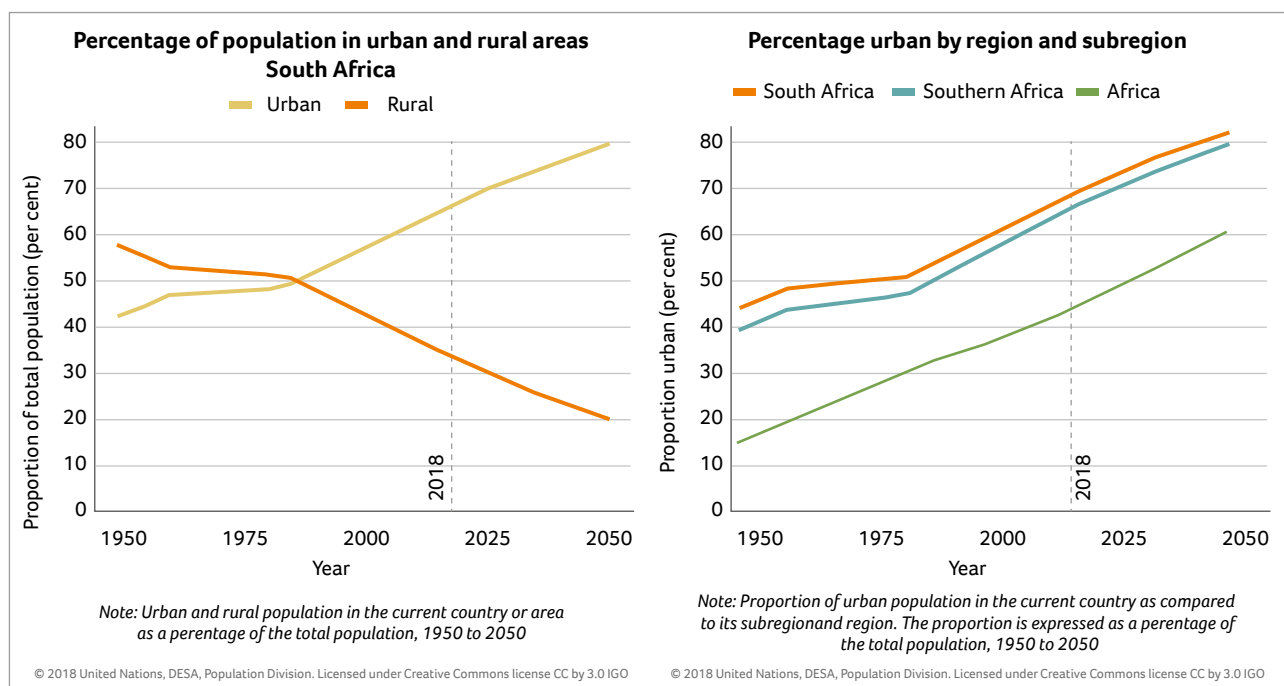


Figure B 4: Percentage of Urban Population in the World Compared to South Africa (United Nations, Department of Economic and Social Affairs, 2018)

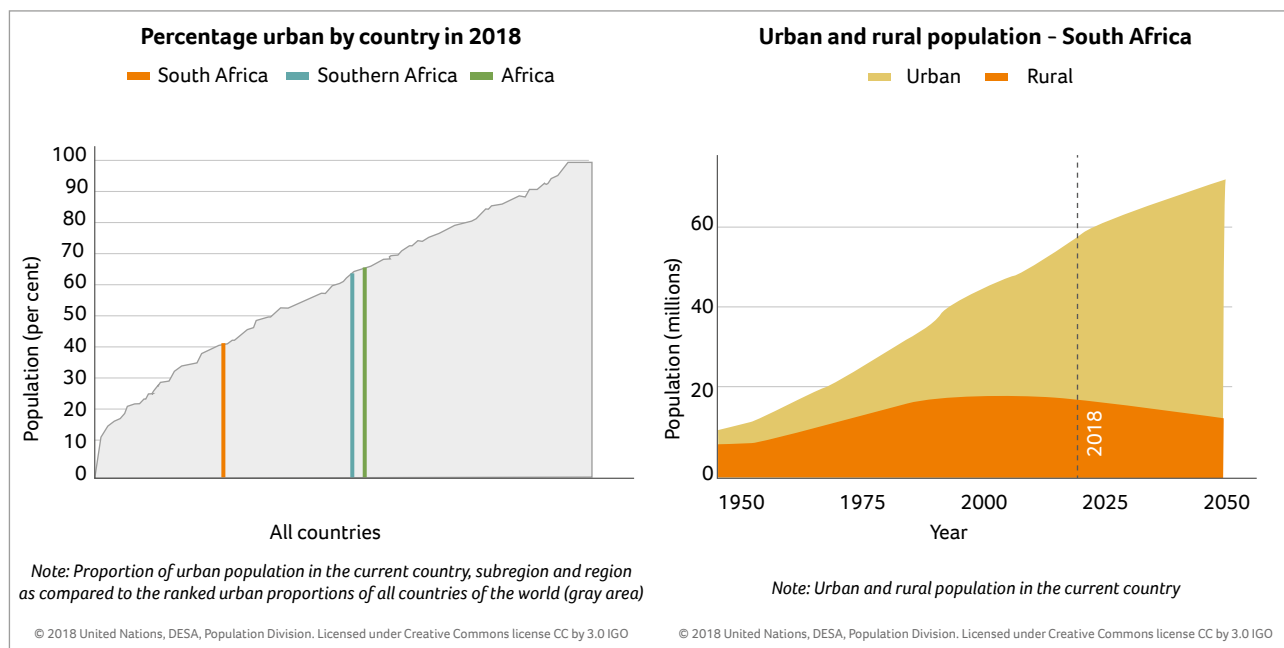
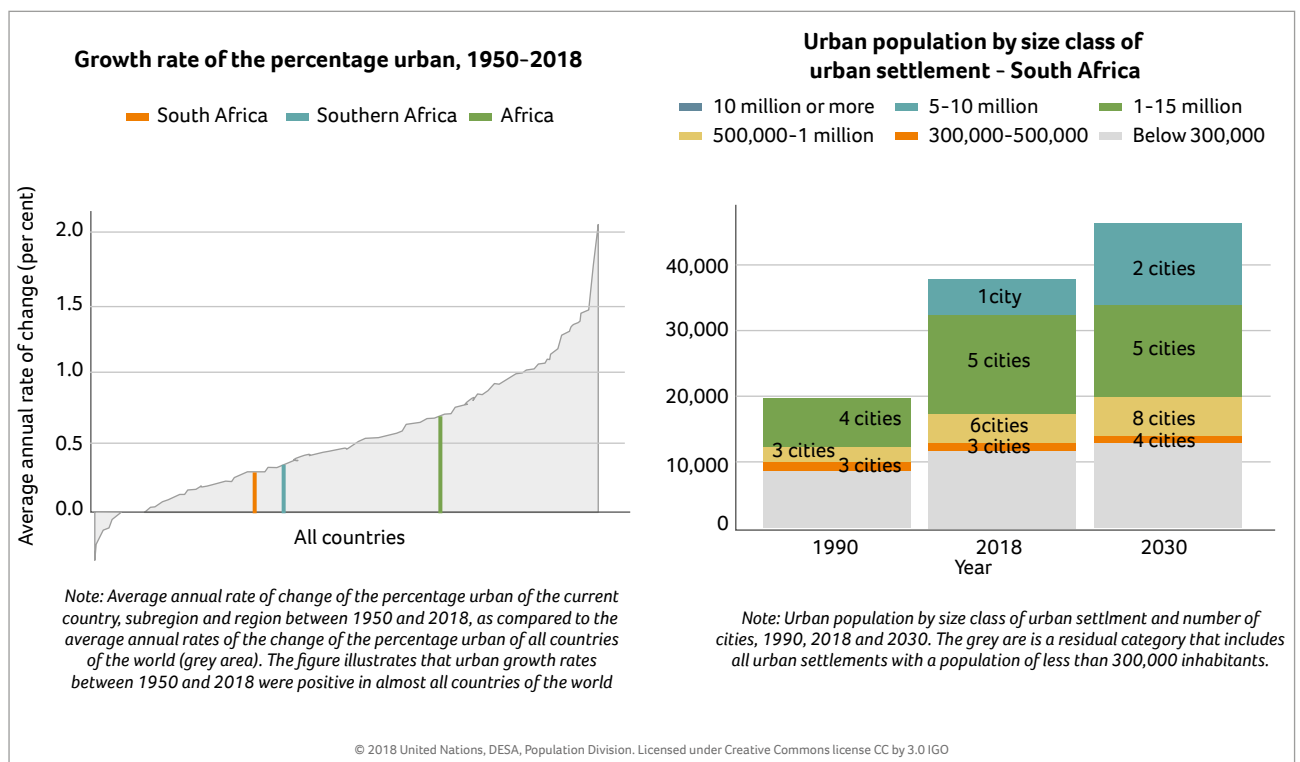


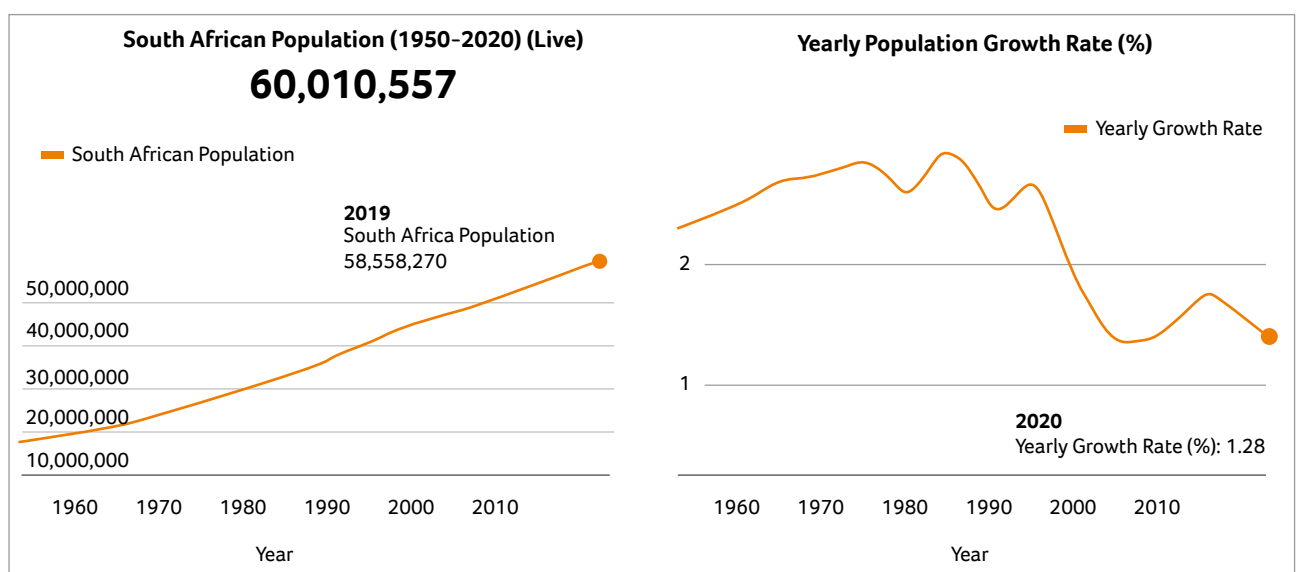
Figure B 5: The Growth Rate as a Percentage of the Urban Population and the Urban Population by Size, Class and Settlement in South Africa (United Nations, Department of Economic and Social Affairs, 2018).



Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). *World Urbanization Prospects: The 2018 Revision*

Nationally, the current population of South Africa is 60 010 5453 , which is a 1.2 per cent increase from the estimated 2020 mid-year population (Worldometer, 2021). South Africa’s population increase is equivalent to 0.76 per cent of the total world population and ranks number 25 in the list of countries (and dependencies) by population. The population density in South Africa is 49 per km² (127 people per mi²), with 66.7 per cent of the people living in urban areas (39 550 889 people in 2020 as per Figure B 6).

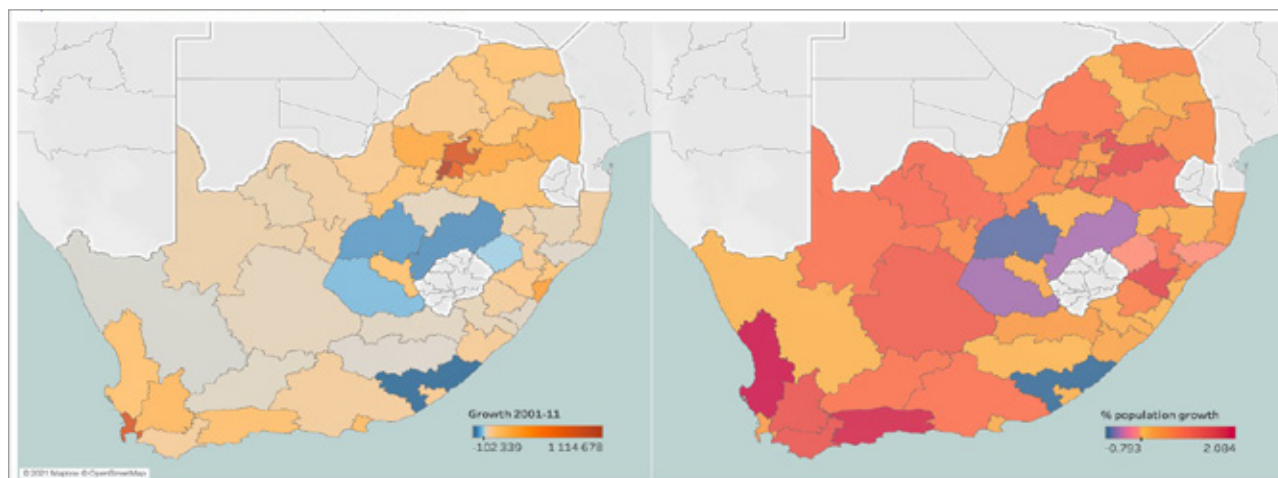
Figure B 6: South Africa Population and Growth Rate 1950-2020 (Worldometer, 2021)



³ As of Wednesday, June 2, 2021, based on Worldometer elaboration of the latest United Nations data.

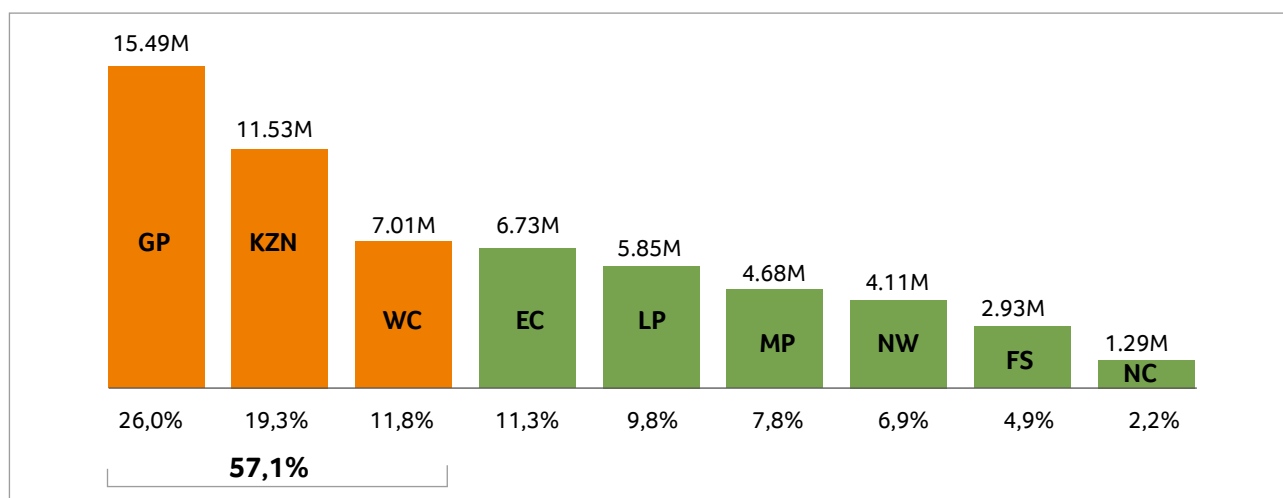
There is a general decline in population in the Free State and some parts of the Eastern Cape and increasing growth in population in all metros. The Cape Town and the Gauteng metros show significant growth as per Figure B 7 below:

Figure B 7: Population Growth Total Number of New Persons and % New Persons (Mapbox, 2021)



More than half of the population live in three provinces. Gauteng remains South Africa’s most populated province, with approximately 15.5 million people (26 per cent) living in the province as per Figure B 8.

Figure B 8: Mid-year Population Estimates for South Africa by Province, 2020 (Stats SA)



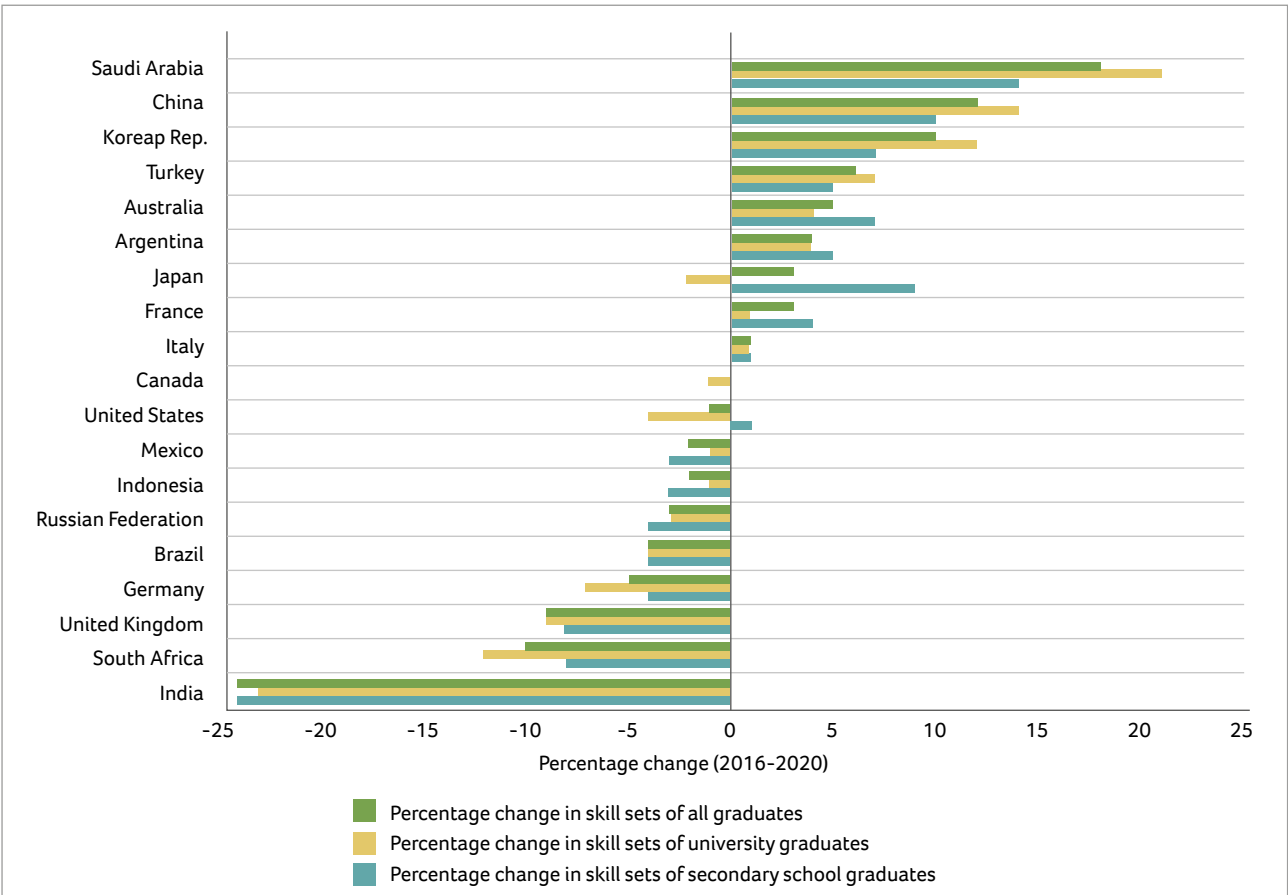
The figures on population growth demonstrate that cities are facing growing environmental, societal, and economic challenges. Population growth results in growing levels of demand for municipal basic services. Furthermore, new physical problems, such as scarcity of resources, air pollution, difficulty in waste management, traffic congestion, inadequate, deteriorating, and ageing infrastructure, develop in cities (Luthra, et al., 2018, p. 3). In South Africa, there is a consistent backlog in service delivery, and population growth makes basic service delivery an upwardly moving target. The majority of the population is found in informal dwellings, affecting capacity (infrastructure and resources) in delivering services to the community. Therefore, the above-mentioned population growth predictions have devastating implications: as Western Europe’s population growth declines, it will increase rapidly in Southern Africa, particularly in South Africa, thus impacting the already delicate socio-economic infrastructure even more.

According to Martec’s Law (Smart Circle, 2015), technology can overcome some of these challenges and make cities a better place to live, but the ever-growing divide between technology development and the growth rate and management thereof may lead to disruptive behaviour. Notably, countries such as Chile, Mexico, Argentina, Brazil and China have responded by launching various timely initiatives to manage urbanisation efficiently. Santiago de Chile has shown advancements in becoming more ingenious, and the Chinese city Xixiang has developed joint programmes with IBM to improve its transportation network and community safety. In respect of the citizens’ quality of life index, countries like Denmark, Switzerland, and Australia are out-performing countries in Asia, including India. Policy makers lead an initiative of smart city development in India (Luthra, Mangla, Islam, Roderock, & Dwivedi, 2018, p. 2) that starts to narrow the gap between deteriorating infrastructure and sustainability.

EDUCATIONAL LEVELS

According to the Global Competitiveness Report (World Economic Forum, 2020, pp. 21-22), global talent shortages in the workplace have become more profound. The reason is that the outdated education systems do not keep track of recent worldwide dynamism. The adequacy of local secondary education systems to meet employment needs is rated at 59 points (out of 100) in advanced economies and 42 points (out of 100) in emerging and developing economies as per Figure B 9.

Figure B 9: Percentage Change in the Skill Sets of Graduates, 2016–2020, G20 Economies, Disaggregated by Level of Education (World Economic Forum, 2020, p. 22)



Source: World Economic Forum, Executive Opinion Survey, 2016-2020 editions

Several large economies have seen downward trends in the adequacy of skill sets of all graduates in recent years (among them, India, South Africa, United States and Germany) while others such as Korea, Republic of Saudi Arabia, Turkey and China have improved their scoring. Similarly, the adequacy of tertiary education

to meet employment needs is rated at 68 points (out of 100) in advanced economies and 55 points (out of 100) in emerging and developing economies. In the aggregate, these figures have seen little change over the past years. The tertiary education systems that are rated as best placed to deliver to the needs of employers are those of Switzerland (82), Singapore (79), Finland (79) and Chile (71). In contrast, the following countries trail behind: Ethiopia (37), India (39), Brazil (45), Japan (59), Italy (62), and the United Kingdom (63). Tanzania and China are among the most improved, while India, Ethiopia and the United States have seen the most significant decline.

As a result, the ability to find skilled employees has declined across advanced economies by 7 per cent relative to 2016, while improving across developing economies by 3 per cent. Of note is the shortage in digital skills as technology continues to disrupt labour markets, especially during Covid-19 with the trend to work remotely (World Economic Forum, 2020, p. 22).

Nationally, South African youth can boost economic development if the current education system focuses on entrepreneurial qualities like business savvy and quick decision-making (USB Ed, 2019). According to the OECD (OECD: Going for Growth 2021, 2021, p. 2), entrepreneurship in South Africa is weak compared to other emerging economies, and the slowing growth and Covid-19 crisis have compounded the already complex environment for new and small businesses that existed before the pandemic. The low quality of the education system, high drop-out rates and the lack of work experience contribute to gaps in entrepreneurial skills. Improving the quality of education would boost human capital accumulation and reduce the high levels of inequality (OECD, 2021, p. 3). Children need to be empowered, through the education system, to become entrepreneurs to increase the number of domestic suppliers and decrease imports into South Africa (USB Ed, 2019). The three main skills that the youth need to be taught is personal mastery (development of character, ethics and emotional intelligence), entrepreneurial mindset (ability to spot gaps and take advantage of those), and business acumen (how to turn a start-up into a sustainable business). Young people should network and write business proposals fresh out of high school to gain an immediate edge. Economic development can happen when the youth are empowered to be economically active. Figure B 10 illustrates recommendations by the OECD (OECD: Going for Growth 2021, 2021, p. 4) in removing barriers to raising the quality of education in South Africa.

Figure B 10: Recommendations for Raising Quality of Education in South Africa (OECD, 2021, p. 4)

Education and skills: Raise quality and equity in education



Since 2018, free tertiary education is being phased in over the next three years for qualifying first-year students from low-income households.

- Improve teacher training, enhance accountability and increase monitoring of school leadership.
- Gradually phase out school fees in the public primary school system.
- Teach English as a second language earlier in the curriculum, while maintaining mother-tongue instruction for longer.
- Upgrade school infrastructure.
- Expand vocational education and training.

At local government level, municipalities face several related challenges including poor capacity and weak administrative systems illustrated by poor financial and administrative management, inadequate technical and planning capacity, governance challenges and uneven fiscal capacity. In 2017, the Municipal Infrastructure Support Agency (MISA) conducted a diagnostic assessment of 88 municipalities with high infrastructure and basic services backlogs, low technical capacity, high vulnerability, low economic base and/or inability to collect

revenue. One of the key findings was the widespread lack of appropriate skills in planning and technical units for infrastructure maintenance (SALGA, 2021).

A serious concern around municipal capacity revolved around the fact that management positions within municipalities were perceived to be unprofessional, having the following barriers:

- The appointment of staff without adequate qualifications, expertise, and experience;
- Inappropriate political interventions in the work of officials;
- Lack of responsiveness to community needs;
- Low staff morale and poor service ethic;
- Inadequate implementation of performance management systems;
- Financial irregularity;
- Non-compliance;
- Malpractice and corruption; and
- Adverse findings by the Auditor-General.

There is still inequality between genders when it comes to the appointment of management positions in municipalities. During 2019, 65 per cent of municipalities had male mayors, 59 per cent of councillors were male, and only 29 per cent of S56 managers were female (Stats SA 2021).

Theoretically, there should be an inverse relationship between spending on capacity building in local government and municipal dysfunction/financial distress. But the reality reflects differently. The more the government spent on financial capacity building initiatives, the greater the financial distress amongst municipalities became, as depicted in Table B 1 below:

Table B 1: Comparison between LG Capacity Building Expenditure and Municipalities in Distress (State of Local Government Finances and Financial Management Report (National Treasury, 2018))

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Capacity Building (Rbn)	1 846	1 873	1 698	1 827	2 081	2 158
Financial distress	86	87	79	128	125	163
* MTREF estimates						

INEQUALITY

In the global space, plotting income per capita globally over the last 30-years (Schwab K. V., 2021, p. 36), inequality has started to rise substantially in highly developed countries, except for China that lifted 740 million people out of poverty and went from a low-income to an upper-middle-income since its opening up to economic reform (Darvas, Z in Schwab, 2021, p. 37). However, inequality within certain nations has become much more severe (Cassidy, 2014 in Schwab, 2021, p. 37), and is the biggest threat to “social stability around the world” (Malleret, 2012, pp. Kindle Edition, Location 973). India is now one of the most unequal societies globally, and even in China, the top 10 per cent capture 41 per cent of their nation’s income (World Inequality Report, 2018 in Schwab 2021, 40).

Multi-national corporations are taking home more than 50 per cent income across the Middle East, sub-Saharan Africa, and many of Latin American countries. In Europe, inequality is less at 37 per cent, as Europe has a more effective system of checks and balances (Schwab K. V., 2021, p. 40). For Eastern Europe, it is not the same.

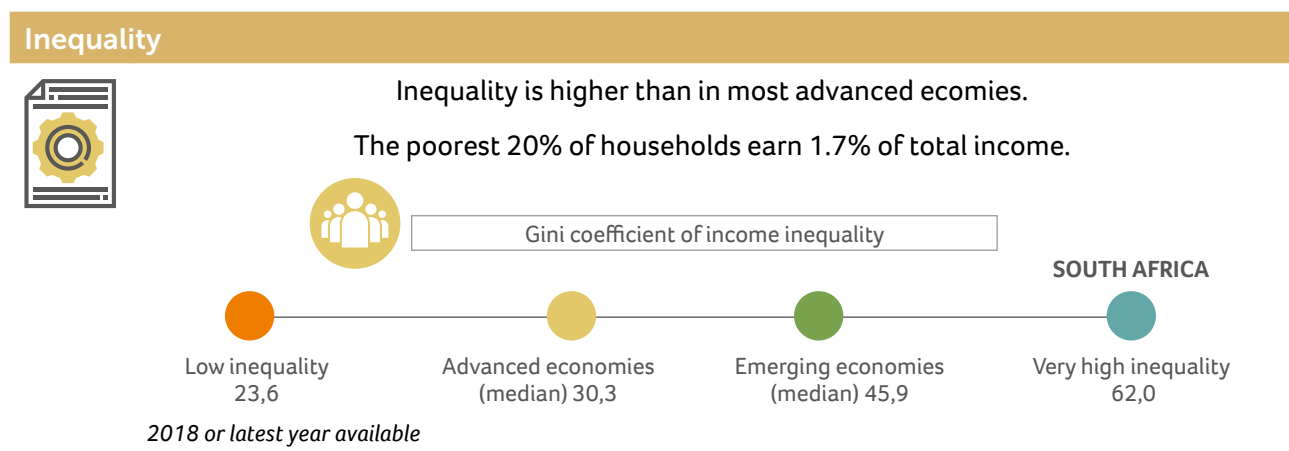
Locally, the promise to achieve a “decent standard of living” for all South Africans by 2030 is at the core of South Africa’s National Development Plan (NDP). This includes reducing the number of people living in households with monthly income under R419 per person and decreasing the Gini coefficient from 0.69 to 0.6.

In measuring poverty levels, two indicators have been examined:

- The first, a measure used by the National Treasury in allocating equitable share, is the number of households relying on the equivalent of two pensions per month; and
- The second, the Multidimensional Poverty Index (MPI), a composite of health, education, living standards, and economic activity, uses the poverty headcount.

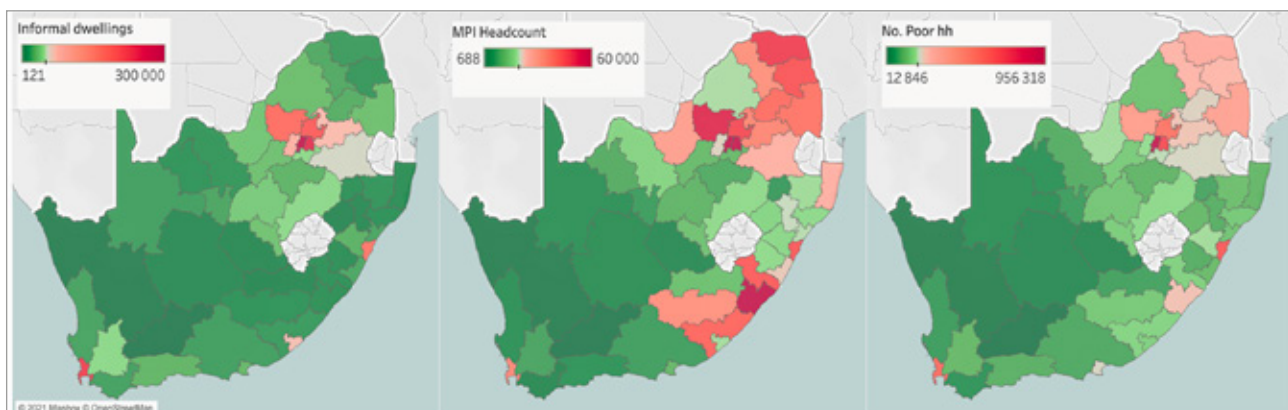
According to the Organisation for Economic Cooperation Development (OECD, 2021), inequality in South Africa is higher than in most advanced economies. The poorest 20 per cent of households earn 1.7 per cent of total income in South Africa, leaving South Africa with an inequality coefficient of 62 as per Figure B 11.

Figure B 11: Gini Coefficient of Income Inequality (OECD, 2021)



The three maps below show the location of informal dwellings, a headcount of multidimensional poverty and the number of households classified as poor as per Figure B 12.

Figure B 12: Location of Informal Dwellings, a Headcount of Multidimensional Poverty and the Number of Households who are Classified as Poor (SALGA, 2021, p. 32)



Several observations can be made from these maps. First, that the location of informal dwellings closely follows that of the major cities and demonstrates that informal dwellings are less of an indicator of poverty (although within an urban area they are an indicator of poverty) than – at a macro level – an indicator of where economic growth and employment is taking place. It is also clear that multidimensional poverty and

poor households are very high in the major metros, not just in rural areas. Half of the multifaceted poverty is found in metros, and almost a third of poor households are located in the eight metros. Beyond the big cities, however, the multidimensional poverty and low-income families have a locational pattern similar to apartheid geography.

Second, the Gini coefficient measure of inequality has also been examined. This index measures the distribution of income across a population. Scores range between 0 and 1, with a higher Gini index indicating higher levels of inequality. In other words, a more significant percentage of the total income is going to high income earning individuals. On average, the Gini coefficient in South Africa is approximately 0.62. Category A, or metro municipalities, have a higher Gini index, meaning a significant inequality gap in these municipalities. Smaller, more rural municipalities have an inequality index similar to that of South Africa as a whole (SALGA, 2021, p. 32) as per Table B 2.

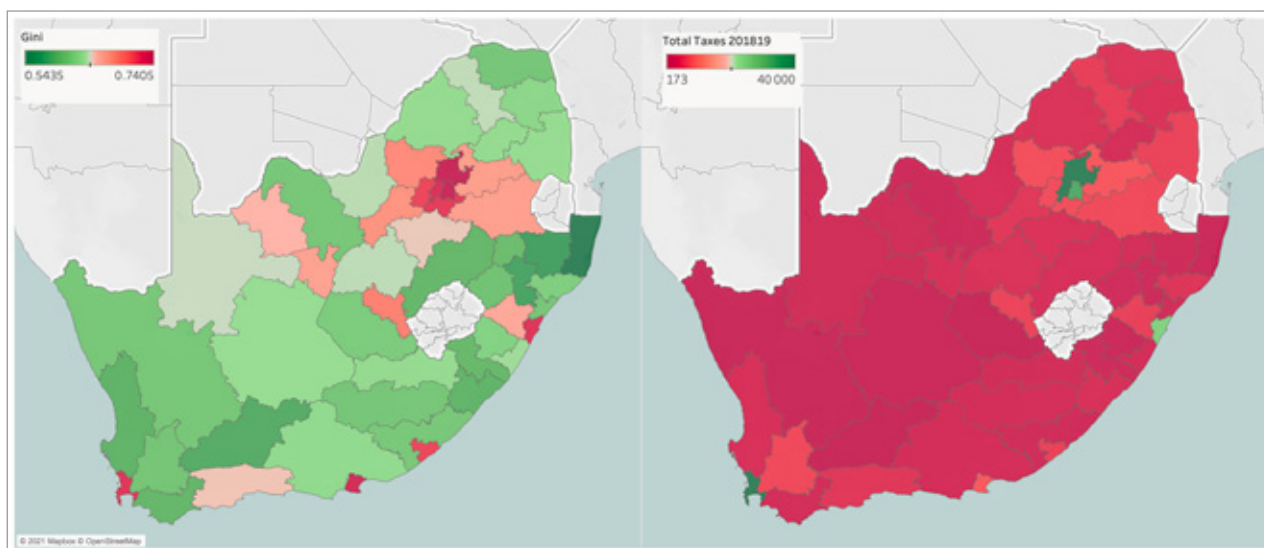
Table B 2: Average Gini Coefficients for Municipalities in Different MIIF Groupings (2011) (Pillay, 2021, p. 33)

MIIF GROUPING	AVERAGE OF GINI_1
A	0.72
B1	0.70
B2	0.65
B3	0.61
B4	0.60
All municipalities	0.62

While many more rural municipalities have lower levels of inequality, the maps below show the Gini coefficient of inequality and the total amount of personal income tax paid in each district. In addition, the maps show that while areas outside the metros have a lower Gini coefficient of inequality (i.e. more equality), this is explained by a generally more significant level of low incomes, rather than more balanced incomes in these areas as per Figure B 13.

Figure B 13: Gini Coefficients of Districts compared to Personal Income Tax (Pillay, 2021, p. 33).

Comparison of Gini Coefficient of Inequality and Total Personal Income Tax



INEQUITABLE ACCESS TO BASIC SERVICES

Municipal infrastructure has an impact on the quality of life of the municipality’s citizens. The reliability of the municipal infrastructure services is in a dismal state. Reliability refers to the quality of service, and there can be no access to services without reliability of those services.

Table B 3 below indicates the consumer units that municipalities serviced over various categories.

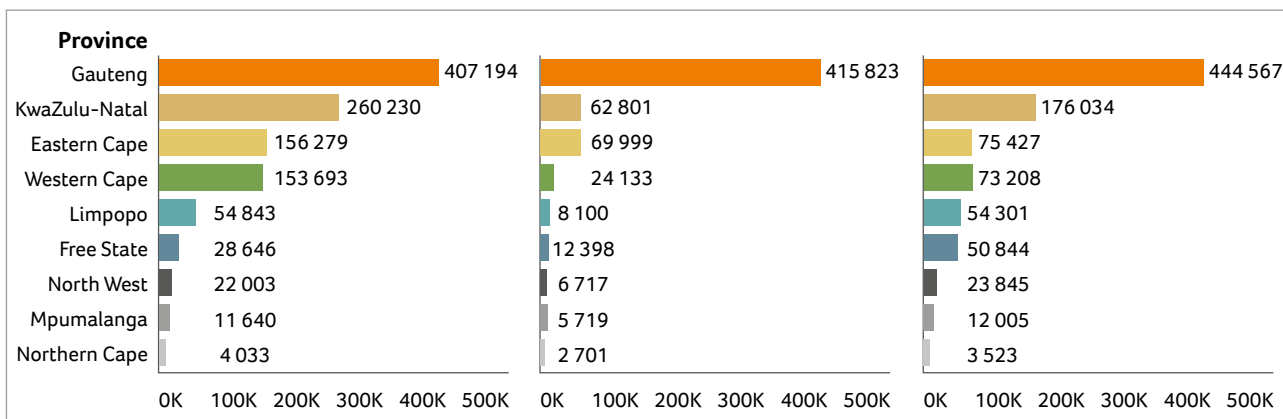
Table B 3: Number of Consumer Units that Municipalities Serviced

VARIABLES	2018*	2019	% CHANGE
Water	13 140 997	13 833 191	5,2
Free basic water	4 066 154	3 015 120	-25,8
Basic electricity	11 784 096	12 282 485	4,2
Free basic electricity	2 179 521	2 047 218	-6,1
Basic Sewerage & Sanitation	11 574 390	12 452 598	7,6
Free basic Sewerage & Sanitation	2 977 509	2 331 643	-21,7
Basic solid waste management	9 741 407	10 301 635	5,8
Free basic solid waste management	2 597 630	2 371 915	-8,7
Indigents	3 594 058	2 895 124	-19,4
Bucket Toilets	42 622	42 434	-0,4

Figures for indigents represent number of households. * Some 2018 figures were revised.

The graphs below (Figure B14) show the number of households without access to water, electricity or sanitation per province. Gauteng has the highest number of households in all categories. Sanitation has the highest number of backlogs compared to other services.

Figure B 14: Households without Access to Essential Services



The increase in the percentage of households with access to water (13.6 million households had access to piped water in 2019 compared to 9.3 million in 2006) coincided with a decline in the percentage of households who paid for piped water they received. The proportion of households who reported paying for water has declined steadily over the past decade, dropping from 67.3 per cent in 2008 to only 44.6 per cent in 2019. The number and percentage of households with access to piped water has increased since 2006, with 13.6 million households having access to piped water in 2019 compared to 9.3 million in 2006.

The percentage of households that used electricity for cooking increased from 57.5 per cent in 2002 to 79.9 per cent in 2014, before declining to 75.1 per cent in 2019. Simultaneously, the use of paraffin, coal and firewood declined notably.

Indigent households requiring free basic services have also increased, which impacts the revenue base.

INFRASTRUCTURE MAINTENANCE AND REPAIRS AS A MEASURE OF INEQUALITY

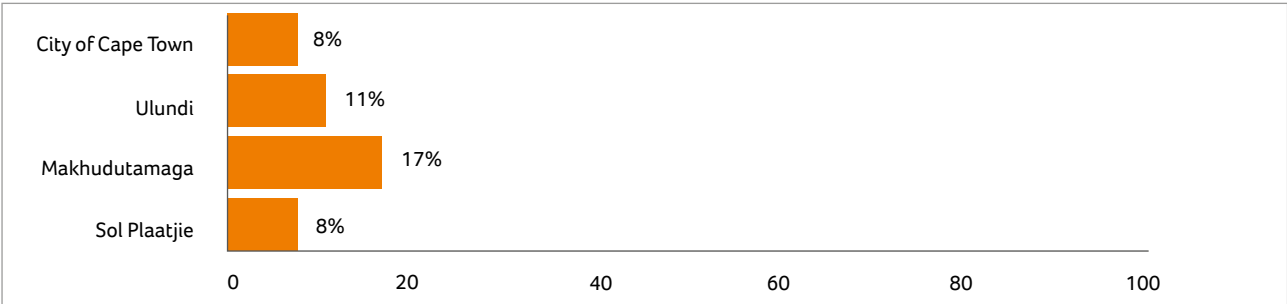
Another key indicator of the quality of life and inequality for citizens is how the municipality maintains local infrastructure. This is typically measured as a percentage of the capital budget spent on repairs and maintenance. Ideally, R8 in every R100 spent on a capital project, or 8 per cent, should maintain what has been built. Unfortunately, due to gross under-investment in repairs and maintenance, all municipal infrastructure services are of inferior quality. This is experienced through high non-revenue water, potholes, raw sewage on streets, dysfunctional landfill sites, and non-operational wastewater treatment works. This unreliability applies to all municipal infrastructure services as per Table B 4.

Table B 4: Average Expenditure on Repairs and Maintenance of Infrastructure (Treasury, 2019)

NO	PROVINCE	2018	2017	2016	2015
1	Eastern Cape	0.8%	0.9%	1.3%	1.1%
2	Free State	0.5%	0.8%	1.0%	2.3%
3	Gauteng	0.9%	2.1%	2.1%	3.3%
4	KwaZulu-Natal	1.6%	2.5%	2.5%	2.0%
5	Limpopo	0.2%	1.3%	1.9%	1.8%
6	Mpumalanga	0.5%	0.4%	1.2%	1.4%
7	North West	1.2%	1.5%	1.4%	1.7%
8	Northern Cape	0.7%	0.7%	1.0%	1.3%
9	Western Cape	1.2%	1.8%	1.6%	1.4%
AVERAGE		0.8%	1.3%	1.6%	1.8%

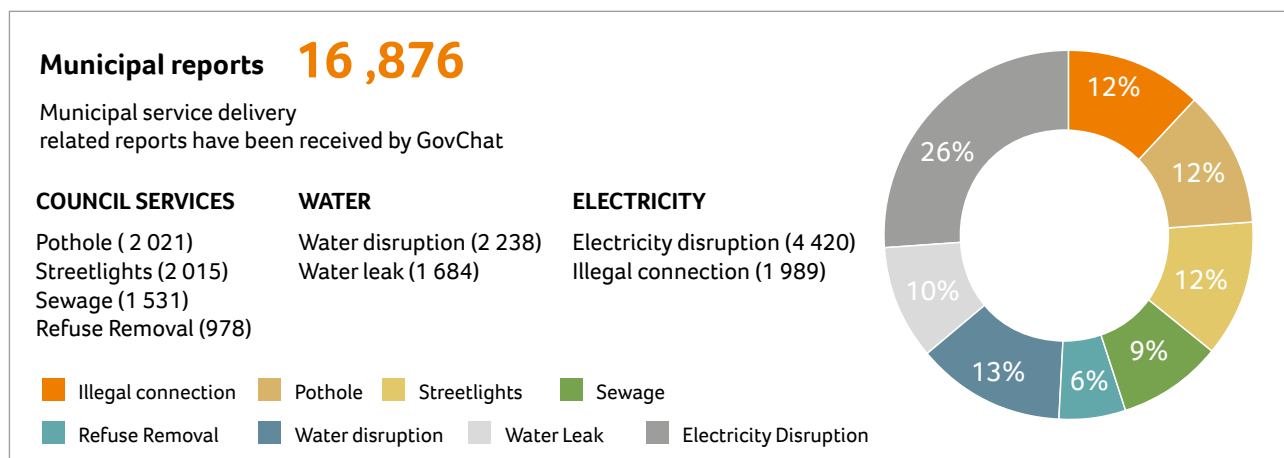
During 2018/19, it is estimated by the Out of Order Index (News24, 2021) that only four municipalities spent 8 per cent or more of their capital budget on maintenance and repairs of infrastructure. Some 88 municipalities spent between 1 per cent and 8 per cent on repairs and maintenance, while 112 spent nothing or did not provide data (News24, 2021) as per Figure B 15.

Figure B 15: Percentage Capital budget spent on Repairs and Maintenance 2018/19 (News24, 2021)



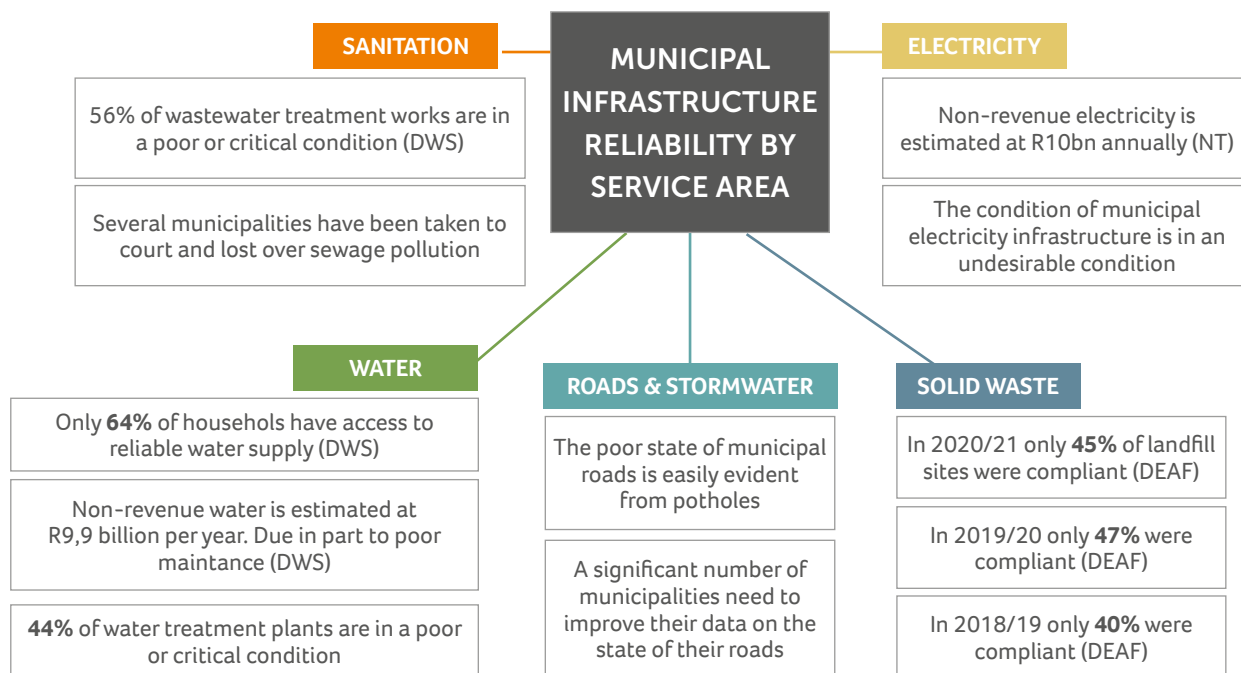
From May 2020 to May 2021, 16 876 service delivery issues were raised through the GovChat platform by citizens across the country as per Figure B 16. The resolution rate, which can be attributed to the generic challenges faced by municipalities: capacity, governance, and financial management, remains a major concern.

Figure B 16: Municipal Service Delivery Complaints on GovChat (SALGA CEO, 2021, p. 26)



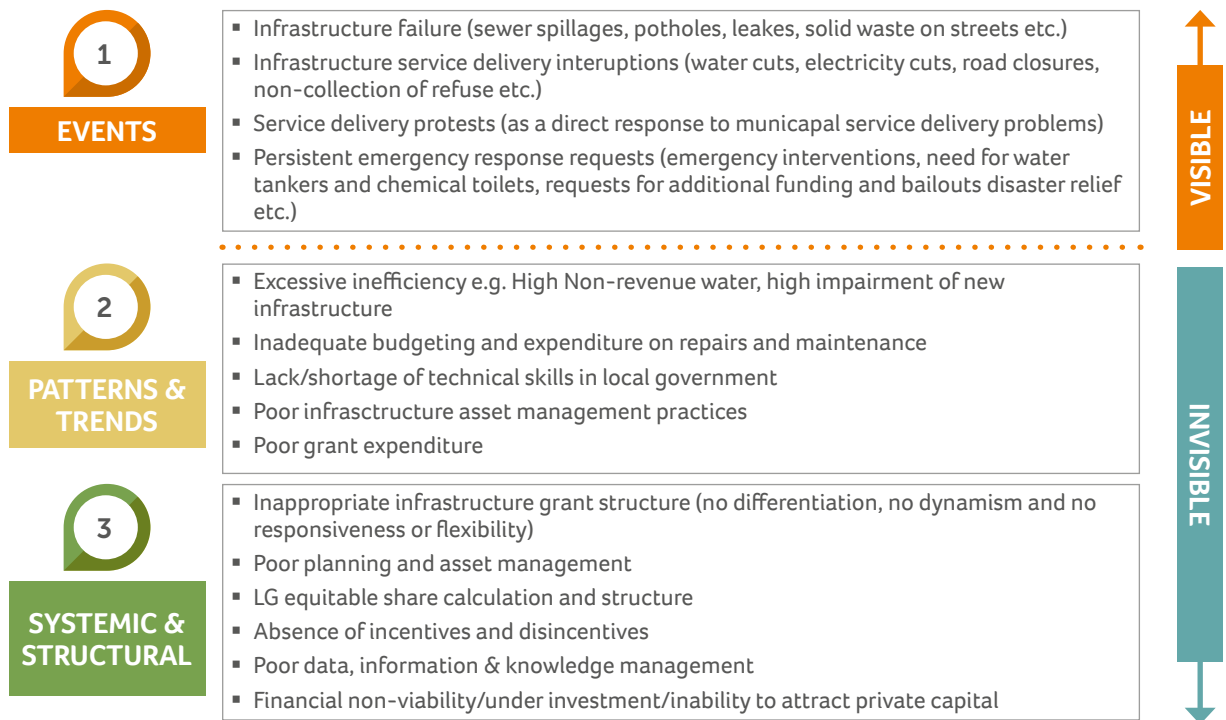
Further, the following statistics in Figure B 17 indicate the dismal state of infrastructure:

Figure B 17: Municipal Infrastructure reliability by Service Area (SALGA CEO, 2021, p. 6)



Government tends to react and respond to individual “events” rather than the underlying causes. However, local government needs to respond to both if it is to progress, as indicated in Figure B 18.

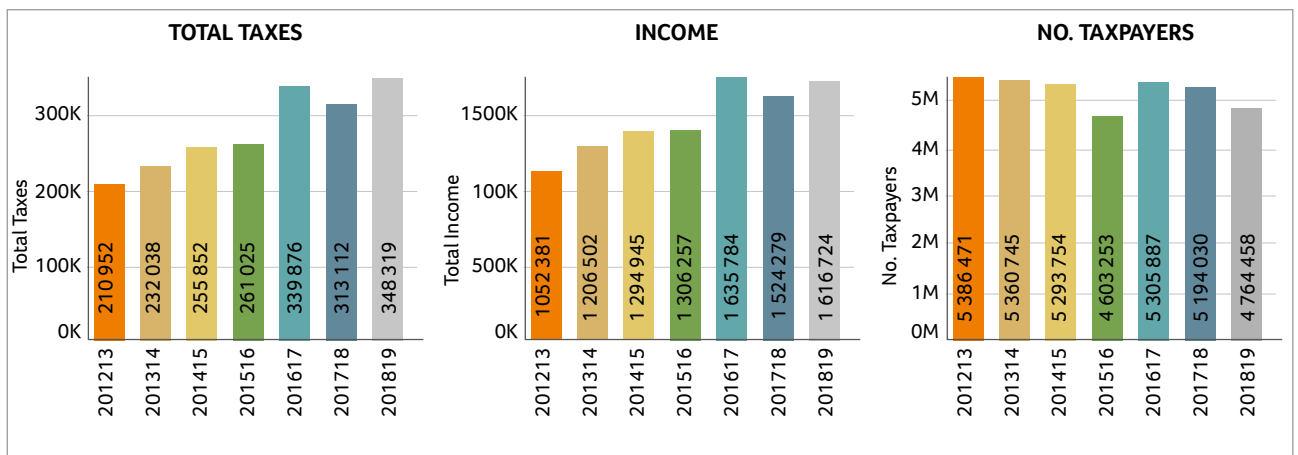
Figure B 18: Government Responses Required to Event and Causes (SALGA CEO, 2021, p. 31)



INEQUALITY AS MEASURED THROUGH THE NUMBER OF TAXPAYERS

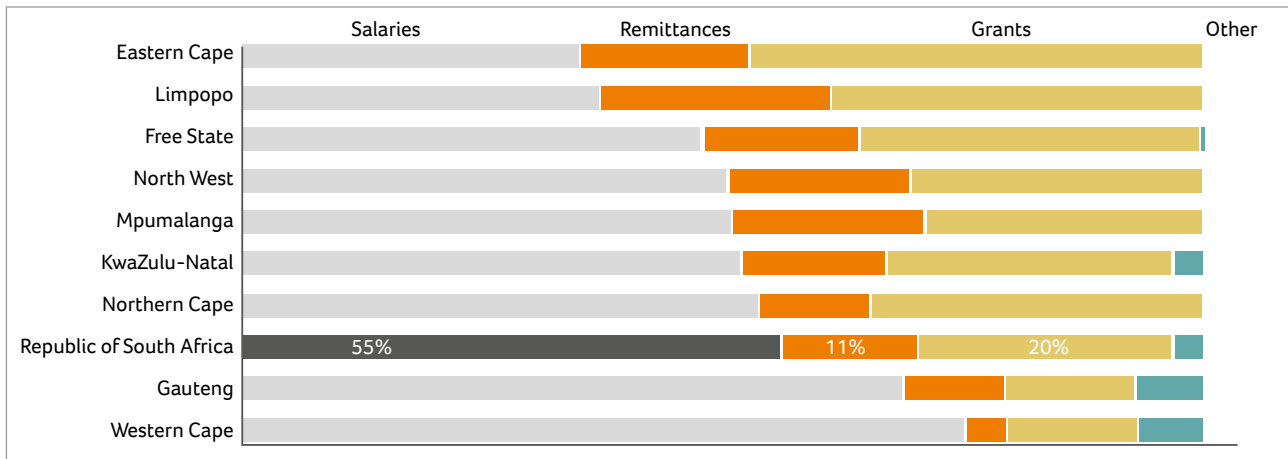
Poverty and inequality and the reduction in the number of taxpayers have profound implications for local government in that their ability to collect revenue is declining. This is particularly the case for smaller rural municipalities that are often unable to raise much revenue outside the grants system. The charts below (Figure B 19) show how the total amount of personal income taxes has increased from 2012 to 2019, with an increase in 2016/17 and a decrease in 2017/18. However, the chart on the right shows that the number of persons contributing personal income tax has reduced in the same period.

Figure B 19: Personal Income Tax and Number of Taxpayers 2012-2019



Grants remain a significant source of income for SA households, particularly in rural areas. For example, overall, 51 per cent of household income is sourced from remittances and grants in Eastern Cape as per Figure B 20.

Figure B 20: Distribution of Sources of Household Income by Province (Stats SA, 2019)



The global economy is highly concentrated in urban areas. However, in South Africa, as the case is with most sub-Saharan countries, many of those working in cities are informal settlement dwellers or detached commuters and/or operating as small informal traders. Therefore, the potential tax bases of urban governments remain relatively small, creating a fiscal imbalance in addressing the vast service delivery and economic infrastructure needs.

Delivery by municipalities of water, electricity, sanitation, roads, transport, and waste collections has increased along with the number of consumers who pay for these services. In fact, from 2004/05 until 2018/19, the overall number of household and business consumers who receive invoices from their municipality increased by over 60 per cent from some 7.5 million consumers to around 12.5 million consumers. This is significant because the increase in the number of consumers is greater than the population growth rate and even the rate at which municipal employees have grown. In other words, municipalities are servicing more paying consumers than before, a fact which also has a flip side: that these consumers expect service delivery to improve, their infrastructure needs regular maintenance, debt levels are likely to rise and that the municipalities become responsive in attending to service delivery challenges (SALGA, 2021). Figure B 21 below illustrates the growth in the number of consumers between 2006 and 2019.

Figure B 21: No of Consumers in Electricity, Sanitation, Solid Waste and Water (SALGA, 2021, p. 68)

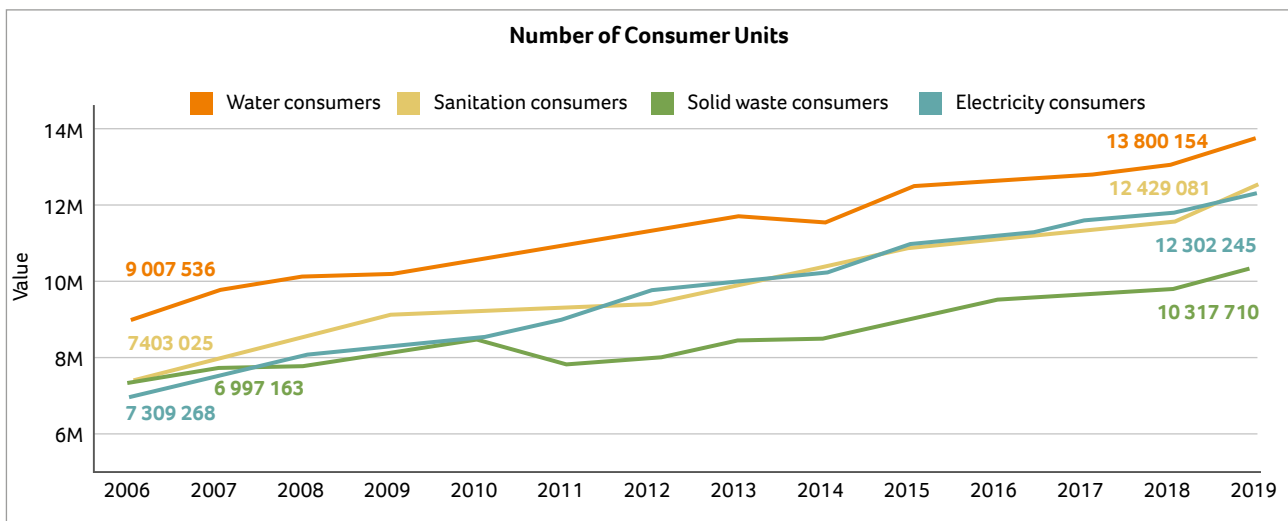
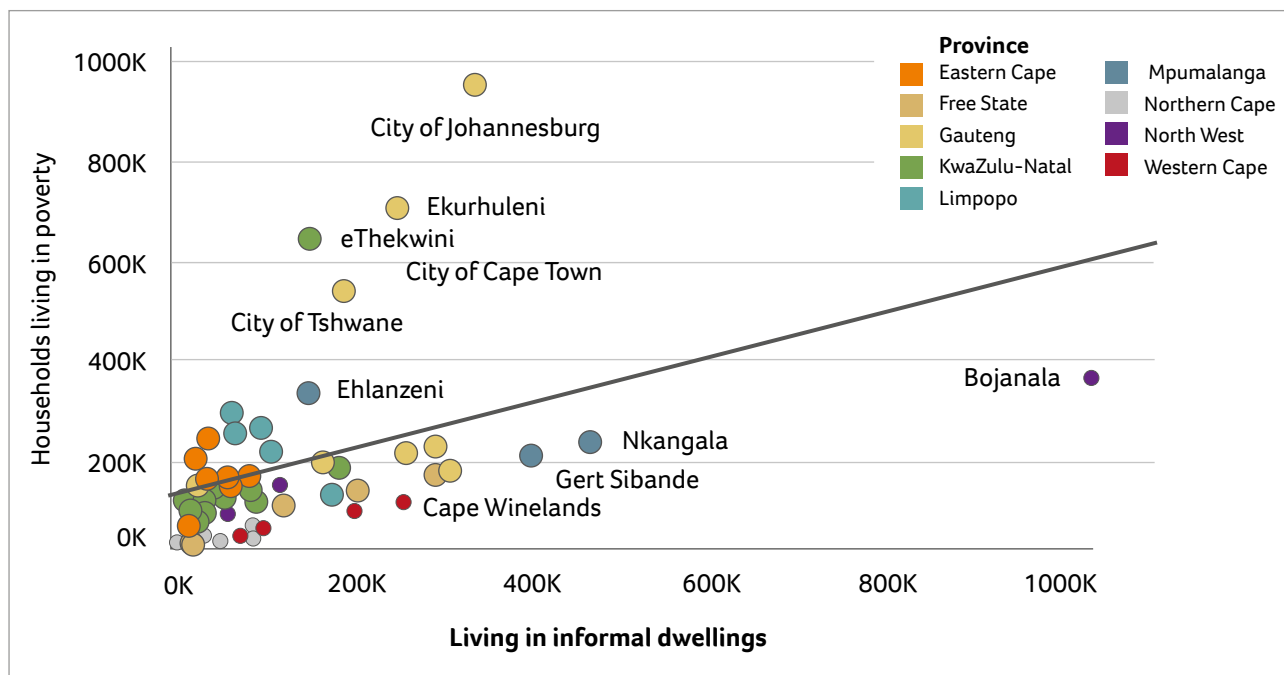


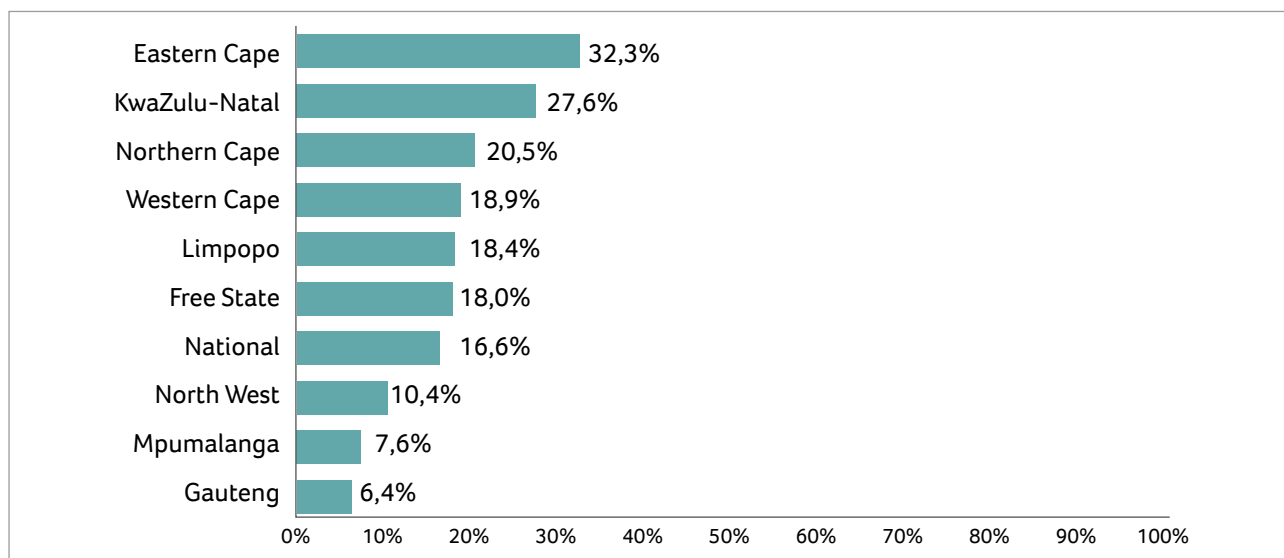
Figure B 22 below indicates that the larger metros have high numbers of people living in poverty but a lower than expected proportion live in informal dwellings. In comparison, districts such as Bojanala, Nkangala, Gert Sibande and West Rand have a higher proportion of their population than the metro municipalities in informal dwellings.

Figure B 22: Households Living in Poverty vs Informal Dwellings



Municipalities are expected to address the challenge of providing basic services to poor residents, even if they cannot afford to pay for them. South Africa’s unique free basic services (FBS) system, delivered primarily through local government, allows millions of households to receive such services for free. The following figures indicate the average number of households benefiting from FBS and the average number of households on municipal indigent registers. It should be noted that due to policy changes, particularly in some of the metropolitan areas, fewer households are recorded as currently benefiting from FBS than in earlier years. Figure B 23 below indicates the percentage of households in each province registered to receive FBS.

Figure B 23: Percentage of Households in each Province Registered as Indigent in 2019



Source for number of total households: Mid-year population estimates, 2020

INEQUALITY AND SPATIAL TRANSFORMATION

Many South Africans still live on the periphery of the main centres of opportunity, spend most of their salaries on transport to access work, and are generally marginalised in the mainstream economy.

Post-democracy in 1994, South Africa underwent a period of reform to address inequalities and effect broad social change. As part of this, the Municipal Demarcation Board began determining the locations of local government boundaries in 1998. The traditional communal lands and rural villages were often split by municipal boundaries, which failed to follow complex social systems. The contest between the government and traditional governance systems over land escalated disputes (Nxumalo & Whittal, 2013). Furthermore, some communities and traditional leaders (in terms of their historical/traditional boundaries) are critically affected by dynamics and consequences, such as the instrumentalisation of ethnicity, frequently resulting in community protests.

It has been concluded that mergers that result from the demarcation processes do not necessarily improve performance in merged municipalities. Instead, the less-resourced or poorly performing municipalities affect the resources or performance of the erstwhile better-resourced or performing municipalities. Literature suggests that municipal boundary redetermination does not always yield the economies of scale or efficiency gains in the fiscal outcomes. The demarcation process can be very costly and disruptive, detracting municipalities from their core business and resulting in unintended economic consequences such as increased backlogs and more indigent people. For example, the disruptive effect of the merger can be seen in the expenditure and revenue figures for the City of Tshwane. During the first post-merger year (2011/12), expenditures in the incorporated municipalities that make up the city increased substantially, although most of this was not budgeted for, while revenues from the incorporated municipalities declined. The three municipalities did not increase their city’s tax base because the inherited municipalities were relatively poor, and a

large percentage of their populations were indigent. As a result, the city found itself with a considerable deficit.

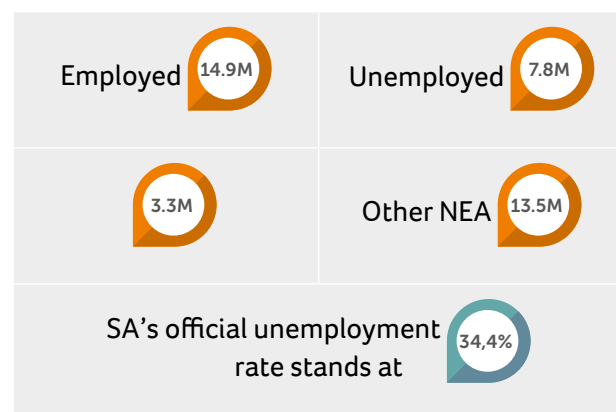
On spatial transformation and social cohesion, the local economic reality is still characterised by pervasive (and increasing) inequality. Some municipalities still service communities that demonstrate an increasing socio-economic gap, resulting in disparate services rendered to these diverse communities in the same municipality. The exponential population growth due to internal migration and influx into the metropolitan areas and cities/towns continues to affect the existing infrastructure and services in those municipalities with the pull factor.

INEQUALITY AS EXACERBATED BY COVID-19

Recent research shows that spatial inequalities have also been exacerbated by the Covid-19 pandemic, which has had asymmetrical spatial impacts across South Africa (Turok & Visagie, 2021). New evidence from the National Income Dynamics Study: Coronavirus Rapid Mobile (NIDS-CRAM) survey shows that the pandemic and lockdown reflex have magnified pre-existing divisions within cities, particularly in terms of employment and hunger.

An estimated 39.6 million working-age people in South Africa are between 15 and 64 years of age (Stats SA, 2021). About 1.4 million fewer people were employed in quarter one of 2021 than quarter one 2020. During quarter two of 2021, 14.9 million people were employed.

Figure B 24: Unemployment after COVID-19 (STATS SA, 2021)



Although Covid-19 has severely impacted the whole country, townships and informal settlements have proved more vulnerable than suburbs. As South Africa was already one of the most unevenly developed countries globally, Covid-19 has widened the gap between places that face different risks and resilience levels.

Lower density populations dispersed across vast terrains are affected by connectivity and access to basic services and the accessibility gap has grown. Service delivery in rural areas is more costly than in urban areas and requires a differentiated approach against the backdrop of financial constraints. Public participation during the planning of municipalities' IDPs were hampered. For example, during a 2021 survey from DPME (DPME, 2021), 49 per cent of municipalities indicated that the pandemic and lockdown impacted significantly on their ability to adhere to scheduled public participation in planning and budgeting processes, with delays of more than one month, while 10 per cent indicated that processes had not yet started. Other regions reported that telecommunications remained a challenge. For example, in Sekhukhune District Municipality, there are villages without telephones and weak to non-existent cell phones and/or internet reception. Some villages in the district are even without proper radio and television reception. This is especially true for the villages situated in mountainous areas.

Municipalities have been active in alleviating the additional burdens placed on communities. This includes refilling water tanks or sending water tankers to needy communities; providing emergency accommodation; meals to the homeless or food parcels to the needy; masks for the public; awareness-raising/public communication; additional law enforcement (e.g., beach patrolling, roadblocks); additional hours for municipal cashiers; contact tracing; provision of quarantine facilities; and sanitising homes where community members were diagnosed with Covid-19. These interventions are overshadowed by reports (e.g., from Asivikelane - representing the voices of informal residents during Covid-19) that municipalities have reduced services to informal settlements and that more than 75 per cent of residents indicated that it takes longer

than a month for the government to fix broken taps and toilets. It has also been reported that contracts to fill water tanks have been allowed to expire, the regularity of toilet cleaning has decreased, and maintenance teams have been reduced in size (DPME, 2021).

To conclude, inequalities – racial, class and spatial – are one of the most significant challenges facing South Africa. Poverty and unemployment seriously impact the ability of all municipalities to achieve local developmental governance and the “quality of life” promise. These inequalities exist at all levels: between different categories of municipalities and in the challenges faced within municipalities.

Cultural trends, demographics, population dynamics, and other variables outlined above need to be addressed. The principal challenges of inequality, poverty, joblessness, and the need for basic services persist and manifest themselves in different ways in communities. Demographically, children and women constitute the most significant proportion of those affected by these social imbalances. Due to population growth, the growing demand for basic municipal services creates consistent service delivery backlogs at a grassroots level.

Furthermore, many local municipalities in South Africa are still struggling to effect their developmental mandate. As Madzivhandila and Asha contend (Pillay, 2021, p. 37), many smaller municipalities (in population size, usually covering large areas) are not strategically ready to offer improved standards of services to communities. Enormous constraints and challenges are confronting many of these municipalities, including (Pillay, 2021, p. 37):

- The slow pace of service delivery and dissatisfaction with municipal performance concerning water and sanitation facilities, electricity and housing;
- Higher levels of poverty and unemployment in rural areas where conditions of living are relatively worse, compared to urban and metropolitan areas;

- Low levels of participation of community and community groups in local government integrated development planning processes, budgeting and monitoring as well as evaluation;
- The growing demand for basic municipal services due to population growth creating consistent service delivery backlogs at the grassroots level;
- Lack of responsiveness, accountability and transparency on a local scale undermining trust and healthy relationships between municipalities and communities;
- Political and administrative conflict of interests between tribal authorities and municipalities affecting the design and effective delivery of services; and
- Weak collaboration and co-operation among different service providing departments and local government institutions create fragmentation rather than integration.

While there have been several achievements over the last 25 years, the current development trajectory is not delivering sufficient economic growth, social inclusion, spatial integration, or fiscal sustainability to achieve the outcomes envisaged by Vision 2030.

6.1.2 Technological Factors

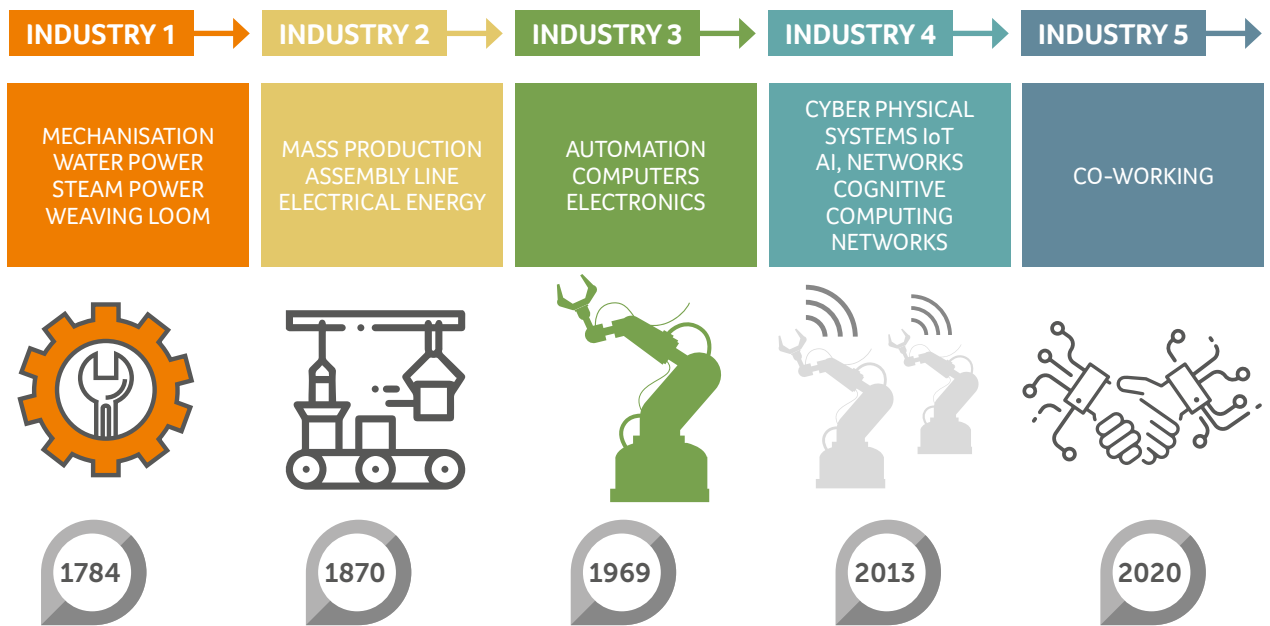
 Technological factors include analyses on advancements in technology and new trends. Three levels of technology management exist (Skilbeck & Cruickshank, p. 139): global, strategic, and operational. An organisation should address all three levels and technology management requires effective coupling between the three (Skilbeck & Cruickshank, p. 139) to ensure that the impact is achieved globally, strategically and operationally. The best practice for an organisation such as SALGA is to first develop its overall strategy, following which the technology strategy is aligned to the overall strategy as an input to achieve the identified outcomes.

Globally, the fourth industrial revolution (4IR) represents the advent of “cyber-physical systems” (Davis, 2016) that represents new ways to change human society and human bodies and sees a blurring of boundaries between the physical, digital, and biological worlds (Chakravorti, 2016, updated 2017)(Boyle, 2019, Part 1, p.5) as it affects business and how business is done in respect of security, decision making, transaction, mobility, interface, and labour.

In terms of the fourth industrial revolution, Asia is occupying the dominant position in the world (Schwab K. V., 2021, p. 71), from the internet of things, artificial intelligence to smart cities. The G7 dominance is something of the past (Malleret, 2012, pp. Kindle Edition, Location 874).

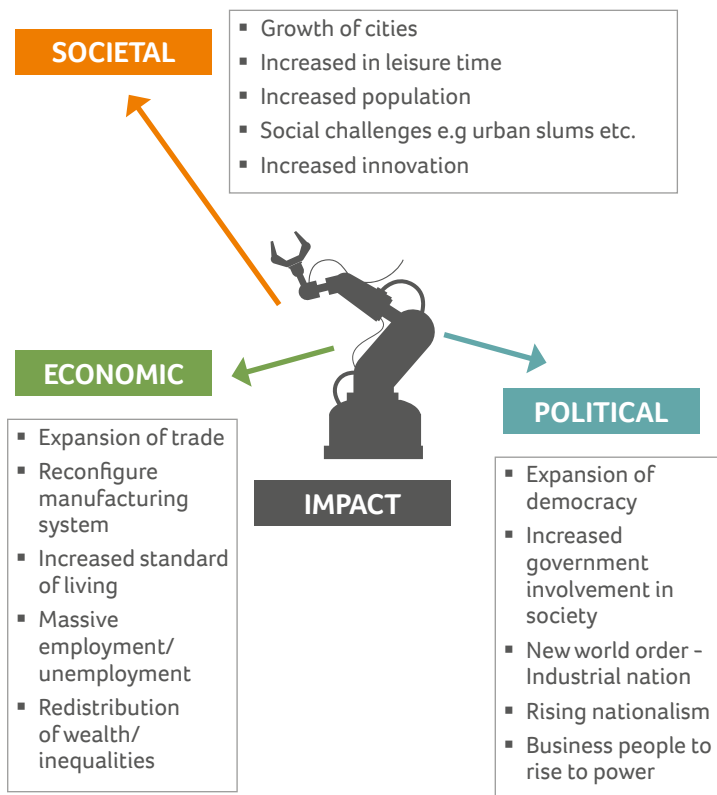
The fifth industrial revolution (5IR) looks at machines and humans dancing together as per the internet of things (Giffinger, 2015), where the work of humans is made easier and faster with robotics and technology. The revolution deals with hard and soft systems, and according to Phaal (Phaal, Farrukh, & Probert, 2001, p. 4), “science and engineering can be characterised as hard systems, whilst the processes, together with structures and supporting communication and knowledge networks, can be seen as the soft aspect.” This revolution will become complex and will change all aspects of human life, humanity and society, as illustrated in Figure B 25 which describes the industrial phases to date.

Figure B 25: The Five Stages of the Industrial Revolution (Miraz, et al., 2018, p. 17)



THE IMPACT OF 4IR AND 5IR

Figure B 26: 4IR Influence on Economy, Society and Politics (Rushdi, p. 12)



4IR is set to merge the physical, digital and biological worlds.

“The global labour market is increasingly adopting new technology. New technology makes it easier for companies to automate routine tasks and could disrupt the balance between job responsibilities completed by humans and those completed by machines and algorithms. With smart technology becoming more mainstream, we need to consider the impact of this new technology on our society and workforce.” South Africa Training Hub (SATHU).

This can be described as per Figure B 26.

The overall impact of 4IR and 5IR indicates that the traditional employer-employee relationship is on the wane. It is predicted that skilled specialist professions, decision-makers and problem-solvers in the social and physical sciences will excel during the revolution. At the same time, other workforce categories like farm labourers, secretaries, real estate brokers, and some book-keeping categories (Davis, 2016) might fade. The daily eight-to-four work shift may disappear altogether in a 24-hour global cycle. The conventional power of unions, collective bargaining and traditional relationships are to disappear. Skill and quality will lead to more independent companies and freelance contracts instead of finding work in the traditional employment market.





This industrial revolution revolves around up-skilling and competency development of people, teams, and management (Asante, 2013, p. 80). Balalle&Balelle (Fourth Industrial Revolution and future of workforce, 2019, p. 151) suggests that in the next 10 to 15 years, the workforce will be transformed as more advanced technical skills are required when people interact with more intelligent machines, bringing forth higher productivity work quality, GDP growth and improved performance. The source of competitiveness in the 5IR will shift from pure machinery to equipment and the ability of human capital to match the required competencies (Hirota, 2015, pp. Kindle Edition, location 6214). Upskilling becomes very important to sustain people, and a culture of life-long learning needs to be instilled (Balalle & Balelle, 2019, p. 152).

The role of government in addressing the impact of 4IR and 5IR

Skilled and under-skilled people will ultimately be managed differently going into the future. Thinking and doing, especially for government, will change. Technology has a positive and negative impact on service delivery, and the citizens/stakeholders will not be satisfied if the service is disrupted (Sherwin, 2018). The government will have to keep abreast of and introduce radical new policies, plans and integrative systems (Hu, 2019, p. 14). With technology comes innovation to deliver services on par with global best practices and experience.

For example, government organisations could adapt as per Figure B 27 to overcome the 4IR and 5IR disruption.

Figure B 27: Integrate Change through Technology (Baig, et al., 2020)

	 Refocus digital efforts toward changing customer experience	 Use new data and AI to improve business operations	 Selectively modernise technology capabilities	 Increase organisational drumbeat
SPRINT 1: DAYS 1-29	Align organisation to new digital priorities	Assess performance of critical decision-support models	Create rightsizing plan for shifting to variable cost structure and begin assessing cyberrisks	Assess where organisational velocity is needed and where remote-work models could drive productivity
SPRINT 2: DAYS 30-59	Bring digital channels to parity or better vs competition	Recalibrate and/or rebuild models	Set up cloud-based data platform and automate software-delivery pipeline	Deploy new models leveraging agile and remote
SPRINT 3: DAYS 60-90	Launch new digital offerings or channels	Develop next-generation data sets and models for optimal performance	Begin strengthening technology talent bench	Upskill organisation for accelerated digital world

The government will need to reinvent the ways that it currently operates and respond quickly to rapid technological progress, since protectionism and going back to the past are no longer sustainable strategies. Not adapting fast to the new has a significant impact on poorer and less prosperous societies (Schwab K. V., 2021, p. 224). The government’s role needs to ensure equitable prosperity. This can be done through:

- Building a culture of flexibility where millions of people will stay and work from home.
- Cultivating an understanding of 4IR and 5IR and associated risks and opportunities.
- Creating a feasible infrastructure to take advantage of the emerging opportunities.

The Dell Digital Transformation Index ranked the South African government among the top ten countries leading the digital transformation change necessary to compete in the 21st century. South African President Cyril Ramaphosa established a Presidential Commission on the Fourth Industrial Revolution in 2019 whose recommendations included four steps as per Figure B 28 below to invest in human capital, create an AI institute, secure and avail data and build the technological infrastructure.

Figure B 28: Four Steps to Successful 4IR (getsmarker, 2021)



Some of the achievements or potential gains of this initiative include:

- Through the partnership with MICT SETA, 1 000 young people are being trained on data science, digital content production, 3d printing, cybersecurity, drone piloting, software development and cloud computing.
- Other 4IR human capital development programmes are initiated through DSIDE and SARChI, focusing on data science and analytics, blockchain and distributed ledger technologies, additive manufacturing, artificial intelligence, robotics and quantum technologies.
- Accenture projected that the 4IR initiatives could unlock around R1.4 trillion of value in South Africa across agriculture, infrastructure, manufacturing, and financial services by 2026 (Mngxati, V & de Haas, J. 2019).

NATIONAL ICT POLICIES AND REGULATIONS

Technological factors external to SALGA that may affect the operations, local municipalities and the sector beneficially or adversely depend on the existence and efficacy of the country’s information and communication technology (ICT) policy framework. Since 1994, the government has passed laws to regulate and liberate the ICT sector, which has seen marginal growth in the industry but significant strides in liberalising the sector, spawning new technology capabilities, and staying abreast of developments and trends. The laws were in the areas of telecoms, broadcast, and information technology. As a result, South Africa is endowed with a relatively large and stable telecom infrastructure, serving the growing urban population and industries. In addition, Cabinet has approved several ICT policy papers, blueprints and frameworks to facilitate access to information, technology, electronic services (e-government), and protection of information from malicious access and usage. A monumental breakthrough was the establishment of the Square Kilometre Array (SKA) radio telescope project in the Northern Cape as a strategic platform to advance IT capabilities.

“In the twenty-six years since the first mobile phones were available in South Africa in 1994, mobile connectivity has proliferated in the country, resulting in high mobile penetration rates in South Africa” (McCrocklin, 2021). By 2018, access to mobile phones for adults in South Africa (mobile access penetration) had reached 95 per cent, with only 8 per cent of these not personally owning a phone but sharing a phone with someone else, according to a study by Pew Research Center (Silver, et al., 2019). This presents itself as an emerging market for enabling access to communities serviced by local government.

An investment in ICT (5th utility, free Wi-Fi, etc.), data intelligence, and innovation as a strategic enabler for efficient service delivery, economic growth, competitiveness, and spatial transformation is key.

Currently, the IT infrastructure and solutions roll-out mainly focuses on city region communities, while other communities still lack these. Although a lot has been done to enable massive ICT infrastructure, a lot still needs to be done to increase access to the infrastructure. One of the significant challenges is the high cost of infrastructure and data, unavailability of infrastructure in rural areas and lack of skills in our communities and the inability by some municipalities to afford the sourcing and servicing of IT solutions.

In spite of Accenture’s projection R1.4 trillion of value in South Africa by 2026 through 4IR (Mngxati, V & de Haas, J. 2019), the push factor is that sectors and organisations have overcapacity across sectors, geographies, or products (Baig A. et al. 2020, p. 1).

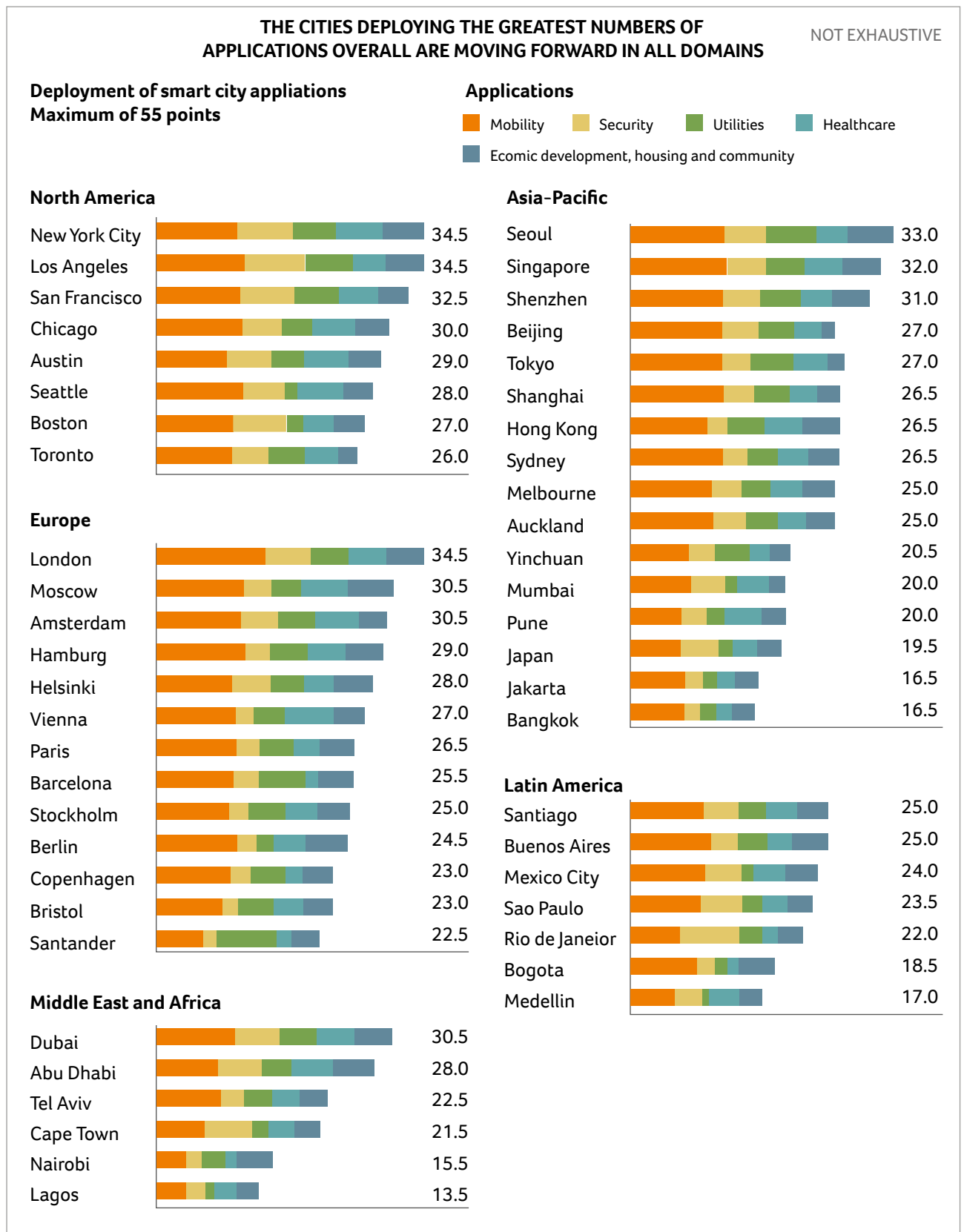
Old models will be of little use to predict the future, and new data and analytic models will be essential to steer the operational decision’s adoption (Baig, Jenkins, Lamarre, & McCarthy, 2020, p. 1). Businesses and government need to create technological solutions for a world that a pandemic has forever changed. Urgent change is required to integrate technology into a new coherent direction.

To sum up, if positively used, 4IR and 5IR will increase profitability, performance, service and products. A culture of flexibility will be created, where millions of people will stay at home - cutting down on exorbitant commuting costs. Utmost co-operation between the individual, teams, managerial leadership and decision-makers will be required in which the integrity of people becomes the driver of a successful workforce. Technology gives access to effective and efficient governance to solve problems and determine decision-making. It assists in making well-informed decisions and in seizing opportunities. If implemented correctly, technology will reduce operating costs, increase productivity and equality. However, if it is wrongly implemented, it may cost an organisation its existence. Unfortunately, South Africa’s neglect of technological choices will make the divide between inequalities even more significant in the following years.

SMART CITIES

The Eden Strategy Institute emphasises government as a critical driver of smart city development (Eden Strategy Institute, 2021). With the rise of the fourth-generation (4G) and the fifth-generation (5G) of wireless technology, a new global wireless standard for speed, throughput, and bandwidth is set to make smart cities actuality. McKinsey (McKinsey Global Institute, 2018, p. 15) assessed progress and deployment in 50 cities worldwide, choosing a geographically broad sample of places with a reputation for being smart or with stated ambitions to be smart. The report mentioned Cape Town as one such smart city that was evaluated, and the graph below compares the type of application (mobility, security, utility, healthcare, and economic development) between the evaluated countries (Figure B 29).

Figure B 29: Deployment of Smart City Applications (McKinsey Global Institute, 2018, p. 28)



Source: McKinsey Global Institute analysis

Security roll-out was significant for Rio, Cape Town, Mexico City, and Chicago. Most cities piloted smart surveillance, real-time crime mapping, and outfitting police officers with body-worn cameras (McKinsey Global Institute, 2018, p. 17). Africa needs to focus on applying technology to its public health challenges and lags far behind other countries. Through digitised applications, quality of life indicators can improve by between 10 and 30 per cent (McKinsey Global Institute, 2018, p. 4).

In conclusion, most organisations function in complete isolation where technology and competencies do not support the organisation's overall business performance management systems and strategy. The execution of an aligned strategy that is enabled by technology should be everybody's job to achieve organisational outcomes.

Furthermore, the outbreak of Covid-19 during late 2019 and the necessary isolation of most individuals in the workforce has forced organisations to depend increasingly on technology to connect people virtually to each other and their data and processes in the work environment. Technology consistently changes organisations and how people work within an organisation (Cascio & Montealegre, 2016). Some of those workers impacted by the pandemic will become habituated to new ways of work that may hold into the future. Remote working will be the order of the day. For instance, many workers would like to work from home to qualify for an income, which may present management challenges in the future. In this instance, outcome-driven organisations and institutional planning, monitoring, reporting, and evaluation processes become essential to manage the organisation into outputs and tasks through measurement and networking. Instead, developing countries would like to lean more on the past than on the future (Center for Strategic and International Studies, 2019, p. 9).

Finally, faced with a pandemic (Covid-19) in March 2020, technology was and remains a crucial driver and an enabler for innovation and sustainable growth. New technologies like blockchain accelerated during the pandemic helped people to cope with changes in the environment as Covid-19 has vaulted consumer and business digital adoption five years forward (Baig, Jenkins, Lamarre, & McCarthy, 2020, p. 1). In a matter of months, 75 per cent of people using digital channels indicated

that they would continue to use them after the pandemic, indicating digital platforms will have to be on par with others in the same business.

6.1.3 Economic Factors



This section outlines global, national and local economic trends that have both direct and indirect impact on the implementation of the SALGA strategy and covers areas such as economic growth, cost of living, economic transformation, financial debt, municipal financial distress, global competitiveness and related information.

GROSS DOMESTIC PRODUCT (GDP)

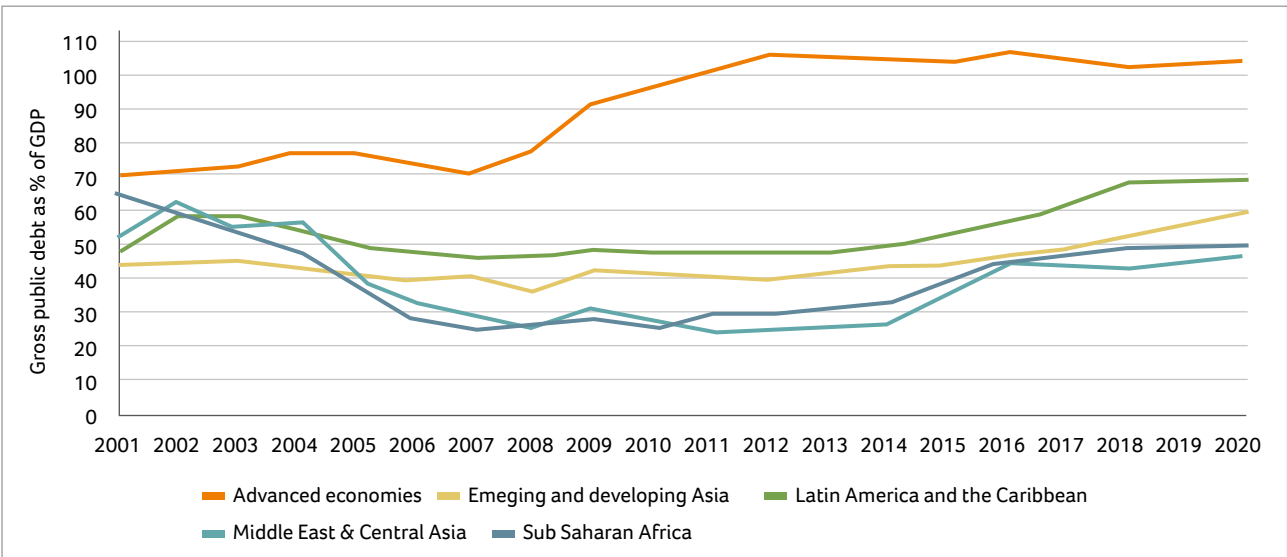
The International Monetary Fund noted that even before Covid-19, the world had reached unsustainable levels of public debt, with some countries having reached levels of public debt of 120 per cent of GDP (Schwab K. V., 2021, p. 18). GDP has declined since the 1960s (Schwab K. V., 2021, p. 26). Global debt is currently three times more than global GDP (Schwab K. V., 2021, p. 28). China is developing the same trends with a more significant debt curve as with the US. The three most advanced economies – the US, Europe and Japan – will take many years of public and private deleveraging and structural reforms to overcome the situation (Malleret, 2012, pp. Kindle Edition, location 940). A Chinese crisis may trigger a further global slowdown. As China needs commodities, many emerging markets could provide them.

Unfortunately, the emerging markets have fallen back since 2015 (Schwab K. V., 2021, p. 64). Covid-19 worst-hit countries include India, Brazil, Italy and Spain. People left the cities and went back to rural villages, one of the greatest inner migrations the world has seen.⁴ In terms of projections, China may use Africa as the next springboard (Malleret, 2012, pp. Kindle Edition, Location 897), and one may see a growth rate of between 6 and 8 per cent in East African countries. As it may, the Asian GDP in 2020 would be, for the first time, higher than the rest of the world.

⁴ The study will not go into a detailed analysis on the impact of Covid-19 as huge economic shifts are yet to happen.

The onslaught of Covid-19 and stimulus measures increased already high global public debt, as indicated in the 20-year graph (Figure B 30) below.

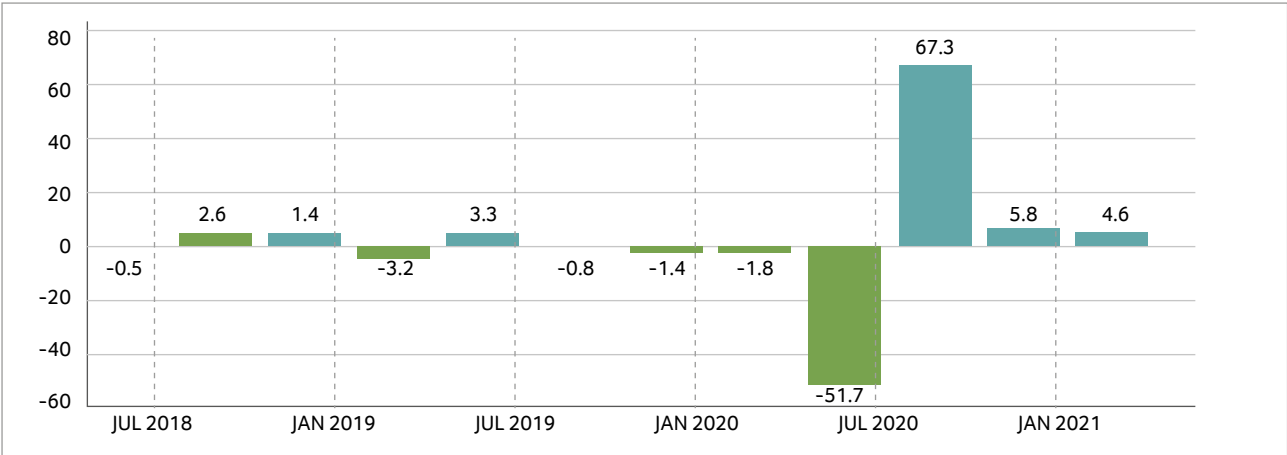
Figure B 30: Gross Public Debt-to-GDP Ratios by Region, 2001-2020 (World Economic Forum, 2020, p. 15)



Advanced economies’ debt-to-GDP ratios are expected to surge from 105.2 per cent in 2019 to 122 per cent by the end of 2020; in emerging G20 countries, from 54.2 per cent to 63.3 per cent; and in low-income, developing countries, from 43 per cent to 47.4 per cent (World Economic Forum, 2020).

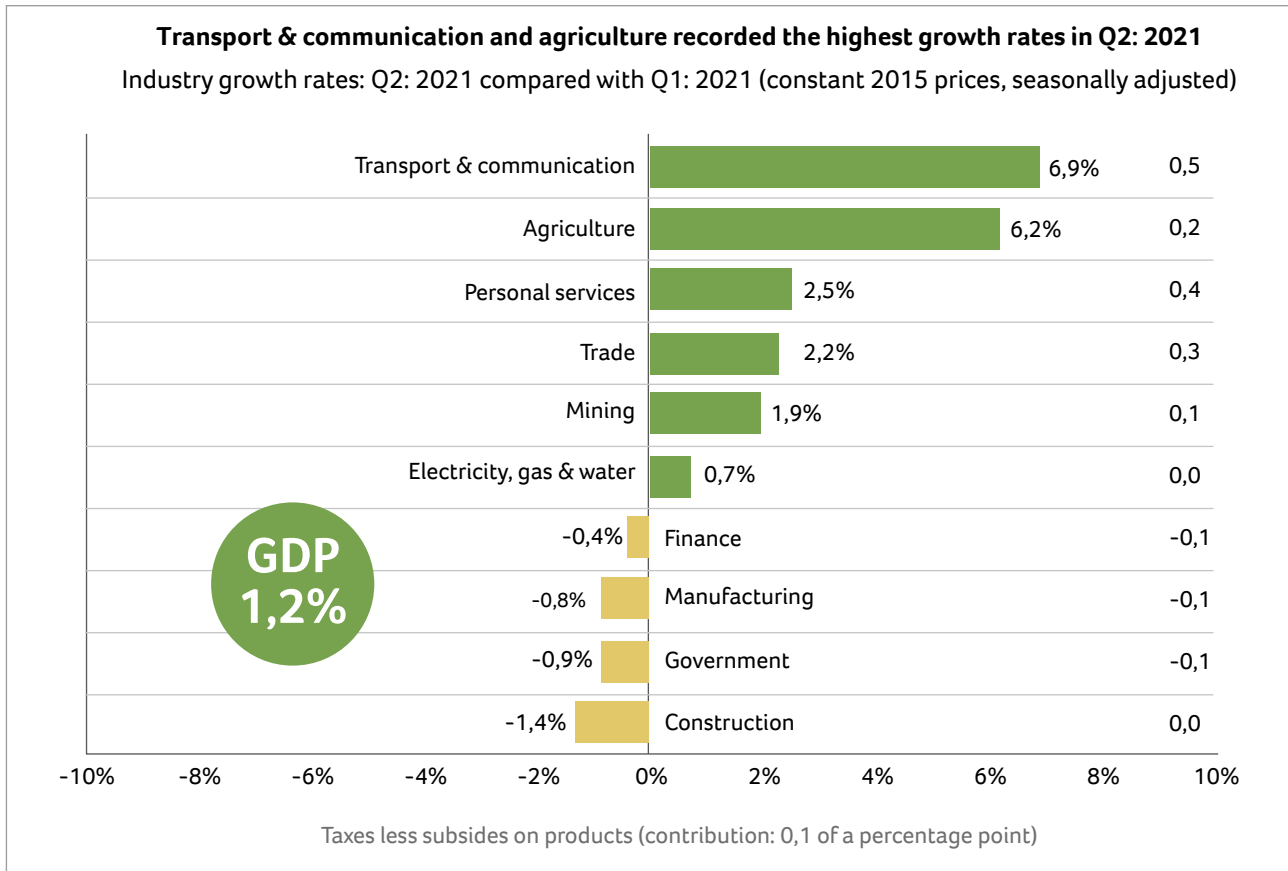
South Africa’s economy grew by an annualised 4.6 per cent in the first quarter of 2021, following a downwardly revised 5.8 per cent advance in the October-December period and easily beating market expectations of a 2.5 per cent rise. Eight out of ten industries reported positive growth rates in the first quarter, with mining (18.1 per cent) boosted by the production of platinum group metals, iron ore, gold, and chromium; finance (7.4 per cent) and trade (6.2 per cent) making the most significant contributions. Manufacturing also increased by 1.6 per cent. Meanwhile, contractions were seen in agriculture (-3.2 per cent), dragged lower by weaker production figures for field crops and animal products, and utilities (-2.6 per cent) due to load shedding and a decline in the water supply. On the expenditure side, household spending and changes in inventories helped spur growth. Year-on-year, the economy shrank 3.2 per cent after an upwardly revised 4.2 per cent contraction in the previous period and matching market consensus as per Figure B 31 below (Trading Economics, 2021).

Figure B 31: National GDP Growth Rate (Trading Economics, 2021)



Weak growth will complicate the government’s efforts to reduce the budget deficit while tackling exceptionally high social inequality and elevated unemployment.

During the second quarter of 2021, the economy grew by a further 1.2 per cent and the contributing sectors are outlined below:

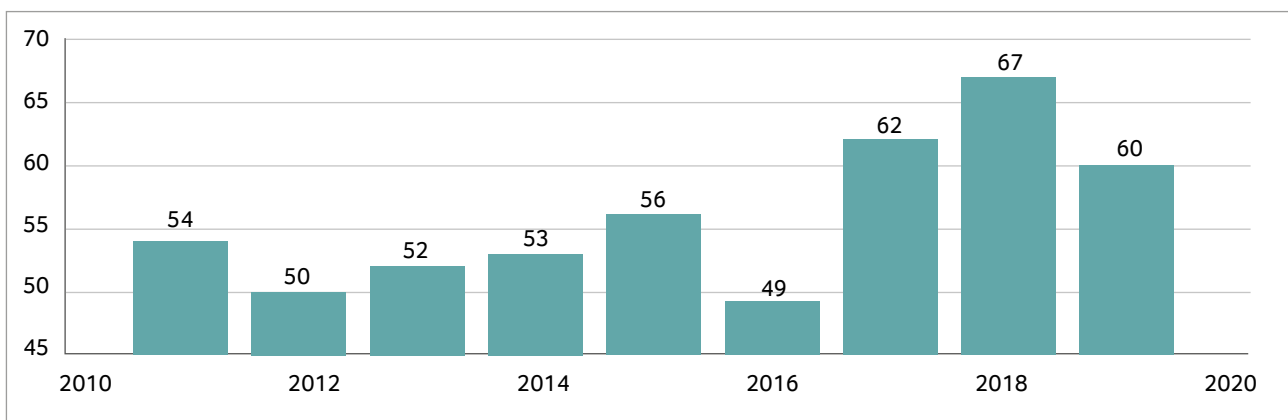


Source: Gross domestic product (GDP), 2nd quarter 2021

GLOBAL COMPETITIVENESS

Globally, according to the World Economic Forum Trading Economics, South Africa is the 60th most competitive nation in the World during 2019 out of 140 countries, dropping seven places from 2018 as presented in Figure B 32.

Figure B 32: Global Competitiveness Ranking (Trading Economics, 2020)

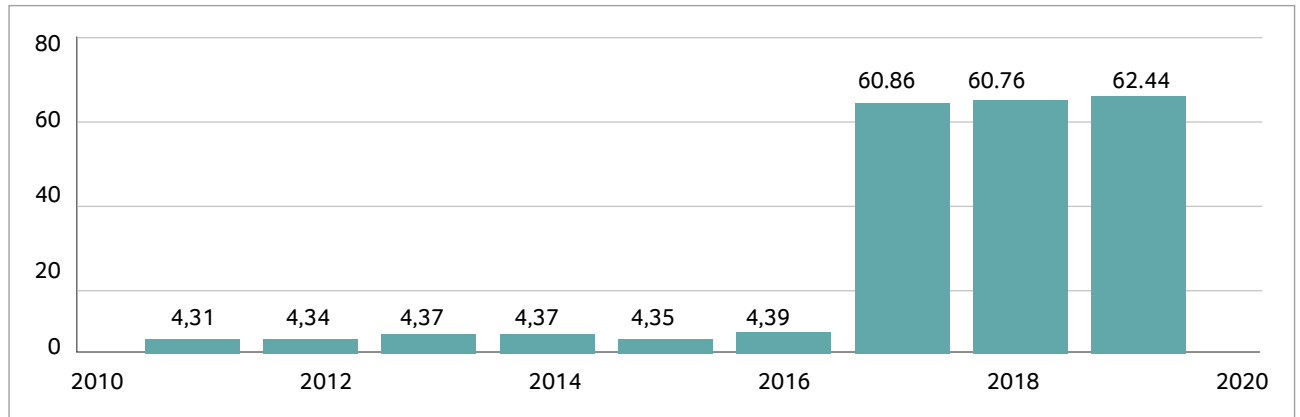


Source: Tradingeconomics.com - World Economic Forum

Competitive Index

Linked to the global competitiveness ranking, Figure B 33 indicates that South Africa scored 62.44 points out of 100 in 2019. The competitiveness index in the south reached its lowest position of 4.31 points in 2011 and the highest of 4.31 Points in 2011.

Figure B 33: Competitive Index (Trading Economics, 2020)

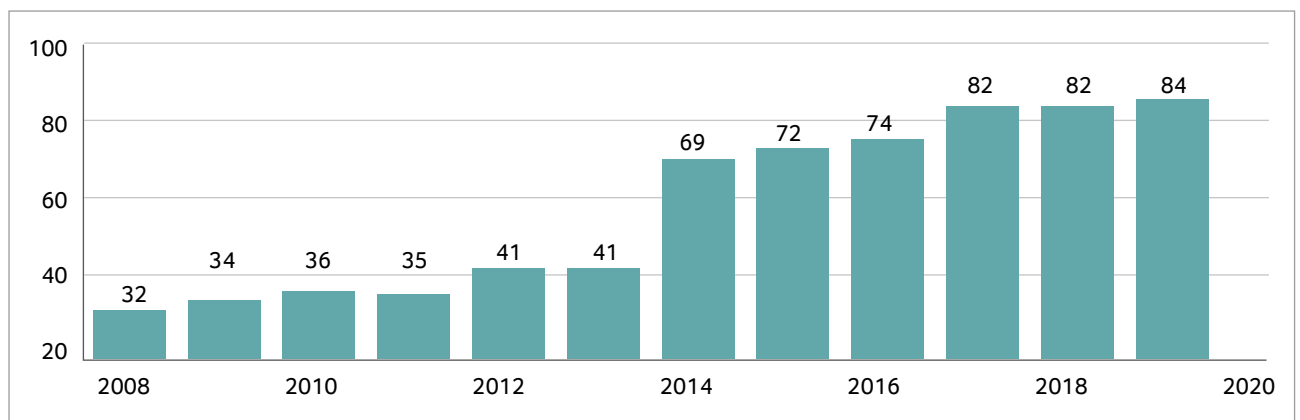


Source: Tradingeconomics.com - World Economic Forum

Ease of doing business

Figure B 34 indicates South Africa is ranked 84'th among 190 economies in respect of ease of doing business, down two points from 2018, according to the latest World Bank annual ratings. The ease of doing business in South Africa reached the lowest ranking in 2019 and a record highest ranking of 32 in 2008.

Figure B 34: Ease of Doing Business (Trading Economics, 2020)



Source: Tradingeconomics.com - World Economic Forum

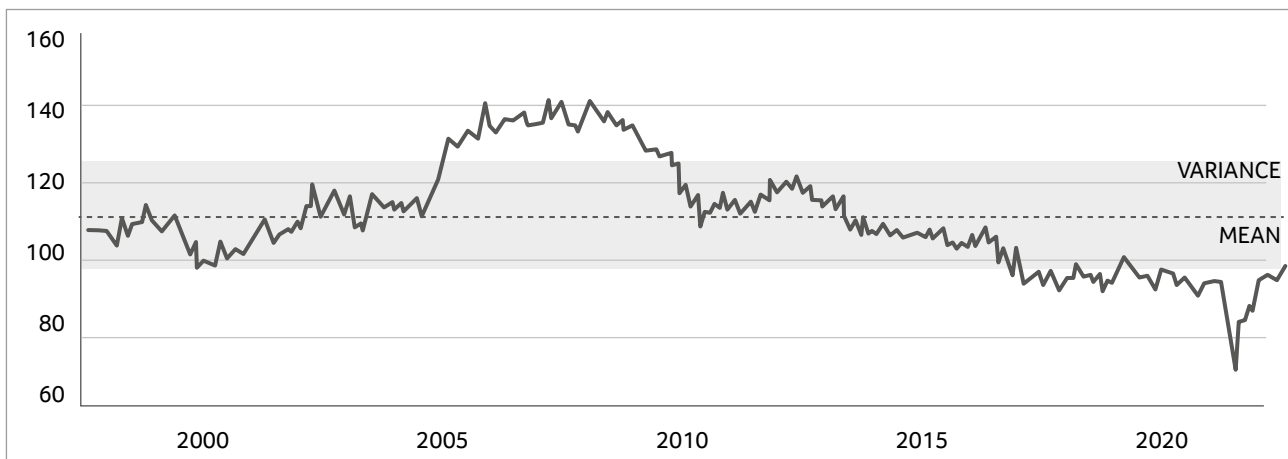
CORRUPTION PERCEPTIONS INDEX AND BUSINESS CONFIDENCE

Despite the ease of conducting business in South Africa, the country scored 44 points out of 100 on the 2019 and 2020 Corruption Perceptions Index reported by Trading Economics. Within the region, although Nigeria has recently overtaken South Africa, sub-Saharan Africa’s largest economy, “South Africa has a highly developed economy and advanced economic infrastructure, making the country the leading African economy and home to 75 per cent of the largest African companies.” (Santander Trade Markets, 2021)

South Africa is the 69th least corrupt nation out of 180 countries, according to the 2020 Corruption Perceptions Index, which is one position better than the previous year, but eight places down from 61st in 2011. This corruption ranking influenced the Business Confidence Index (BCI) of international investors. According to the South African Chamber of Commerce and Industry (SACCI), the Business Confidence Index (BCI) related to South Africa rose to 97 in May of 2021 from 94.7 in the previous month, reaching its highest level since March of 2018 and a two-year high in January 2021 of 94.5. However, this figure remained below levels seen in 2018, which adds to the risk that the economy could fall into its second recession since 2009, as shown in Figure B 36. An all-time high of 141.17 points was reached in December of 2006 and a record low of 70.10 points in May 2020, even lower than when the United Nations Security Council called on members to introduce more far-reaching economic sanctions against South Africa over its apartheid policies in 1985.

The sharp downward collapse is attributed to strict lockdown measures, which started on 27 March 2020, to limit the spread of the Coronavirus disease. “The lower volume of merchandise exports caused striking negative monthly impacts on the index, the weaker exchange rate of the rand, and fewer new vehicles sold – all mainly due to the lockdown,” SACCI said. In general, investors see little progress in economic reforms since 2019 and uncertainty over the country’s recovery due to the threat of a third wave of Covid-19. “It is important for South African authorities to address policy certainty, structural impediments and low investment ratings that are still preventing the economy from breaking through the present impasse,” SACCI said (Trading Economics, 2021), as indicated by Figure B 35, indicating the falling BCI Index.

Figure B 35: BCI Index (Trading Economics, 2021)



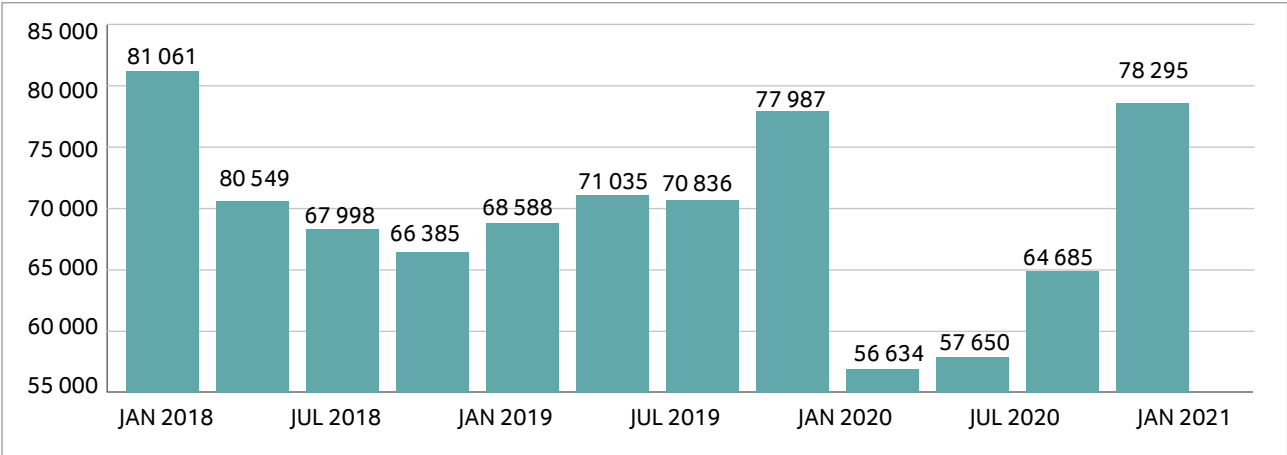
Source: *Tradingeconomics.com - World Economic Forum*

The Rand Merchant Bank/Bureau for Economic Research (RMB/BER) Business Confidence Index rose to 50 in the second quarter of 2021 from 35 in the previous period and well above pre-pandemic levels, amid the gradual relaxation of some Covid-19 restrictions. It was the highest reading since the last quarter of 2014, as confidence rebounded especially sharply in the manufacturing, retail, and motor trade sectors. By contrast, sentiment among building contractors and the wholesale trade sector improved only marginally. Still, it was noted that the South African economy faced risks from a fast-spreading third wave of Coronavirus infections, additional lockdowns, and Eskom’s unstable electricity grid (Trading Economics, 2021).

GOVERNMENT AND HOUSEHOLD DEBT

National government debt in South Africa increased to US\$78 295 million in 2021 from US\$64 685 million in the third quarter of 2020, as per the graph below (Trading Economics, 2021) as indicated in Figure B 36.

Figure B 36: South Africa Government Debt (Trading Economics, 2021).



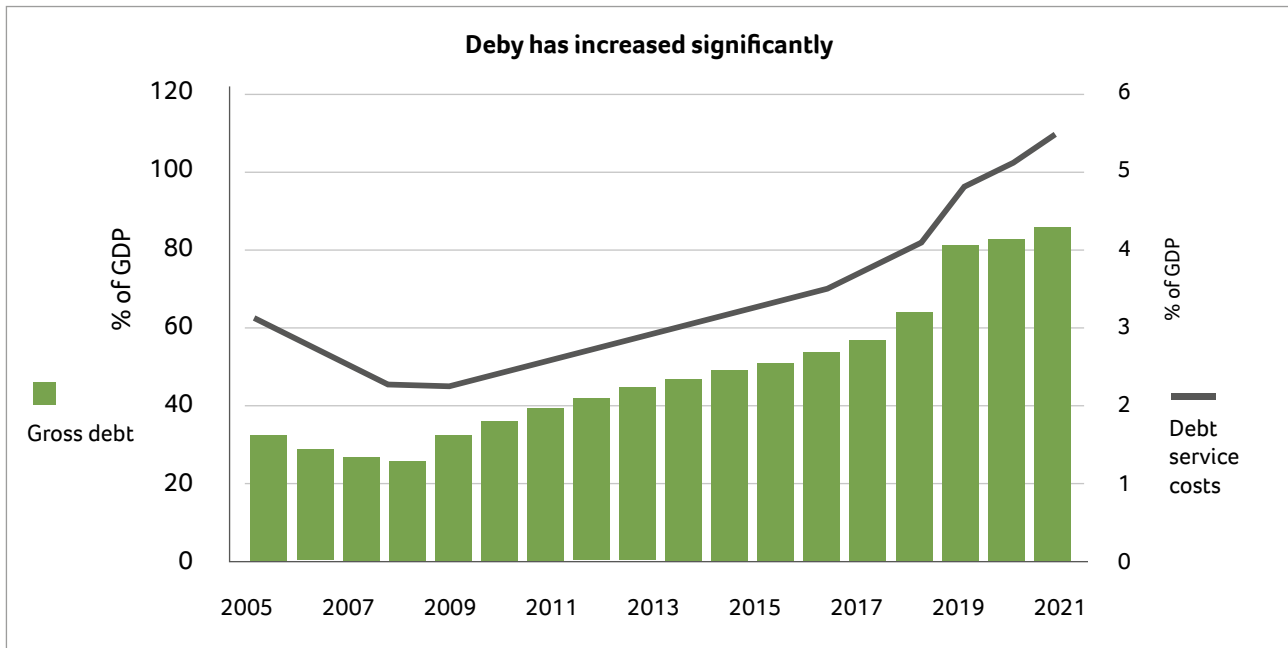
Source: *Tradingeconomics.com - World Economic Forum*

Weak growth will complicate the government’s efforts to reduce the budget deficit while tackling exceptionally high social inequality and elevated unemployment.

Debt in South Africa has increased significantly since the end of 2019, as per Figure B 37. The government budget deficit was reportedly overshooting due to significant shortfalls in tax revenue and high spending in the areas of debt-servicing costs, education, and defence. In this regard, the government was cautioned by OECD to prioritise expenditure. Despite the widening deficit supporting short-term growth by partially sustaining household consumption through social grants, the rising debt makes consolidation imperative to maintain market confidence (OECD). The local government is not immune to these challenges.

⁵ The composite RMB/BER Business Confidence Index (BCI) is the unweighted mean of five sectoral indices, namely that of manufactures, building contractors, retailers, wholesalers, and new vehicle dealers. (www.ber.ac.za > BER Documents > BER-Business-Confidence-Index). The Business Confidence index can have values from 0 to 100, with 0 denoting pessimism and extreme uncertainty, 50 showing neutrality and 100 meaning the highest confidence. Higher than expected readings can be seen as positive for the South African Rand.

Figure B 37: South Africa’s Debt Increase (OECD, 2021, p. 133)



Source: National Treasury and OECD Economic Outlook 109 Database

The government remains committed to supporting firms and households despite limited fiscal space. The Covid-19 loan guarantee scheme (ZAR18.1 billion or 0.4 per cent of GDP guaranteed by the end of March) has been extended for three months up to July 2021. The extraordinary Covid-19 social relief of distress grants for low-income households and the temporary employment relief scheme has been extended for an additional three months. Spending on the public employment initiative has been increased by ZAR11 billion (0.2 per cent of GDP) in 2021/22. Implementing the government’s infrastructure investment plan is essential to lift growth potential, requiring better prioritisation of spending. Unlocking electricity production will be key to lifting production bottlenecks and restoring confidence (OECD, 2021).

The South African government’s total gross loan debt has increased sharply as the borrowing requirements continue to weigh on the fiscus on the Covid-19 impact. The total gross loan debt of the national government had increased by 20.3 per cent year-on-year to R3.7 trillion as of 30 September 2020.

Households debt to income averaged 58.52 per cent from 1969 until 2020, reaching an all-time high of 86.40 per cent in 2008 and a record low of 40.30 per cent in 1980. Household debt to income increased to 77.10 per cent in 2020 from 72.80 per cent in 2019 (Trading Economics, 2021). Notably, as the household debt to income increases, the municipal revenue base decreases and the demand for free basic services increases. The same effect applies to the increase in national unemployment rate outlined below.

NATIONAL UNEMPLOYMENT RATE

South Africa's unemployment rate rose to 32.6 per cent in the first quarter of 2021 from 32.5 per cent in the previous period. It was the highest jobless rate since comparable data began in 2008. The number of unemployed persons increased by eight thousand to 7.2 million, employment fell by 28 000 to 15 million, and the labour force went down by 20 000 to 22.2 million. Total employment mainly fell in construction (-87 000), trade (-84 000), private households (-70 000), transportation services (-40 000) and agriculture (-18 000), but it rose sharply in financial services (+215 000) for work, was at 43.2 per cent, up from 42.6 per cent in the prior period. Also, the youth unemployment rate, measuring jobseekers between 15 and 24 years old, hit a new record high of 63.3 per cent (Trading Economics, 2021). The recent Quarterly Labour Force Survey (QLBS: Q3:2021) from Stats SA⁶ indicates that the official unemployment rate has increased to 34.9 per cent (14.3 million)⁷, the highest since 2008. According to the QLBS, with the exception of the finance industry (which gained 138 000 jobs), the rest of the industries experienced job losses.

MUNICIPAL FINANCIAL DISTRESS

There are municipalities that boast a relatively sound financial base, some of which are a going concern. In contrast, other municipalities, particularly in rural environments where local economic development is a mirage (due to historical, infrastructure or administrative challenges), resort to grants as a financial sustenance mechanism.

When presenting the 2019/20 Audit Report⁸ to Parliament, the Auditor-General said: "Local government finances continued to be under severe pressure as a result of non-payment by municipal debtors, poor budgeting practices and ineffective financial management."

The report outlined the following in relation to municipal financial distress:

- 163 municipalities were in financial distress
- 108 municipalities had unfunded budgets
- 29 municipalities had been placed under administration.

Furthermore, emanating from the National Treasury Q3 Report⁹ the following financial setbacks can be deduced:

- At the end of the financial year (30 June 2021) the aggregate municipal consumer debt amounted to R232.8 billion (compared to R230.7 billion reported in the third quarter of 2020/21). Debt to municipalities from organs of state accounts for R16.7 billion (7.2 per cent) of the total outstanding debtors. As anticipated, household debts account for R168.9 billion (72.6 per cent).
- In the same vein, municipalities also owed their creditors R73.7 billion as of 30 June 2021. Some of these creditors include Eskom and Water Boards as outlined below:

⁶ <http://www.statssa.gov.za/?p=14957>

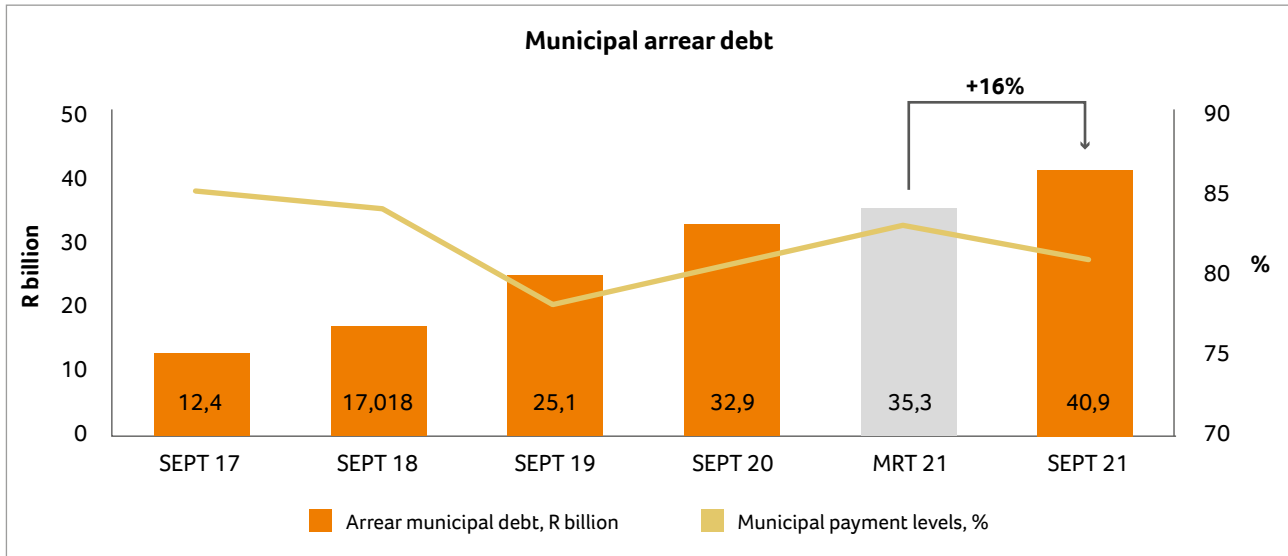
⁷ It was at 32,6 in Q1 and 34.4 per cent in Q2.

⁸ <https://pmg.org.za/blog/State%20of%20Local%20Government>

⁹ Local Government Revenue and Expenditure: Fourth Quarter Local Government Section 71 Report (Preliminary Results) for the Period: 1 July 2020 – 30 June 2021: http://www.treasury.gov.za/comm_media/press/2021/2021090901%20Media%20Statement%20-%20Q4%20Local%20Government%20Revenue%20and%20Expenditure%20Report.pdf

Between April and September 2021, municipal debt to Eskom increased by R5.6 billion (15.8 per cent) to R40.9 billion¹⁰ as shown below.

Extract from the Eskom Group interim results for the six months ended 30 September 2021.



Debt (non-payment) to water boards by municipalities stood at about R12.6 billion as of March 2021 and continues to increase¹¹.

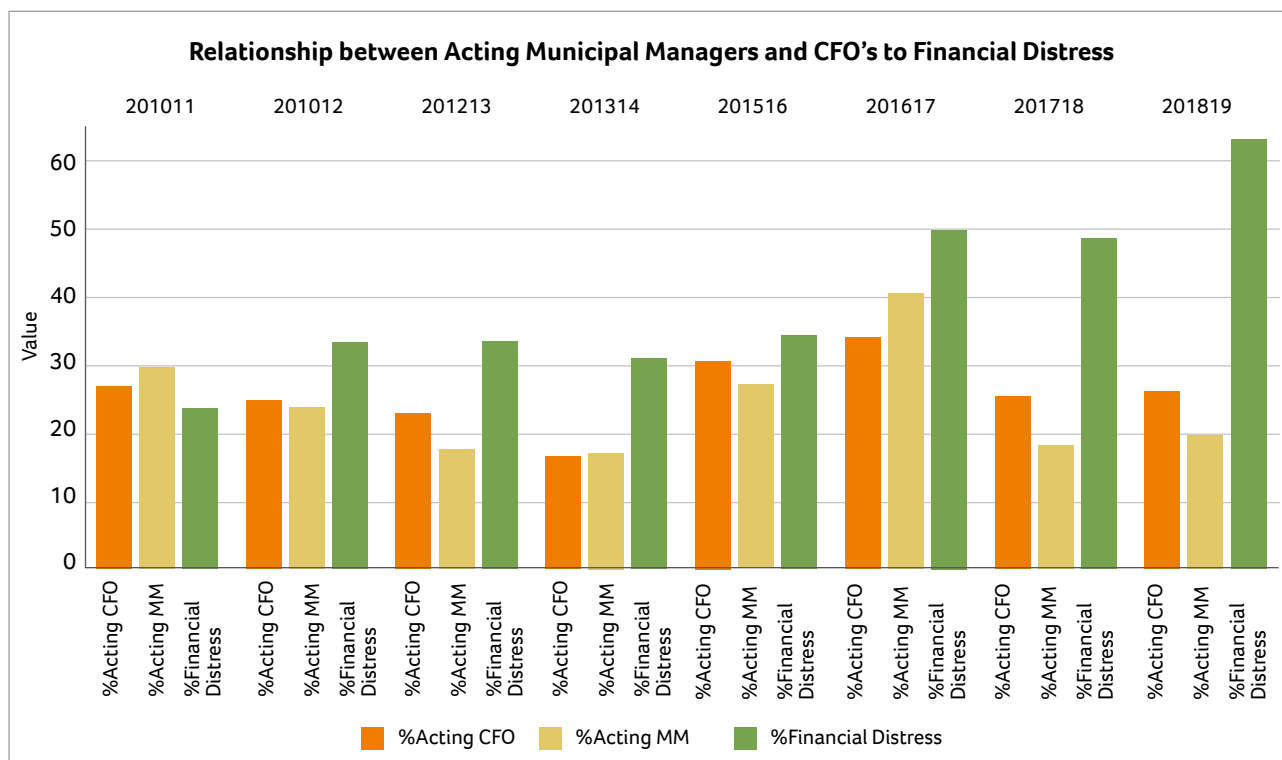
SALGA has been clear in all of its engagements around this matter that the financial challenges of municipalities are not only about what municipalities owe but about what is owed to municipalities.¹² One needs to look at the systemic reasons going deeper into prevailing statistics such as:

- Constant changes in legislation and circulars;
- Onerous accounting standards;
- Rate collection;
- Unfunded and under-funded mandates;
- Electricity and water consumer price index (CPI) increases;
- Capacity building inclusive of training endeavours;
- Leadership;
- Inter-governmental relations (IGR) that is failing the system;
- Municipal Public Accounts Committee’s (MPAC) role that is not executed.

Over the past decade, the proportion of municipalities in financial distress has significantly increased, and this has a direct correlation with the vacancies in technical positions, in this instance, chief financial officers, as indicated in Figure B 38.

¹⁰ <https://www.eskom.co.za/wp-content/uploads/2021/12/Eskom2022InterimResultsPresentation.pdf>
¹¹ <https://www.citizen.co.za/news/south-africa/government/2503293/municipalities-owe-r12bn-in-unpaid-water-bills-sisulu/>
¹² SALGA approach on electricity and water debts

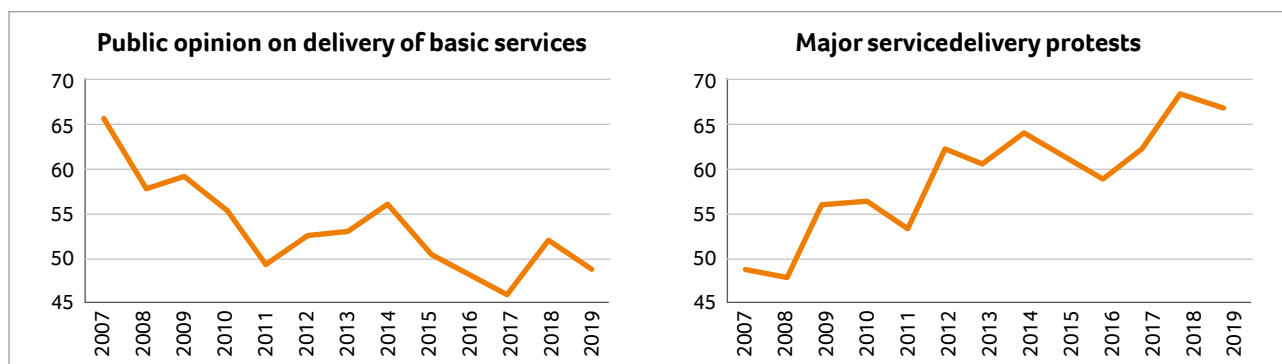
Figure B 38: Municipalities in Financial Distress (SALGA, 2021, p. 44)



Irregular expenditure also leads to financial distress. The growing balance of irregular expenditure until February 2021 rose to R97.84 billion from R58.53 billion during 2018/19. The top ten contributors to accumulated irregular expenditure represented 55 per cent of the total (GSCID Cluster National Treasury, 2021). Unauthorised expenditure increased from R8.88 billion to R11.98 billion, a 35 per cent growth (an increase of R3.1 billion) from 2017/18, and fruitless and wasteful expenditure increased from R1.03 billion to R2.07 billion, representing a 201 per cent growth (an increase of R1,04 billion) from 2017/18 (DPME, 2021).

This has led to a year-on-year rise in service delivery protests, and greatly dwindling public trust in the municipalities' capability to deliver services. In recent years, the municipalities' constitutional mandate to deliver services has been threatened, with communities starting to take municipalities to court for failure to deliver on their obligation, e.g., the High Court Case: Kgetlengrivier Concerned Citizens v Kgetlengrivier Local Municipality. This challenge has spread to many provinces, including KwaZulu-Natal, Free State, North West, and Eastern Cape (DPME, 2021) as indicated in the service deliver Figure B 39 below.

Figure B 39: Impact of Service Delivery (DPME, 2021)



ECONOMIC TRANSFORMATION

The World Economic Forum (The Global Competitiveness Report - How Countries are Performing on the Road to Recovery, 2020) released a report that forecasts the readiness of countries to achieve economic transformation, especially in the recession that follows Covid-19. Some of the outlined factors that are recommended in the report as means to achieve economic transformation include the following:

- Ensure public institutions embed strong governance principles and a long-term vision and build trust by serving their citizens.
- Shift to more progressive taxation, rethinking how corporations, wealth and labour are taxed, nationally and in an international cooperative framework.
- Expand investment in the skills needed for the jobs and “markets of tomorrow”.
- Rethink labour laws and social protection for the new economy and the new needs of the workforce.
- Increase incentives to direct financial resources towards long-term investments, strengthen stability and expand inclusion.
- Incentivise firms to embrace diversity, equity, and inclusion to enhance creativity.

Accordingly, South Africa scored 50.4 points overall based on the 11 criteria for economic transformation readiness scoring in the bottom 10 of the almost 50 countries evaluated. Although it achieved the highest for “shift to progressive taxation”, it scored the lowest on “Rethink labour laws and social protection”.

Table B 5: Performance on Economic Transformation Priorities, by 2020 score (0–100 scale) (World Economic Forum, 2020, pp. 44-45)

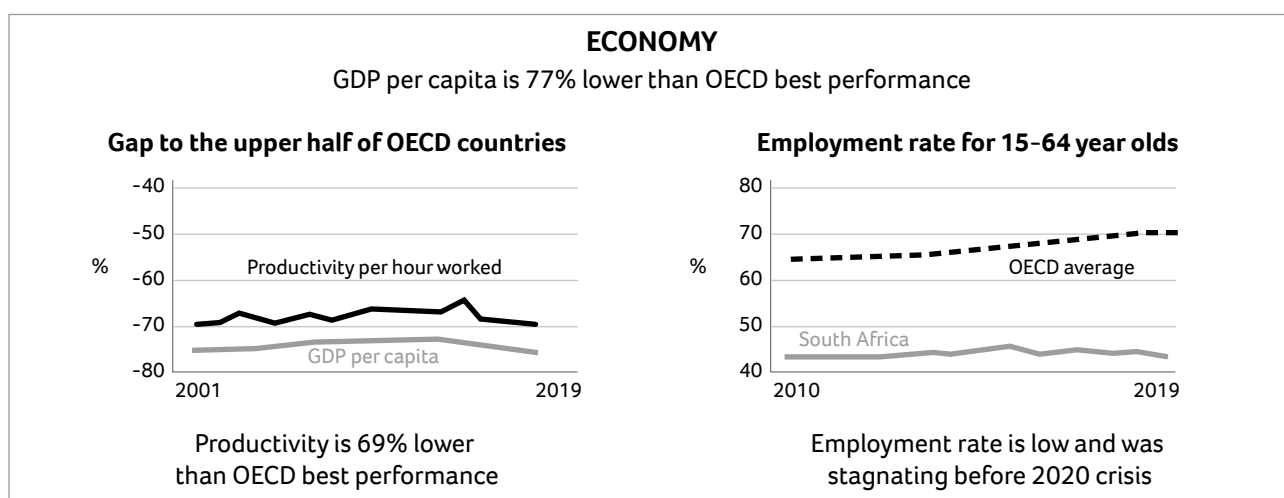
Economy	Ensure public institutions embed strong governance principles and long-term vision and build trust by serving their citizens	Upgrade infrastructure to accelerate the energy transition and broaden access to electricity and ICT	Shift to more progressive taxation, rethinking how corporations, wealth and labour are taxed, nationally and in international cooperative framework	Update education curricula and expand investment in the skills needed for jobs and “markets of tomorrow”	Rethink labour laws and social protection for the new company and the new needs of the workforce	Expand eldercare, childcare and healthcare infrastructure, access and innovation for the benefit of people and the economy
South Africa	53.9	63.8	65.2	42.6	42.9	n/a
Mean	60.0	78.7	50.0	55.3	61.4	47.8
Standard deviation	10.23	8.98	8.14	11.19	8.88	11.78
Highest score	78.47	99.75	65.16	75.26	76.98	75.87
	Finland	Estonia	South Africa	Finland	Denmark	Sweden
Lowest score	42.84	57.21	30.72	38.75	42.90	24.73
	Russian Federation	Russian Federation	Hungary	Greece	South Africa	Greece

Economy	Increase incentives to direct financial resources towards long-term investments, strengthen stability and expand inclusion	Rethink competition and anti-trust frameworks needed in the Fourth Industrial Revolution, ensuring market access, both locally and internationally	Facilitate the creation of “markets of tomorrow”, especially in areas that require public-private collaboration	Incentivise and expand patient investments in research, innovation and invention that can create new “markets of tomorrow”	Incentivise firms to embrace diversity, equity and inclusion to enhance creativity
South Africa	48.6	58.3	35.6	31.7	61.5
Mean	69.2	62.0	45.1	41.6	62.2
Standard deviation	15.35	7.41	6.23	8.67	8.48
Highest score	95.42	77.61	59.51	57.32	79.20
	Finland	United States	Finland	United States	China
Lowest score	32.81	42.46	34.25	25.21	45.13
	Argentina	Russian Federation	Argentina	Greece	India

NATIONAL ECONOMIC TRENDS

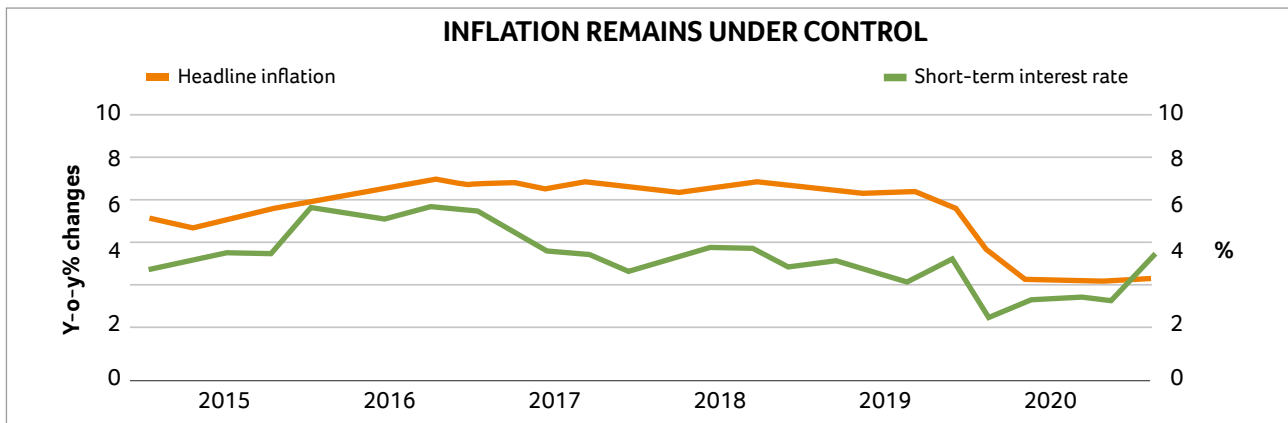
The Organisation for Economic Cooperation and Development (OECD) projected a moderate economic growth in 2018–19, with investment supporting growth in 2019, assuming that business confidence increases and policy uncertainty is reduced. By 2021, the economy is projected to rebound by 3.8 per cent in 2021 and 2.5 per cent in 2022 (OECD, 2021). The strong rebound at the end of 2020 has slowed in the first half of 2021 due to a protracted second wave of the virus that has held back economic activity. However, growth is projected to pick up in the second half of the year, driven by domestic demand and commodity exports. Household consumption will contribute significantly to growth as the economy opens up and exceptional savings last year are at least partially spent. Private investment will progressively strengthen as per Figures B 40 and 41.

Figure B 40: GDP per Capita (OECD, 2021)¹³



¹³ Economy: Percentage gap with respect to the population-weighted average of the highest 18 OECD countries in terms of GDP per capita (in constant 2015 PPPs).

Figure B 41: Inflation Rate (OECD, 2021)¹⁴



StatLink: <https://stat.link/rsl26d>

According to the OECD, inflation is increasing (Figure B 43), but will remain below the Reserve Bank’s target, allowing for current policy interest rates to stay the same until the end of 2021. Accordingly, the Reserve Bank has maintained the repurchasing rate at 3.5 per cent since March 2020 and is expected to maintain a supportive position until the end of the year.

However, there are several indicators that denote the performance or the “health” of the country’s economy. At least the following are traceable in the SALGA environment: Economic growth; demand and supply drivers; tariffs/prices; business/job growth or unemployment; Inflation and interest rates, exchange rates, and production rates; poverty and inequality. Among these is economic growth as the fiscal envelope continues to shrink against constant population growth, as shown in Figure B 42.

¹⁴ Inequality: The Gini coefficient for disposable income measures the extent to which the distribution of disposable income among households deviates from perfect equal distribution. A value of zero represents perfect equality and a value of 100 extreme inequality. The latest available data for South Africa is 2015.

Figure B 42: South Africa Demand, Output and Prices (OECD, 2021, p. 134)

	2017	2018	2019	2020	2021	2022
South Africa	Current price ZAR billion	Percentage changes, volume (2010 prices)				
GDP at market prices	4 659.2	0.8	0.2	-7.0	3.8	2.5
Private consumption	2 756.5	1.8	1.0	-6.4	5.1	3.3
Government consumption	967.9	1.9	1.5	0.5	0.5	0.6
Gross fixed capital formation	873.2	-1.4	-0.9	-17.5	1.6	5.4
Final domestic demand	4 596.7	1.2	0.8	-6.3	3.5	3.0
Stockbuilding*	1.9	-0.2	0.0	-2.3	-0.7	0.0
Total domestic demand	4 599.6	1.0	0.7	-8.9	2.8	3.2
Exports of goods and services	1 378.7	2.6	-2.5	-10.3	12.7	6.3
Imports of goods and services	1 319.1	3.3	-0.5	-16.6	9.2	8.8
Net exports *	59.6	-0.2	-0.6	2.1	1.0	-0.6
<i>Memorandum items</i>						
GDP deflator	-	3.3	4.2	5.5	4.3	4.0
Consumer price index	-	4.6	4.1	3.3	4.1	4.4
Core inflation index**	-	4.2	4.1	3.4	4.0	4.4
General government financial balance (% of GDP)	-	-3.1	-4.6	-10.4	-9.0	-7.6
Current account balance (% of GDP)	-	-3.6	-3.0	2.2	1.7	0.3

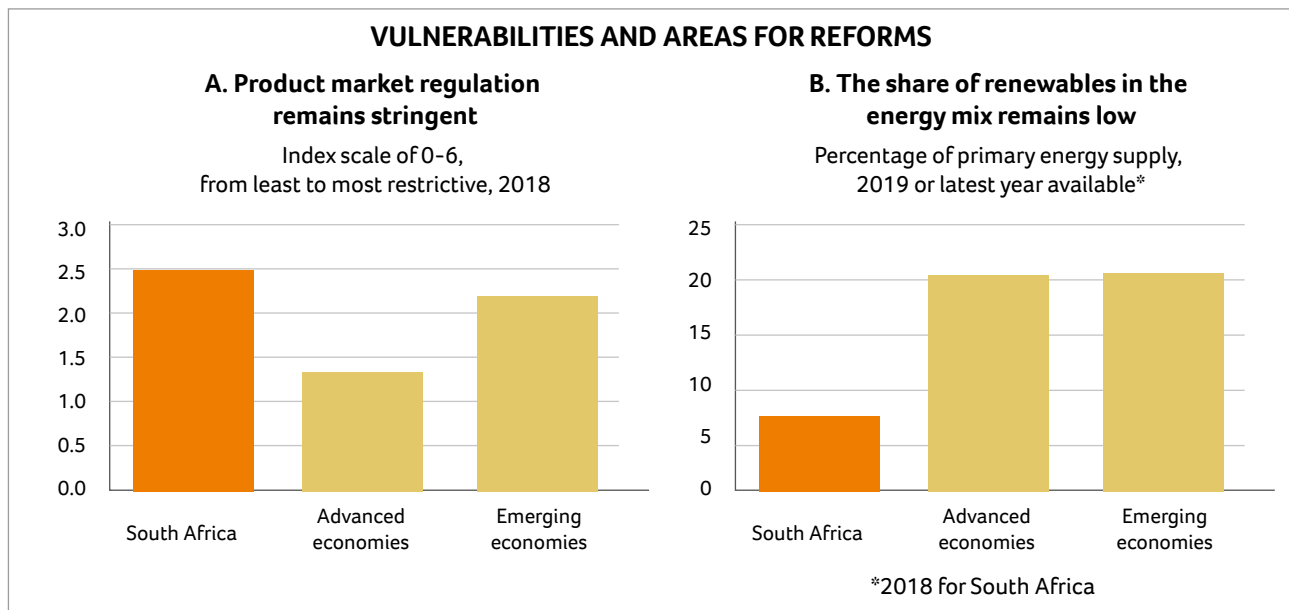
* Contributions to changes in real GDP, actual amount in the first column.

** Consumer price index excluding food and energy.

Source: OECD Economic Outlook 109 database - StatLink: <https://stat.link/3vbj0o>

Economic activity rebounded strongly in the last quarter of 2020 (Figure B 43). Household consumption increased by 7.5 per cent, with spending mainly rising on restaurants and hotels. Investment also contributed strongly to the rebound, growing by 12 per cent. The agriculture sector has already recovered to pre-crisis levels boosted by favourable rainfall conditions. Mining activity is also high, strongly supported by robust foreign demand and high commodity prices. However, manufacturing and construction remain subdued, affected by low demand, destocking and persistent production bottlenecks. The service sector is still impacted, held back by the low levels of tourism, transport and trade (OECD, 2021, p. 134).

Figure B 43: Vulnerabilities and Areas for Reform in South Africa (OECD, 2021, p. 2)



Source: Panel A: OECD, Product Market Regulation Database 2018, Panel B: OECD, Green Growth Database

MUNICIPAL REVENUE

Municipalities are expected to charge for most of the services they provide. The Constitution apportions substantial own revenue sources to local government, such as property rates, surcharges on service charges, other taxes, levies and duties. Accordingly, water supply, waste water management, energy supply, and waste management are the main revenue generating sources for municipalities. However, it is noteworthy from the National Treasury report¹⁵ that when billed municipal revenue is measured against the adjusted budgets or adopted budgets for metros and secondary cities, the revenue picture for these municipal services during the fourth quarter of 2020/21 is not attractive as it does not display maximum revenue generation. Surpluses are very low and, in some instances, municipalities work at a loss (spend more to generate less) and this depiction does not even take into account the collection rate which may aggravate the picture.

With regard to performance by metros against the adjusted budgets:

- Water revenue billed was R24.6 billion against an expenditure of R28.2 billion (shortfall);
- Energy sources revenue billed was R78.0 billion against an expenditure of R72.9 billion (surplus);
- The revenue billed for waste water management was R7.3 billion against an expenditure of R7.2 billion (surplus); and
- Levies for waste management billed were R10.2 billion against expenditure R9.2 billion (surplus).

In relation to secondary cities' performance against the adopted budgets:

- Water revenue billed was R10.8 billion against an expenditure of R10.0 billion (surplus);
- Energy sources revenue billed was R26.1 billion against an expenditure of R24.8 billion (surplus);
- The revenue billed for waste water management was R3.8 billion against an expenditure of R3.0 billion (surplus); and
- Levies for waste management billed were R3.3 billion against expenditure of R2.5 billion (surplus).

¹⁵ Fourth Quarter Local Government Section 71 Report (Preliminary Results).

¹⁶ http://www.treasury.gov.za/comm_media/press/2021/2021090901%20Media%20Statement%20-%20Q4%20Local%20Government%20Revenue%20and%20Expenditure%20Report.pdf

With regard to fiscal allocation for the period 2004/05 through to the end of the current MTEF (2023/24), the distribution of the equitable share of some R10 trillion was divided up so that provincial government received 83 per cent and local government 17 per cent. Overall, 70 per cent of funding for municipalities come from own funding, while the remaining 30 per cent was from grants. As a proportion of the overall national fiscus, local governments get a much smaller share, as indicated in the following table B 6 (SALGA, 2021, p. 59).

Table B 6: Distribution of Equitable Share across Provinces and Local Governments

04/05-23/24	TOTAL EQUITABLE SHARE (RBNS)	%
Provincial Equitable Share	6871.2	68.3
Provincial Conditional Grant	1494.4	14.9
Local Equitable Share	899.4	8.9
Local Conditional Grant	626.3	6.2
General Fuel Levy	170.5	1.7
Grand Total	10061.9	100

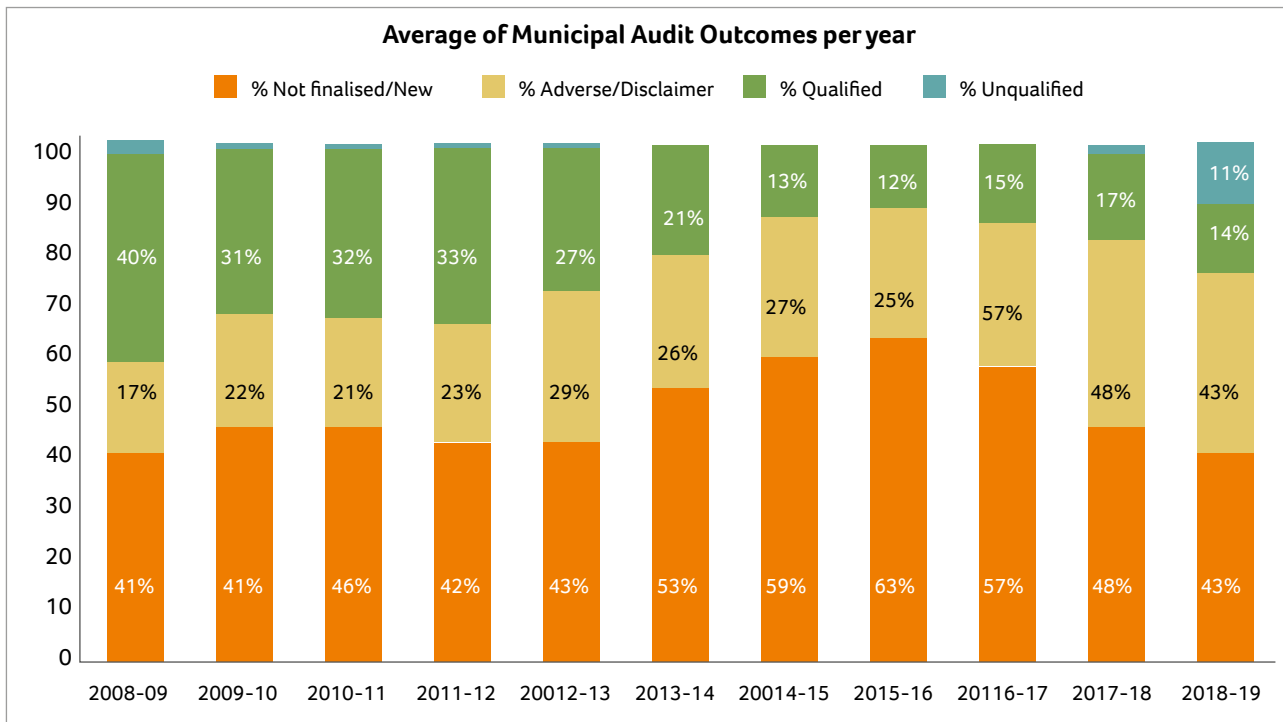
A survey from DPME (The Impact of COVID-19 on South African Municipalities. An Update: Survey 2 Results, 2021) indicated that revenue streams were negatively impacted by the Covid-19 pandemic, with municipalities reporting a reduction in revenue and a significant increase in defaulting customers while there was an increase in the number of registered indigents. “As most municipalities are operating at losses, additional reductions in revenue will impact on their service delivery capacity” (DPME, 2021).

Furthermore, rates and taxes continue to increase against the backdrop of declining household income in some serviced communities. This over-reliance on these poor communities results in growing consumer indebtedness and inability to pay for services leading to a consequent decline in revenue generation for municipalities. Furthermore, the general economic decline, fiscal constraints, and large-scale closure of businesses in many towns, emerging from the deceleration in the mining, manufacturing, and agricultural sector output, is another contributor to the decline in the revenue base. Accordingly, there is a need to implement a differentiated approach and advance reforms to the intergovernmental fiscal and grant system to incentivise and enable better management of the urban system, rural/regional economies, and targeted infrastructure funding to boost economic growth and competitiveness.

MUNICIPAL AUDIT OUTCOMES

Overall, there has been some progress in audit outcomes. Disclaimers reduced from 40 per cent during 2008/09 to 14 per cent in 2018/19. Unqualified audit opinions rose slightly from 41 per cent in 2008/09 to 43 per cent in 2018/19, dropping from 63 per cent in 2015/16. Municipalities not reporting on time increased to 11 per cent during 2018/19, as shown in Figure B 44 below (SALGA, 2021, p. 59).

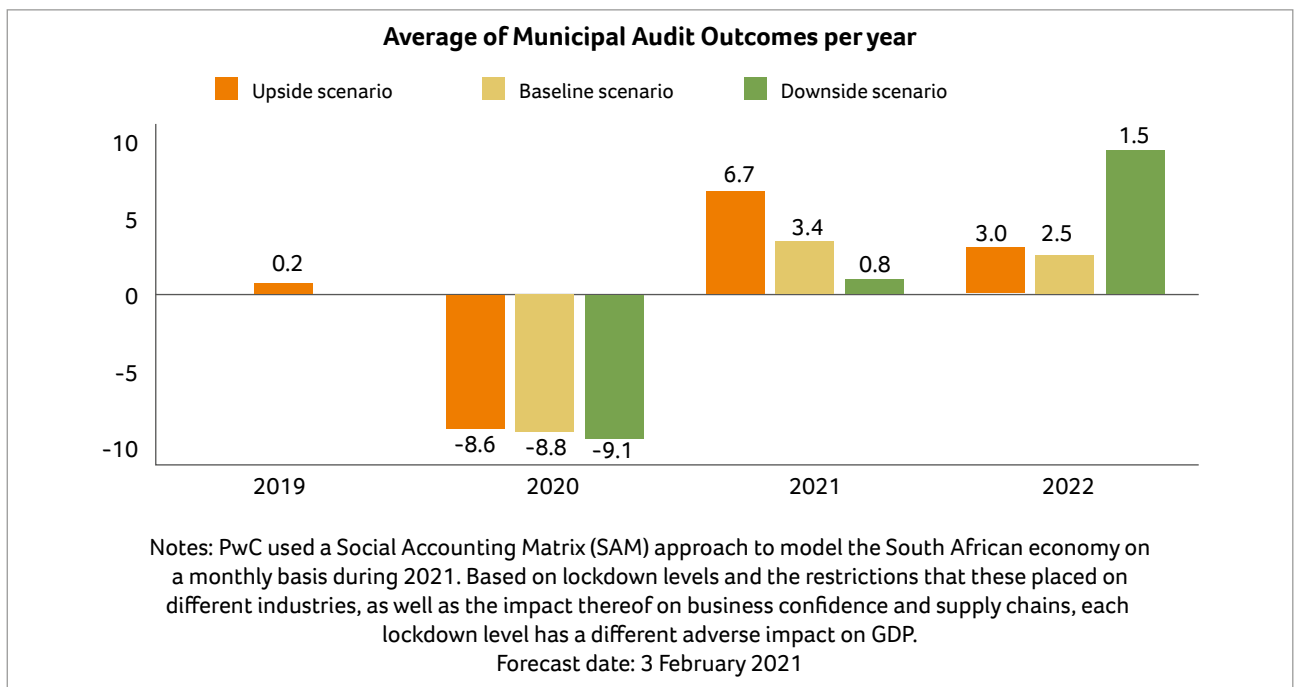
Figure B 44: Average Municipal Audit Outcome per Year (SALGA, 2021, p. 59)



A total of nine municipalities out of 257 or 4 per cent have consistently attained a clean audit outcome since 2015/16 up to 2019/20. Overall, 72 municipalities out of 257 or 28 per cent have consistently attained a financially unqualified audit outcome at a minimum. These municipalities have moved between a clean audit outcome and unqualified audit opinion within the last five financial years. The 'other' category includes municipalities that have not been consistent over the previous five years. These municipalities audit outcomes range between (a) Clean; (b) Unqualified; (c) Qualified; (d) Adverse; (e) Disclaimer and (f) Audits not finalised by legislated date. These municipalities constitute 68 per cent or 176 out of 257 municipalities.

To conclude the economic factors, there are inadequate sector-based cutting-edge research programmes aimed at unlocking potential zones for advancing local economic development (LED) programmes and providing an inclusive platform for all role players to ensure maximum participation. The South African economy is expected to grow by 3.4 per cent in 2021, according to PwC South Africa Economics house reviews (PwC, 2021, p. 12) following the recession in 2020. However, much of this growth will be due to the base effects arising from the significant contraction in economic activity during 2020, especially in the second quarter of 2020, as per Figure B 45.

Figure B 45: PwC Economic Growth Baseline and Forecast (PwC, 2021)



Source: PwC analysis

According to the OECD (South Africa, 2021), South Africa should concentrate on the following five priorities to accelerate economic growth:

- Competition and regulation: Remove barriers to competition and lift regulatory restrictions;
- Competition and regulation: Reduce barriers to entrepreneurship;
- Infrastructure: Improve infrastructure to boost growth;
- Education and skills: Raise quality and equity in education; and
- Environmental policy: Green energy policy to limit environmental impact.

The recent initiative to stimulate equitable and inclusive growth through the National Economic Reconstruction and Recovery Plan¹⁷ is expected to ensure fiscal stability and sustainable economic viability and covers most of the elements suggested in the OECD report.

¹⁷ A policy document that outlines South Africa's plan to facilitate an economic rebound which was first presented by President Ramaphosa to the Joint Sitting of Parliament in October 2020.

6.1.4 Environmental Factors



This section covers issues on climate changes, environmental regulations, and the influence of Covid-19 on South Africans.

ENVIRONMENTAL FACTORS AND CLIMATE CHANGE

The planet was harmed through hundreds of years of economic activity, and many countries, including South Africa have been exploited through long histories of mining activity. The last time the global economy did not overspend nature's resources was in 1969. Currently, humankind uses more than 1.75 times the resources the world can replenish (Schwab K. V., 2021, p. 18). The world is in the midst of a global environmental crisis: increase in pollution, environmental degradation and depletion of resources with consumerism plunging (Malleret, 2012, pp. Kindle Edition, Location 714). The 20 most polluted cities are in Asia. Climate change is real.

Macroeconomic, social and environmental trends are reflected in the cumulative effects of decisions by individuals, companies and governments, both local and national. Some grew rich, but at the expense of inequality and unsustainability. To a certain extent, earth and its human species are becoming extinct (Whelan, 2021, p. 190).

Ipsos Global Online Survey (Ipsos, 2021) had the following statistics regarding climate change:

- A global market average of only 31 per cent agrees their country's government has a clear plan for how government, businesses, and people themselves will work together to tackle climate change. In South Africa, only 22 per cent of online citizens agree that there is a clear plan.
- Overall, 72 per cent agree that if ordinary people do not act now to combat climate change, they will be failing future generations.
- Overall, 68 per cent globally say that if companies do not act to combat climate change, they are failing their employees and customers.
- Overall, 65 per cent globally believe that if their government does not combat climate change, it is failing citizens.
- Three in ten (31 per cent) say they will be working from home rather than commuting more than before the pandemic, and in South Africa, an even higher proportion (44 per cent) intend to work more from home in the future.
- Behaviours have changed due to the pandemic, and some changes are likely to endure beyond the removal of restrictions post-pandemic, and the identified positive gains need to be leveraged.

Water as a natural resource is facing a triple global crisis of climate change, Covid-19, and lack of progress on the Sustainable Development Goals (The World Bank, 2021). According to the report,

- The world is not on track to reach SDG 6 by its target date — safe drinking water and sanitation for all. About 2 billion people lack safely managed drinking water and 3.6 billion lack safely managed sanitation. If nothing changes, the world will not have enough water to meet demand by 2030.
- The link between water and climate change is only beginning to be fully appreciated. The climate crisis is a water crisis: the effects of

climate change are felt through water, as higher temperatures lead to more droughts, floods, and rainfall variability.

- Water is essential in preventing the spread of Covid-19 and facilitating the world's recovery. Clean water, sanitation, and hygiene are vital for curbing infectious diseases, yet water is not fully recognised as an integral part of the global response to the pandemic. Water and sanitation for health, education, job creation, and a sustainable environment is required to recover from the significant declines in human health and development resulting from Covid-19.

National and Local

Section 24 of South Africa's Bill of Rights outlines the right of each South African to an environment that is not harmful to their health or well-being, as well as the right to ecologically sustainable development (RSA, 1996). Although a broad range of environmental protection legislation is attempting to give effect to these provisions, households' perceptions of the environment is affected by their demographic and socio-economic characteristics (StasSA (IX), 2018).

Furthermore, the non-availability of natural resources and infrastructure in some municipalities to serve as a launch pad for local economic development programmes is hampering sustainable development. The inverse of this is that some municipalities are not doing enough to leverage the unique natural assets within their respective areas of jurisdiction.

The report on the in-depth analysis of the General Household Survey 2002–2016 indicated that problems experienced by South African households included waste removal problems and littering (39.3 per cent) as well as land degradation and soil erosion (30.6 per cent) as the two environmental problems that concerned the highest percentage of households in 2016. The percentage of households that considered land degradation and soil erosion a problem increased from 15.5 per cent in 2003 to 30.6 per cent in 2016. The proportion of households that identified problems with littering and waste

removal in their areas increased notably since 2003 when 28.8 per cent of households regarded this as a problem. Households that considered air pollution to be a problem decreased from 22.8 per cent in 2003 to 19.0 per cent in 2016.

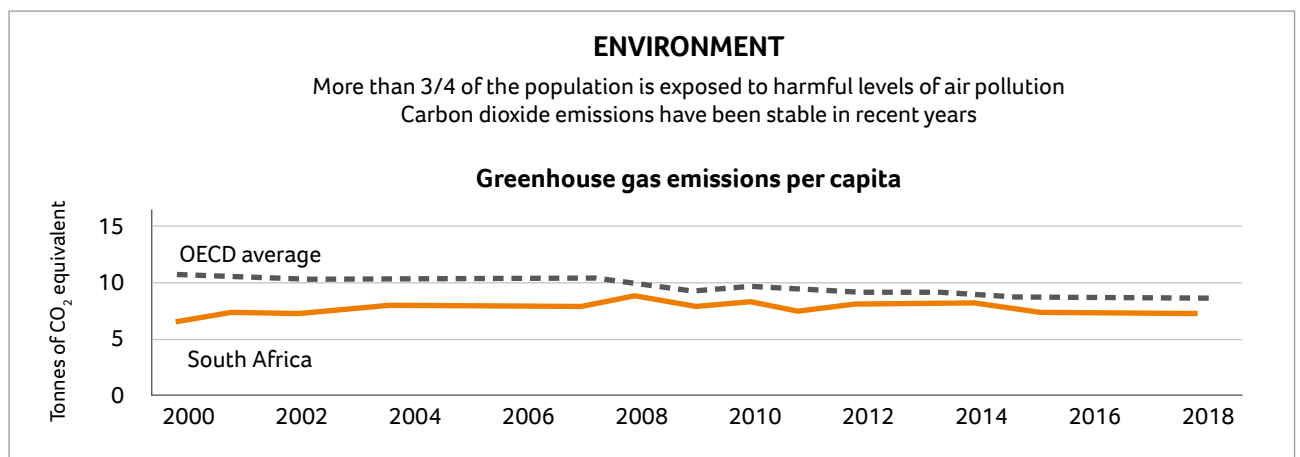
Regarding environmental issues, the following challenges can be deduced, among others:

- Climate change resulting in drought, heat waves, and water supply shortages has adversely affected some municipalities. Although it has not been fully mitigated, community awareness and integrated management is improving;
- Water pollution continues to impact healthy communities;
- Waste and recycling are not effectively managed;
- Renewable energy and energy efficiency are not mainstreamed in the agenda and budgets of municipalities.

CLIMATE CHANGE

Climate change has affected South Africa’s natural resources. An example is reduced levels of water supplies in areas where rainfall has become more infrequent. For example, in Durban, dams were 20 percent lower in 2021 than in the beginning of 2010 (The Water Project, 2021). According to the Organisation for Economic Cooperation Development (OECD, 2021), more than 75 per cent of the population is exposed to harmful levels of air pollution, although South Africa is below the OECD average when it comes to greenhouse gas emissions, as per Figure B 46. Despite this, South Africa’s use of coal as its major energy source for electricity and industrial processes make it a heavy greenhouse gas emitter, since coal contributes to air pollution.

Figure B 46: Greenhouse Gas Emissions per Capita (OECD, 2021)¹⁸



South Africa has pledged to reduce its overall carbon dioxide emissions by 2030 as part of global efforts to tackle climate change. The CAT (Climate Action Tracker) rates South Africa’s climate targets and policies as “insufficient”. This rating indicates that South Africa’s climate policies and commitments need substantial improvement to be consistent with the Paris Agreement’s 1.5°C temperature limit (Climate Action Tracker, 2021). South Africa’s updated 2030 emissions reduction target is rated as “almost sufficient” as the country’s targets and policies are not stringent enough to limit warming to 1.5°C. However, the current policies would result in emissions reductions only in line with holding global warming at 2°C.

¹⁸ Environment: A high exposure to air pollution refers to above 10 µg/m³ of PM_{2.5}.
Source: Economy: OECD, National Accounts, Productivity and Labour Force Statistics Databases

ENERGY

As stated above, South Africa relies overwhelmingly on coal (87 per cent) for electricity production. This has made it the world's 15th-largest emitter (Plumer, 2021). Electricity production from coal is still widely interrupted and unstable. South Africa's state-owned utility, Eskom, is crippled by more than \$27 billion in debt, in part because of investments in coal plants, and the utility has struggled to supply reliable power, often resorting to rolling blackouts to meet the demand (Plumer, 2021). According to StatsSA (StatsSA, 2021), electricity generation (production) decreased by 3.4 per cent year-on-year in October 2021. Seasonally adjusted electricity generation decreased by 3.8 per cent in October 2021 compared to September 2021. This followed month-on-month changes of -0.5 per cent in September 2021 and -0.3 per cent in August 2021.

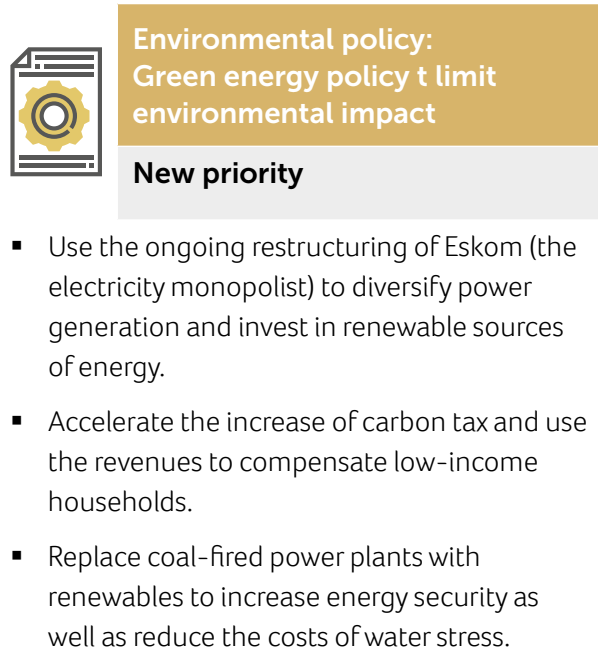
Electricity distribution (consumption) decreased by 3.6 per cent year-on-year in October 2021. Seasonally adjusted electricity distribution decreased by 4.2 per cent month-on-month in October 2021, following month-on-month changes of -0.9 per cent in September 2021 and 0.7 per cent in August 2021. Seasonally adjusted electricity distribution decreased by 1.0 per cent in the three months ended in October 2021 compared with the previous three months (StatsSA, 2021). Overall, during 2018, 84.7 per cent of households had access to electricity which is an 8 per cent increase since 2002. It is also noticeable that the number of households increased by 48.9 per cent between 2002 and 2018, a growth of 2.4 per cent per annum (StatsSA, 2018).

A greener energy policy can bolster growth and limit environmental impact through investment in renewable energy (Panel B) and other low-carbon technologies. The South African Cabinet finally approved the Integrated Resource Plan (IRP2019) in October 2019 (Climate Action Tracker, 2021). South Africa secured commitments for \$8.5 billion in financing over the next five years from Britain, France, Germany, the United States and European Union to help install more clean energy, accelerate the country's transition away from coal power (Plumer, 2021) and cushion the blow for more than

120 000 people working at power plants and mines (Plumer, 2021) and who may be affected by the shift.

In addition, building on recent progress in carbon pricing, a more ambitious carbon tax over the medium-term should be combined with the regulatory reforms to increase the responsiveness to such price signals and revenue recycling to shield low-income households from adverse effects (OECD, 2021, p. 3). Figure B 47 illustrates recommendations by the OECD (2021, p. 4) in recommendations on limiting environmental impact through environmental policy in South Africa.

Figure B 47: OECD Recommendations for Green Energy in South Africa (OECD, 2021, p. 4)



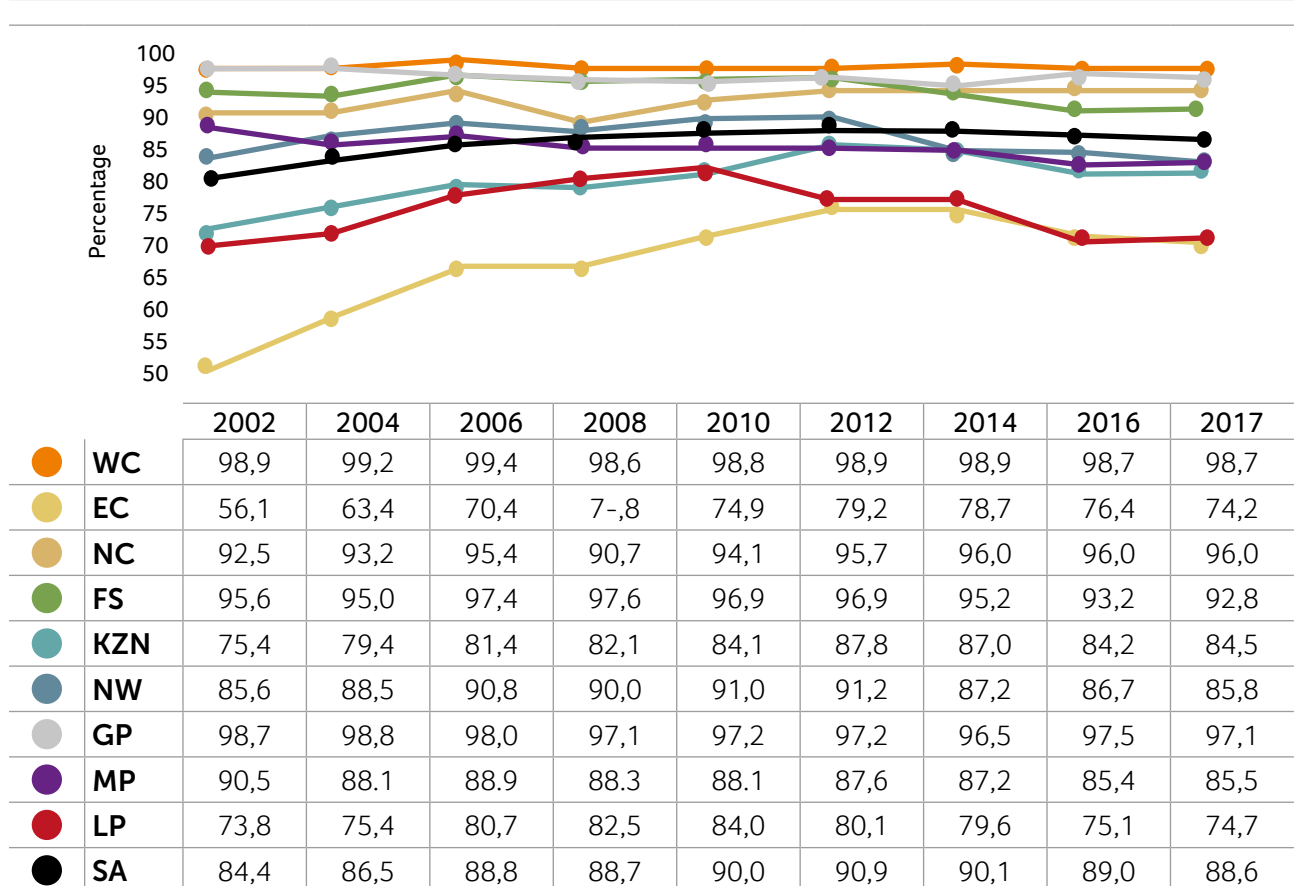
According to UCT energy economist, Faaiah Hartley (Holmes, 2020), green energy finally makes economic sense with drastic falling prices in the setup of green energy (electricity) infrastructure, the fact that many of South Africa’s power plants reaching retirement age and the jobs that accompany the production of green energy. In South Africa, there is the potential for more than a million additional jobs being created by 2050 through renewable energy (Holmes, 2020). Hartley also argues that green energy can lead to lower electricity prices that reduces the cost of production and increases profit. At the same time, it helps households because spending less on power means one can spend more on other consumables. “From that perspective, you’re actually stimulating the economy when you’re building renewable energy” (Holmes, 2020).

WATER

South Africa receives an annual rainfall of 492 millimetres whereas the rest of the earth receives 985 millimetres. This is nearly half the earth’s average. Thus, South Africa is classified as a water-stressed country (Rand Water: Water Wise, 2021). South Africa is facing a water crisis that already impacts on the country’s economic growth and population’s well-being (DWS, 2019, p. 2). In addition to stolen or lost water, the country loses well over 20 per cent of all available water supply due to damaged or broken water infrastructure. South Africa needs to reduce water demand and increase its supply for a growing population and economy to ensure water security by 2030 (SA Government, 2021).

During 2017, 88.6 per cent of households had access to piped or tap water in their dwellings, off-site or on-site as depicted in Figure 48 below:

Figure B 48: Percentage of Households with Access to Pipe or Tap Water in their Dwellings, Off-site or On-site by Province (StatsSA, 2017)



During 2019, the figure rose to 89.0 per cent of households that had access to drinking water (StatsSA, 2018). Although these have improved, only 64 per cent of households are estimated to have a reliable water supply service – a lower figure than in 1996 with some 11 per cent of water supply schemes being completely dysfunctional. In the 27 priority district municipalities water reliability is only 42 per cent, with the worst 10 WSAs below 30 per cent reliability (DWS, 2019, p. 19).

Based on current demand projections, the country is facing a 17 per cent water deficit by 2030 (DWS, 2019, p. 2). According to the master plan, the average South African uses 237 litres of water daily, which is 64 litres higher than the global average. Agriculture is the largest water user at 61 per cent of total water use, followed by municipal use at 27 per cent (including industrial and commercial users provided from municipal systems), with power generation, mining and bulk industrial use, livestock and conservation and afforestation jointly making up the remaining 12 per cent (DWS, 2019, p. 2).

The National Water and Sanitation Master Plan details the requirements for appropriate investment into water resources and services and sets targets for adequate water conservation and demand management. To address water infrastructure backlogs and improve operational sustainability over the medium term, the DWS was expected to continue to plan and maintain infrastructure. The DWS's projects include acid mine drainage operations in Gauteng, phase 2D of the Olifants River Water Resources Development Project, the Mokolo-Crocodile River Water Augmentation Project, the raising of Tzaneen Dam, the Umdloti River Development Project, and the raising of the Hazelmere Dam. The construction of the Lesotho Highlands Water Project Phase II is aimed at achieving water security and delivering water to South Africa by November 2026 (SA Government, 2021).

SANITATION

Everyone living in South Africa has a constitutional right of access to at least basic water supply and basic sanitation services. During 2018, 83 per cent of households had access to sanitation services

(StatsSA, 2018). However, delivery is uneven and, in some municipalities, only 50 per cent of residents have access to adequate sanitation facilities (DWS, 2019). South Africa boasts one of the cleanest water systems in the world. However, there is a lack of sanitation and access in the country's rural communities that leads to water borne diseases and raw sewage run-offs that negatively affects wildlife. An example is the 20 tons of dead fish from the Vaal that the Emfuleni municipality had to remove by court order after leaking raw sewage into the Vaal River (The Water Project, 2021).

Overall, 56 per cent of waste water treatment works in South Africa do not work properly (DWS, 2019). This is due to factors such as a lack of skilled and experienced technical staff and challenges in the effective operation and maintenance of water supply and sanitation infrastructure by DWS, water boards, other government departments and institutions.

At least 33 per cent of the 144 South Africa's municipalities that are water services authorities (WSA) and responsible for sanitation services, are regarded as dysfunctional. This is largely due to the lack of technical skills, institutional capacity and funding to properly operate, maintain and manage water and waste water infrastructure assets. Further contributors towards the poor reliability of water and sanitation services are the limited budget allocated by some municipalities for operations and maintenance relative to that allocated to new capital works, poor revenue management, and the failure of municipalities to employ appropriately qualified technical staff. In addition, the national infrastructure grant funding mechanisms incentivise the building of new infrastructure, rather than the maintenance of existing infrastructure (DWS, 2019, p. 20).

Several interventions have been put in place by national government, including interventions under section 196 of the Constitution, and, most recently, the Back-to-Basics campaign and the Municipal Infrastructure Support Agent (MISA) instituted by the Department of Cooperative Governance and Traditional Affairs (CoGTA). Many water and sanitation specific interventions have

also been launched by the DWS. Additionally, UCT's transdisciplinary research institute, Future Water (FW), brings together researchers to work on projects such as using nature-based processes to treat contaminated surface water and reuse it to safely irrigate vegetables, breed fish and use hydroponics to grow riverine vegetation for restoring degraded river systems. The researchers are finding ways to use polluted water – ordinarily treated as waste – to support urban food security and decrease the impact on health and the environment (University of Cape Town, 2021). UCT's Crystallisation and Precipitation Unit (CPU) is pioneering innovative research into eutectic freeze crystallisation: a treatment process that separates the water (in the form of ice crystals) and salts (in the form of pure, usable crystals) in industrial brines polluted from particular mining activities.

REFUSE REMOVAL AND SOLID WASTE

Refuse and solid waste affect our environment and health. During 2018, 66.4 per cent of South African households had access to refuse removal services (StatsSA, 2018). This is 7.9 percentage points higher than 2002. According to a study published in MDPI (Viljoen, Schenck, Volschenk, Blaauw, & Grobler, 2021) waste management in rural areas poses a major challenge to local governments in developing countries. Municipalities face limited budgets and obstacles with the collection of waste, as well as a lack of proper equipment, infrastructure, and treatment centres. These obstacles lead to further problems, such as littering and illegal dumping, contributing to the knowledge base regarding remote and rural towns in South Africa.

Waste removal in urban areas also faces challenges. During April 2021, News24 reported that waste disposal and removal in the Mangaung Metro Municipality is at tipping point (News24, 2021) with refuse being disposed of neglectfully on roadsides, making roads impassable. Refuse removal is infrequent in Manguang and remains uncollected for days and weeks where it has been left. An inadequate workforce was stated as one of the main reasons for this inadequate refuse removal.

South Africa generates 108 million tons of solid waste annually (businesswire, 2021). According to the Environment, in-depth analysis of the General Household Survey 2002–2016 report that was released by Statistics South Africa, 12.9 per cent of metropolitan households self-reported that they recycled, followed by 10.8 per cent of households across urban areas and 3 per cent of households in rural areas (StatsSA, 2018). In rural households, recycling was more common in households on farms than households in traditional areas. Overall, 90 per cent of waste goes to the country's landfills (businesswire, 2021). The country's slow progress in recycling is evidenced by the Polokwane Declaration on Waste Management's target of reaching zero waste to landfill by 2022 being revised to a target of 50 per cent of waste to landfill by 2025. South Africa's landfill sites are expected to be full in a few years. Gauteng, which accounts for 45 per cent of the country's municipal waste, has not been granted new permits for landfills in two decades. Waste management problems are aggravated by increasing populations in cities. The high rates of informal housing means that there are fewer ratepayers to finance waste management services, and communities in major urban centres frequently protest for improved waste and sewage disposal systems.

The recycling behaviour of households also depends largely on the ability of municipalities to provide adequate refuse removal services (StatsSA, 2018). Although more than 80 per cent of municipalities had already initiated some kind of recycling programme by 2007 (DEAT, 2007), municipalities struggled with implementation due to a lack of capacity or infrastructure. More than 90 per cent of recycling households whose sorted waste was fetched by the municipality indicated that it took place on a weekly basis. The percentage of households whose sorted waste was removed on a weekly basis declined to 75.4 per cent for waste removed by companies that were contracted by the municipality, 69.6 per cent for private companies, and 51.3 per cent for cases where waste is disposed of at drop-off points.

To drastically change South Africa's wasteful habits and encourage a circular economy, in which materials are re-used, government gazetted the National Waste Management Strategy 2020. Regulations for a mandatory extended producer responsibility scheme place responsibility on manufacturers for their products and packaging to the end of their life cycle. New rules aimed at drastically reducing the amount of waste that enters landfill sites require manufacturers to include an increasing amount of recycled material in their products and take responsibility for where their products end up.

Most waste managers try to transition from landfill-based waste management to resource recovery-based waste management solutions (Viljoen, Schenck, Volschenk, Blaauw, & Grobler, 2021). The transition away from landfill-based waste management encourages the reduction in waste generation, re-use, recycling, and composting practices. In South Africa, the fast-tracking of a circular waste economy is part of a major innovation focused on socio-economic development programmes with an emphasis on resource efficiency. The circular economy approach in waste management is to keep the available resources in use for as long as possible (re-use), before recovering and recycling them.

NATIONAL ENVIRONMENTAL REGULATIONS

The National Environmental Management Act (NEMA) (Act no. 107 of 1998) provides for cooperative environmental governance by establishing principles for decision-making on matters affecting the environment. These institutions will promote cooperative governance and procedures for coordinating environmental functions exercised by organs of state.

The current environmental regulatory framework is fragmented and is hampering South African development (Department of Environmental Affairs)¹⁹. Therefore, the Department has embarked on a review process of the NEMA, SEMAs (Specific Environmental Management Acts) and its subordinate legislation under the administration of the Department, with the view to identify

and eliminate duplication, address gaps in the existing legislation, and align procedures and processes as far as possible. In addition, to ensure comprehensive engagement and the involvement of other government departments, an external review of environmental legislation administered by these government departments will also be undertaken by the Department of Planning, Monitoring and Evaluation (DPME) to identify and remove duplication and ensure alignment. These collaborative processes will be done in close cooperation with all relevant stakeholders and departments. The review processes aim to minimise the administrative burden on applicants and provide a simplified environmental legislative framework, contributing to sustainable development in South Africa. The one environmental system (OES) was introduced, bringing mining-related ecological impacts under the NEMA legislative framework. In this regard, on 8 December 2014, the DMR became the competent authority for mining-related applications for environmental authorisation, such as prospecting, exploration, extraction and primary processing of a mineral or petroleum resource or any activities directly related to it.

6.1.5 Political Factors



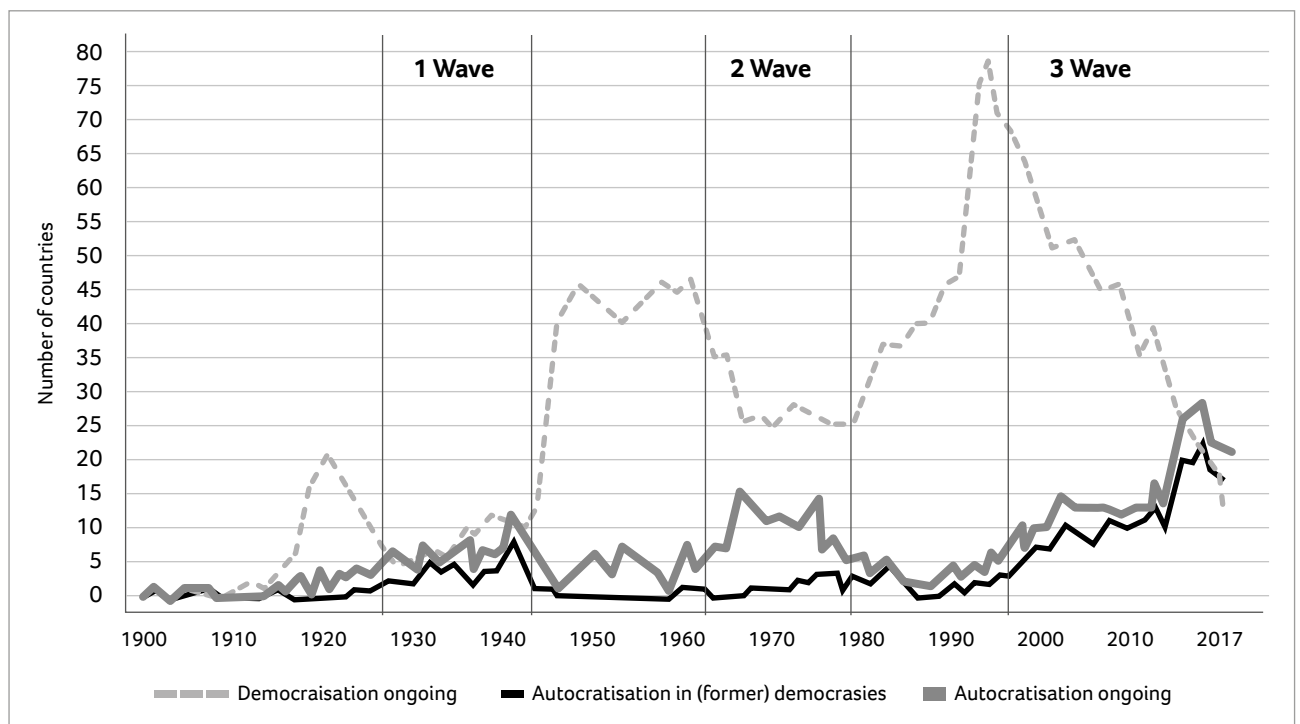
Political factors relate to the extent to which a government is stable or unstable. Government regulations, policies, politics, agreements directly impact the immediate, medium-term, and long-term plans of SALGA.

The global picture on democracy is one of "gradual declines of democratic regime attributes characterise contemporary autocratisation... a third wave of autocratisation is indeed unfolding." (Luhmann & Lindberg, 2019). Less than 30 years after Fukuyama, a third wave of autocratisation is manifesting itself. It mainly affects democracies with gradual setbacks under a legal façade.

¹⁹ Department of Forestry, Fisheries and the Environment (DFFE)

Figure B 49 below indicates the decline in democracy since 1990 to levels seen during the 1920s:

Figure B 49: Decline in a Democracy vs Autocratisation (Luhmann & Lindberg, 2019)



While this is a cause for concern, panic is not warranted: the current declines are relatively mild, and the global share of democratic countries remains close to its all-time high.

However, on the other side, one sees increasing empowerment of citizens, private firms, and associations eager to influence and contribute to public policymaking and service production. Moreover, as the general level of education rises, many citizens are monitoring the performance of the public sector and are willing to help boost it because they want to improve their living conditions and quality of life. Regarding implications for civic engagement, Putnam (2000) has warned about the apparent collapse of social capital due to increasing individualisation that makes people to “bowl alone” rather than act together (Torfing, 2016, p. 53).

In South Africa, politics plays a huge part in every sector in the country. Political factors influence the way the government and, specifically, how businesses are run. These influences could positively impact businesses, but many of them also serve as significant challenges (Bartleby Research). CoGTA has undertaken several evaluations to determine the root causes of municipal problems. One of them was political factors as per Table B 7:

Table B 7: CoGTA Assessments (political) (SALGA, 2021, p. 77)



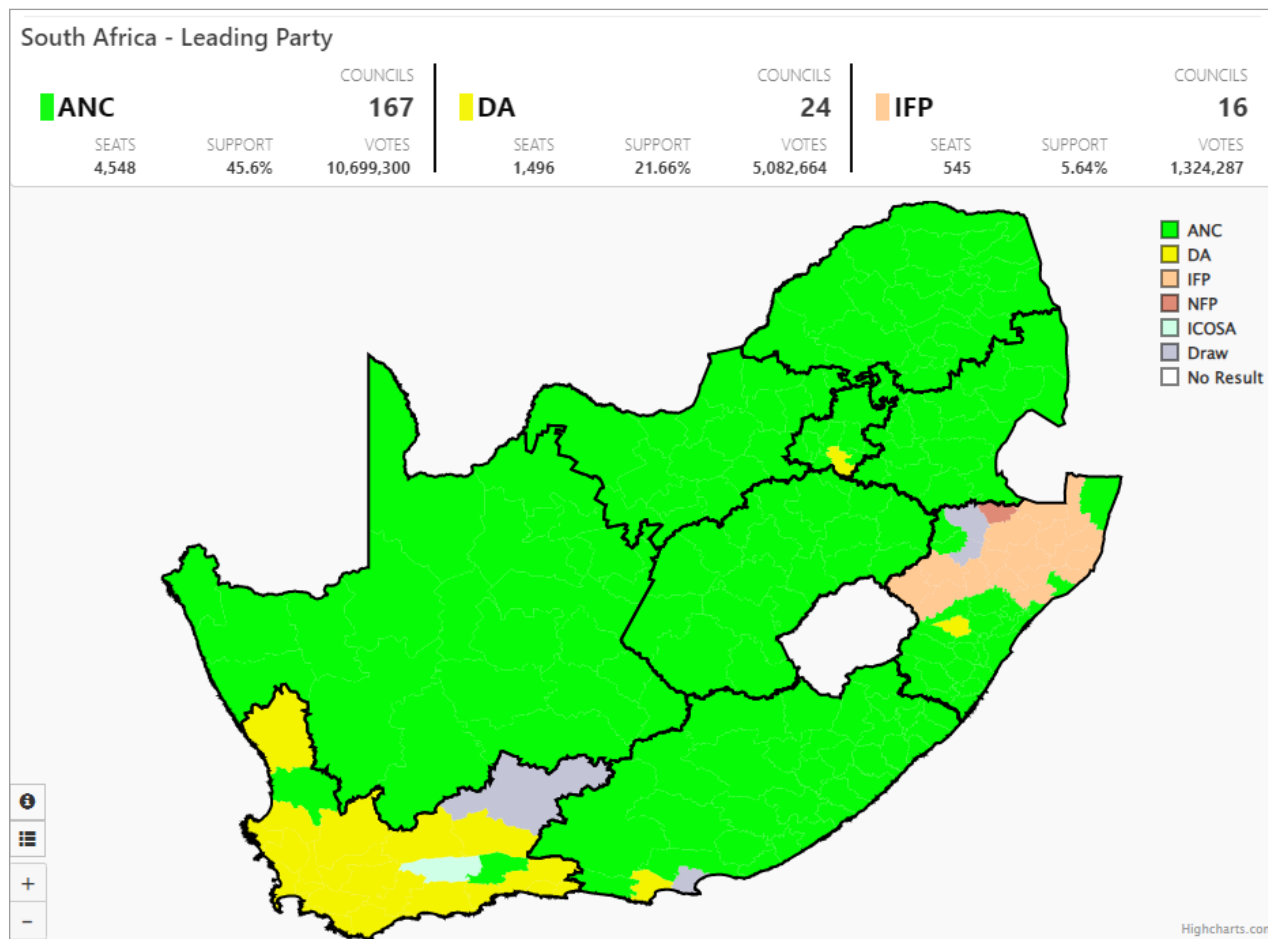
2009 CoGTA Assessment	2020 CoGTA Assessment
<ul style="list-style-type: none"> Political factors (inter- and intra- political conflicts and polarisation); 	<ul style="list-style-type: none"> Governance and political (political infighting and political instability, poor oversight, polarisation and coalition governments, political interference and political-administrative interface problems, adoption of unfunded budgets)

SOUTH AFRICA'S POLITICAL SITUATION

South Africa is currently a relatively politically stable country. Its democratic political system allows for local and national elections to be contested in an inclusive multi-party manner. Accordingly, the local government elections, held on 1 November 2021 ushered in a new reality in the country's local government landscape.

The map (Figure B 50) shows the nature of the governments formed at metropolitan and local municipalities.

Figure B 50: Nature of Municipal Government formed Post 2021 LG Election (IEC, 2021)



The departure from the traditional one-party domination in this arena towards a more inclusive representation of more political parties, the increase in hung municipalities and the emergence of independent candidacy in municipalities demonstrated an element of maturity of the South African democracy, political tolerance or the vocalisation of the people's rights to vote.

The 2021 election results saw a further decline in the ruling party's control, with the party's worst election outcome since taking power at the end of 1994. Besides poor voter turnout (45.6 per cent in 2021 vs 53.91 per cent in 2016), there was also an increase in hung councils from 18 in 2016 to 70 in 2021 (IEC, 2021), which ushered in the need for political parties to form formal and informal coalitions. With hindsight, political stability at local municipal level will become a challenge. However, the White Paper on Local Government, 1998 (p.26) envisaged a municipal leadership that, "is able to bring together coalitions and networks of local interests that cooperate to realise a shared vision." Therefore, it is only through sound municipal leadership that communities in hung municipalities will be adequately serviced. The Framework for Coalitions in Local Government that was formulated by SALGA during November 2021 will be an invaluable resource in guiding coalitions to ensure sound governance.

The diversity of political players in the local government space and the perceptions of a broken local government require SALGA to reaffirm its stance as a non-partisan organisation that serves all members regardless of political party affiliation.

There has been growing community discontent with many local authorities – to the extent of engaging the country’s legal and court system. For example, Makana LM, whose distress symptoms were seen in forensic reports as early as 2013 and 2015, is to be put under administration. Adding to this are Kgetlengrivier Local Municipality (sewage services), Maluti-a-Phofung’s Harrismith, Umdoni Municipality (rates), Graaff-Reinet (rates, sewage, and all). Comments from SALGA President (NMA, 2021) indicate that SALGA is informed very late of such problems. According to the NMA survey (2021), political interference in municipal administration is confirmed as a trend. It remains to be seen whether newly elected councillors can win back the trust of the electorate. Crises are, in many cases, created by the country’s political class. Thus, many voters will be sceptical about whether the appetite even exists to turn the dismal state of local government around (The Conversation, 2021). The fact remains that government cannot solve South Africa’s problems by itself. The words of wisdom from Pan-Africanist revolutionary and thinker Amilcar Cabral ring true in respect of the last election results: “Always bear in mind that the people are not fighting for ideas, for the things in anyone’s head. They are fighting to win material benefits, to live better and in peace, to see their lives go forward, to guarantee the future of their children.” (South African Government, 2021)

6.1.6 Legal Factors



Legislative factors relate to the overregulation, underregulation and misguided policies and legislation that local government is experiencing.

There are problematic areas on powers and functions, reporting, finance and fiscal management. The national government imposes legislation with which local government is compelled to abide, without addressing the implications of such legislation.

A study by SALGA indicated that local government was highly legislated, and that some of the legislation impedes municipalities from delivering services. The findings were presented in Parliament, which appointed a committee to investigate the matter further. Cameron (2014) argues there are also some broader concerns about the practical implications of existing legislation on inter-governmental relations (Cameron, R, 2014). For instance, Steytler (2008) argues that the current plethora of national and provincial laws may be guilty of strangulating local government, thus preventing it from executing its constitutional, developmental mandate (SALGA, 2021, p. 80).

Several court judgements play a role in shaping the legality of South Africa’s democracy, including:

- The Constitutional Court judgement declaring the Electoral Act 73 of 1998 as unconstitutional on the election of individuals – prospective from 11 June 2022, which should be remedied before it prescribes.
- North West High Court ordered the imprisonment of the municipal manager of Kgetlengrivier for 90 days (suspended sentence on condition that sewage spilling into the Elands and Koster rivers be cleared up) – the legality of this judgement has still to be tested.
- Public Administration Management Amendment Bill: Implications of a single public service for local government – its effect on Municipal Systems Act and Municipal Structures Act.

Other critical issues to consider also relate to unfunded mandates, the need for integrated planning and budgets, a realistic slicing up of the national cake as a review of the current 9 per cent allocation of the equitable share to local government.

The allocation of functions between district and local municipalities as espoused in the White Paper currently present a challenge in implementation (WPLG p.58-62).

While there are many subjective weaknesses found in local governments, it is important to recognise that there are also serious systemic issues that negatively impact the ability of municipalities to exercise good governance. The government's own 25 year review highlights these, arguing that there remains (SALGA, 2021, p. 79):

- Duplication of structures and functions between spheres and districts, and local municipalities;
- Misaligned or inappropriate devolution of functions;
- Municipalities perform functions that are not their core competencies;
- Unfunded or under-funded mandates, namely library and primary health services; and
- The time it takes to introduce new legislation against the need.

6.1.7 Ethical Factors



This section includes information on the behaviour, morality, duties, and integrity of employees within government, particularly local government.

ETHICAL BEHAVIOUR

Ethics refers to the sense of the individual that the right things are done in the organisation (Viljoen R., p. 59). In summary, it refers to the following (Global Digital Citizen Foundation):

- The value of treating others with respect.
- Understanding the fundamental differences between right and wrong, just and unjust, and moral and immoral.
- Provides personal guidelines for living honest and charitable lives and setting an example for others.
- Contributes to the safety and well-being of our whole society.

Although a very complex area of study, ethics forms the backbone of any public administration scenario. It is essentially the framework that governs what

one ought to do to make the world either a better or worse place for the people who live in it. When a local municipality is strongly influenced and directed by conscientious and ethical policies, the community will benefit and have a far better quality of life than those without (MANCOSA, 2019). According to Transparency International, corruption undermines affected states' capacity to respond to emergencies such as the dual health and economic crises brought about by the Covid-19 pandemic:

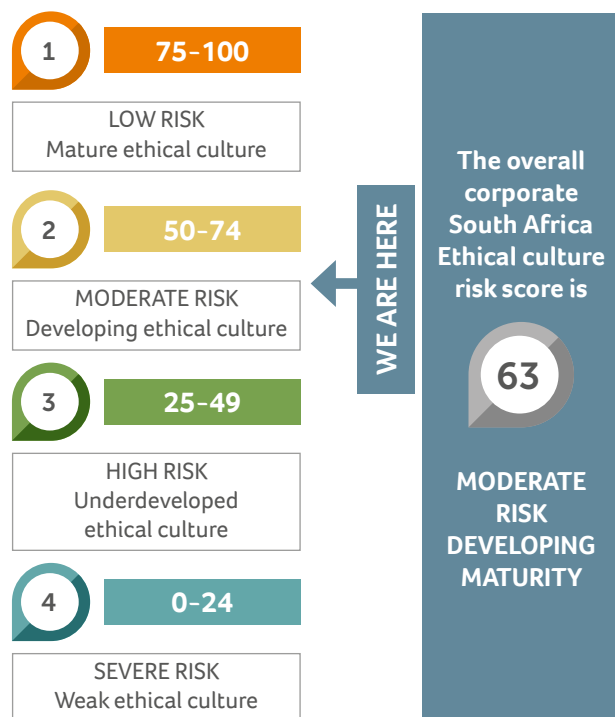
- Corruption diverts funds from essential services such as healthcare, leaving countries around the world vulnerable and under-prepared to deal with public health crises.
- A lack of transparency in the allocation of resources – a practice positively associated with corruption – weakens the efficiency of crisis response.
- Countries that perform poorly in controlling corruption tend to breach human rights and democratic norms in managing the Covid-19 pandemic.

In South Africa, the King IV report on Corporate Governance (King Committee, 2016) outlines in chapter 5.1 that the first principle for leadership is for the governing body to lead ethically and effectively.

Section 195 of the Constitution of South Africa envisages a public service that will promote a high standard of professional ethics. It is envisaged that providing ethics training to South African government departments will give effect to this constitutional principle and thus enable the state to function more effectively. Accordingly, the Minister for Public Service and Administration has directed government departments to ensure that officials enrol for the compulsory ethics in the public service online course offered by the National School of Government (NSG). "Ethical conduct and organisational integrity are keys to eradicate fraud and corruption in public service and administration", said Minister Mchunu, the Minister for Public Service and Administration (South African Government, 2020).

The South African Business Ethics Survey (Groenewald & Dr. Voster, 2019), as illustrated in Figure B 51, found that South Africa scored 63 points on the overall corporate South Africa Ethical Culture Risk Score, placing the country at a moderate risk as a developing ethical culture. The survey found that the biggest drivers of ethical culture are senior- and middle-management. At the local government level, the perception is “not much to go around, yet not the right hands at the till” (AGSA, 2020).

Figure B 51: Ethical Culture Risk (Groenewald & Dr. Voster, 2019)



South Africa’s Constitution was the codification of the idea of an ethical society that would frame societal relations, thus constructing a policy where human worth, democracy, nonracialism, no sexism and justice would hold pride of place (Mail & Guardian, 2018). The South African system of constitutional democracy is correctly seen as the gold standard of ethical principles echoed in the African belief of “umntu ngumntu ngabantu” — a person is a person because of other persons. Yet, South Africa’s ethical code, widely expressed through the paradigm of ubuntu, botho and vumunhu²⁰, has come under severe assault from

²⁰ The term Ubuntu/Botho/Hunhu is a Zulu/Xhosa/Ndebele/Sesotho/Shona word referring to the moral attribute of a person, who is known in the Bantu languages as Munhu (among the Shona of Zimbabwe), Umuntu (among the Ndebele of Zimbabwe and

disruptive forces.

Ethical leadership is the process of influencing people to act on principles, values and beliefs. It generally refers to the five principles that can be traced back to Aristotle: respect, service, justice, honesty and building community. The key criterion is to live these principles, operate beyond the ego, put others first and think about the greater public good (Reddy, 2017). Parliament has also published guidelines for ethical behaviour.²¹

The consequences of unethical leaders are in the news almost every day: tax evasion, falsifying qualifications, acquiring tenders through illegal means, bribery, money laundering, financial manipulation and more (Reddy, 2017).

According to Pillay (SALGA: 20 Years of Democratic Local Government: A Retrospective and Prospective Outlook, 2021, p. 37), widespread corruption and nepotism in all spheres of government structures have drained the credibility and the ability of local government to provide the dividends of democracy among the people.

INTEGRITY

According to the National Prosecuting Authority of South Africa’s Code of Ethics (National Prosecuting Authority of South Africa, p. 12), integrity refers to honesty, truthfulness and openness in professional conduct and decision making to:

- Treat others fairly and equally;
- Avoid actual and perceived conflicts of interest;
- Responsibly conducting ourselves with regard to accepting and giving gifts and entertainment;
- Avoiding and combating dishonest and criminal conduct within our working environment.

the Zulu/Xhosa of South Africa), Muthu (among the Tswana of Botswana), and Omundu (among the Herero of Namibia).

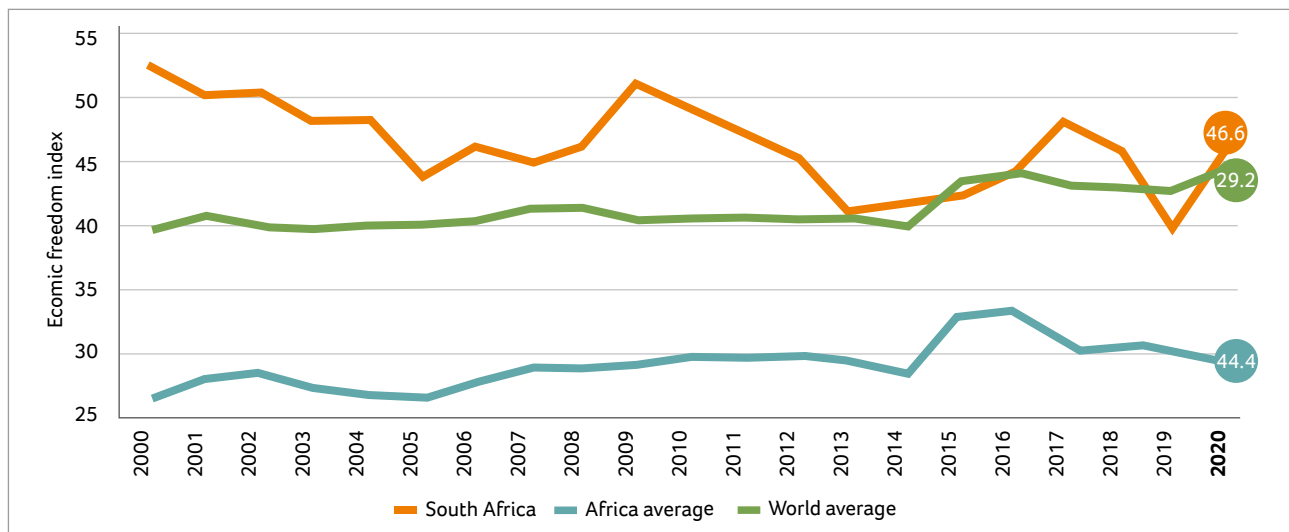
²¹ <https://www.parliament.gov.za/ethical-concepts>, last accessed 3 June 2021.

The King IV report (King Committee, 2016, p. 43) also echoes the sentiments of:

- Acting in good faith and the best interest of the organisation;
- Avoid conflicts of interest;
- Acting ethically beyond mere legal compliance; and
- Setting of the tone for an ethical organisational culture by members of the governing body.

In 2020, the government integrity sub-score on the Economic Freedom Index for South Africa was 46.6. This represented an increase of 6.9 points from 2019. Throughout the period under investigation, the South African value exceeded the African average. Moreover, compared to the world average, the sub-score was higher throughout the period examined except in two years, namely 2015 and 2019. According to the index, government integrity in South Africa has been considered “repressed” since 2010, as indicated in Figure B 52 below (Galal, 2021).

Figure B 52: Government Integrity Sub-score of South Africa on the Economic Freedom Index from 2000 to 2020 (Statistics SA, 2021)



South Africa is emerging from one of its darkest chapters, in large part because of ongoing and widespread “state capture”. Confidence, both by business and the citizenry, in a competent and capable state is an essential and prerequisite ingredient for creating an environment conducive to investment and enables people to fulfil their economic potential (Kingston, 2018). The Public Sector Integrity Management Framework was introduced in 2011²² to provide a comprehensive integrity framework derived from the existing regulatory framework dealing with a compendium of ethical and good governance measures to align all measures regulating ethics and integrity in the public sector, with the following objectives:

- Strengthening existing measures regulating probity in the public service;
- Strengthening capacity to prevent corruption;
- Monitoring and evaluation to ensure compliance; and
- Enforcement as a deterrent.

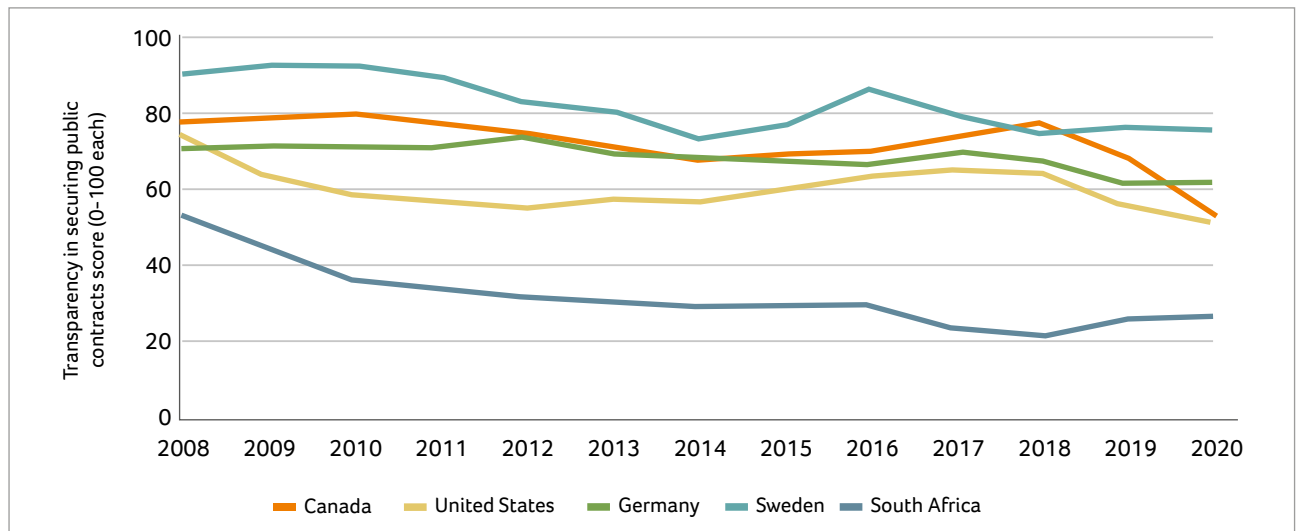
The framework is to help protect the integrity of government and foster public confidence in institutions of the state.

²² Available at <http://www.dpsa.gov.za/dpsa2g/documents/misc/Integrity%20Management%20Framework.pdf>; Last accessed 3 June 2021.

TRANSPARENCY AND CORRUPTION

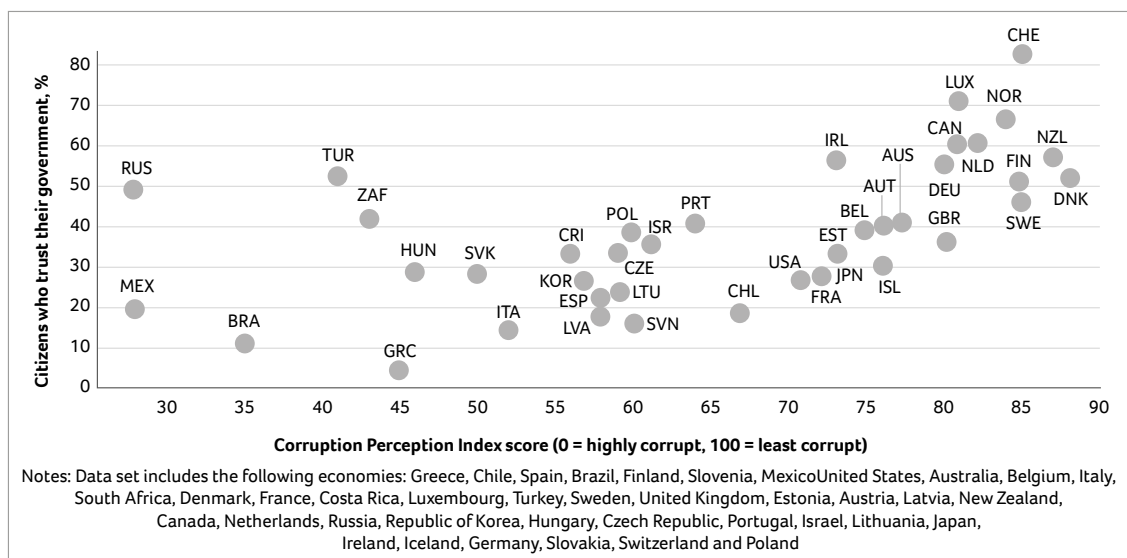
According to the Global Competitiveness Report (World Economic Forum, 2020), global business leaders' perceptions of government transparency is persistently low or declining. An example is the downward trend globally in transparency²³ when it comes to securing public contracts. However, for South Africa, there was a slight increase in confidence from the lowest point in 2018 as per Figure B 53 below.

Figure B 53: Trends in Transparency in Securing Public Contracts, selected Economies, 2008–2020 (World Economic Forum, 2020, p. 14)



As measured by the Corruption Perception Index (CPI), the index showed a huge gap between the best and the lowest transparency performers. South Africa's Corruption Perception Index (at 44 points and ranked 69th (Transparency International, 2020) was one of the lowest among the countries tested by the World Economic Forum.

Figure B 54: Trust in Government and Corruption Perception Index for selected Economies (World Economic Forum, 2020, p. 15)



Source: Author calculations based on OECD, OECD Data, "Trust in government" indicator. <https://data.oecd.org/gga/trust-in-government.htm>. Accessed 25 September 2020, and Transparency International, Corruption Perception Index (2019)

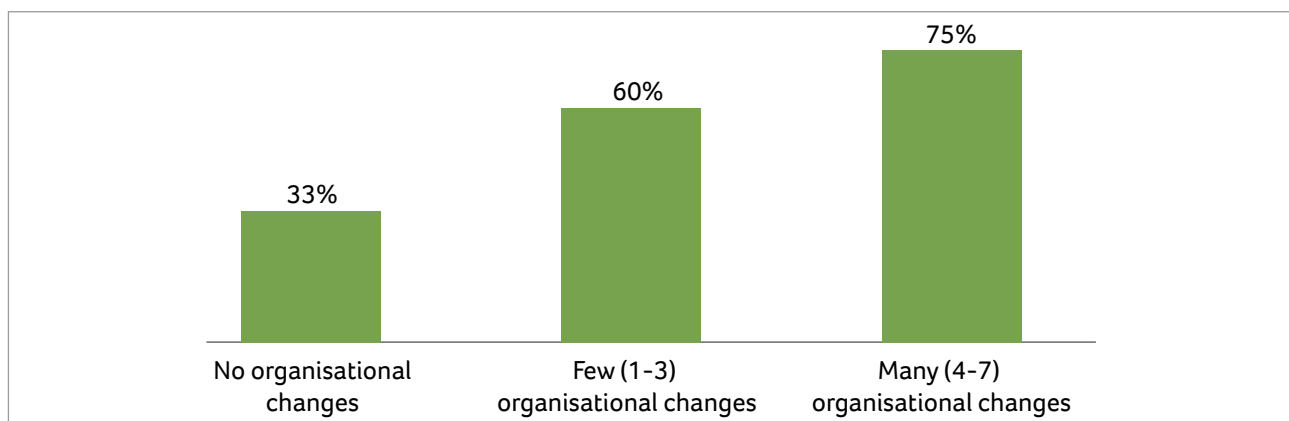
²³ The Global Competitive Report for 2020 bases the transparency graph on the survey question: "In your country, how common is it for companies to make undocumented extra payments or bribes in connection with awarding of public contracts and licenses?"

South Africa suffers from widespread corruption across a number of key measurements, despite it performing better than regional averages. The country has simpler procedures, smoother interactions with tax officials and easier enforcement of commercial contracts than comparable regional countries. Public procurement is particularly prone to corruption, and bribery thrives at the central government level. South Africa has a robust anti-corruption framework, but laws are inadequately enforced. The Prevention and Combating of Corruption Act (PCCA) criminalises corruption in public and private sectors, including attempted corruption, extortion, active and passive bribery, bribing a foreign public official, fraud, and money laundering. It obliges public officials to report corrupt activities. It is a criminal offence to provide any form of “gratification” to an official if it is not lawfully due (Risk & Compliance Portal, 2020).

THE IMPACT OF COVID-19 ON ETHICAL BEHAVIOUR

The Covid-19 pandemic has led to extraordinary changes in work environments. The Global Ethics Survey Report (Ethics and Compliance Initiative, 2020) found a correlation between organisational change and misconduct as per Figure B 55. Organisations with four to seven significant differences in 12 months were twice as likely to say they observed misconduct as employees working in an organisation without any significant changes.

Figure B 55: Observed Misconduct with an Increase in Organisational Change (Ethics and Compliance Initiative, 2020, p. 5)




Organisations have had to react quickly to the Covid-19 pandemic and undergo many changes, such as moving employees to remote work, increasing flexible work schedules, implementing cost-cutting measures, and executing travel bans.

Although the impact of the pandemic on employee pressure to compromise their organisation’s ethics standards remains to be seen, it is already seen among government officials that “unscrupulous people have found opportunities to either abuse or misappropriate the funds and social relief” (South African government, 2020). At least 36 cases related to Covid-19 relief packages misconduct were at various stages of investigation and prosecution in South Africa during 2020 and led to establishing a collaborative and coordinating centre to investigate Covid-19 related corruption.



6.1.8 Geographical Factors

 Geographical factors relate to circumstances associated with a physical location, which affects municipalities and communities. They also address the impact of localised conditions on political, economic and social aspects of society. This aspect of the STEEPLE(G) is crucial for SALGA and municipalities, particularly for docking regional economies around tourism, farming, and agriculture.

Spatial planning, as a core element for sustainable development, is mainly intended to:

- Spatially redress inequalities by moving services and economic activities closer to the communities or communities closer to services and economic opportunities.
- Make better use of infrastructure through densification and integration of all communities.

Several fundamental changes have occurred in spatial planning, and land use management as spatial development has slowly improved, mainly in urban areas. However, the actual spatial transformation

is still inherently according to apartheid policies and infrastructure design, thus locking out most communities from cities, towns and developed areas. As a result, economic opportunities and services are not strategically positioned close to potentially benefiting communities. Municipalities are not always empowered to guide land development initiatives due to existing historical private land ownership dynamics. The introduction of the Spatial Planning and Land-Use Management Act (SPLUMA) has presented local government with an opportunity to advance spatial transformation and development in rural and urban environments.

The government at the national level needs to determine policy on how land should be managed to resolve the current impediments and assist municipalities to unlock land for development and realise spatial transformation.

The spatial concentration of economic activity is also key in determining regional productivity (SA-TIED, 2020). The spatial orientation of industrial policy in South Africa aims to improve production conditions in previously marginalised communities by promoting investments in infrastructure and

public goods. Such improvements are intended to facilitate a more extended term spatial recomposition of South Africa's economy, thereby reducing poverty, inequality, and unemployment.

For example, according to Fintel (Von Fintel, 2018), if transport costs are high enough (to discourage long-distance movement of goods from production plants to consumers), and if economies-of-scale are present in an industry, firms tend to concentrate in regions close to potential markets (or where populations are already densely settled). New firms perpetuate and intensify this pattern as they attempt to benefit from external economies of scale: they prefer to locate close to existing firms to benefit from knowledge spillovers and break into existing markets (instead of creating new ones). Existing geographic distributions of the industry therefore continue. These factors explain why spatial inequality persists and even grows. Therefore, 'initial' pre-industrial settlement patterns matter for the geographic distribution of current economic activity, but only because it makes sense for new firms to follow their predecessors – even if the contexts and reasons for choosing their locations are no longer relevant in later periods.

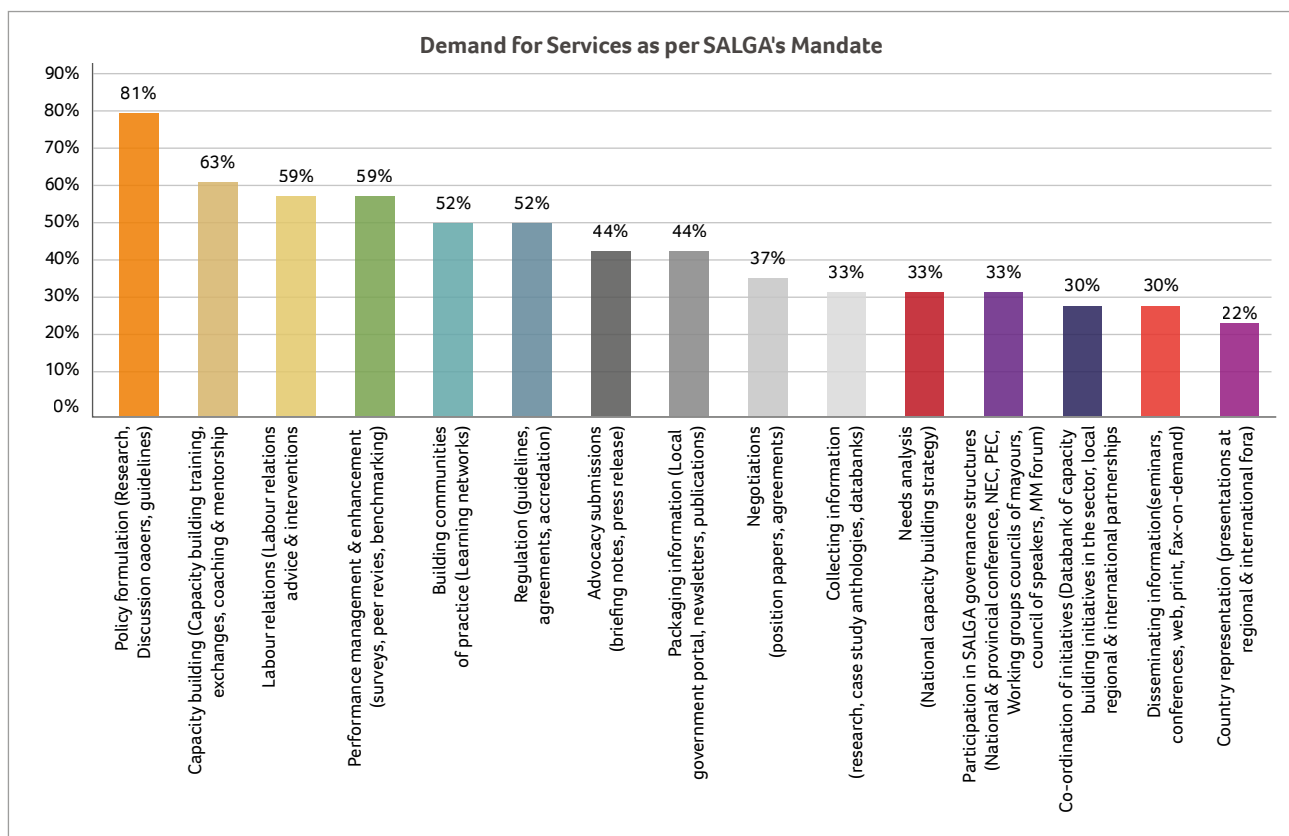
6.2 SALGA Demand for Services

For the right changes to be made within an organisation's operational model and delivery of customised services or products to the client, an evidence-based user demand or activity analysis has to be conducted. A user demand analysis is a method used to gather quantitative data on demand for a service or product by the client over a given period. Understanding the clients' demands (needs, wants, and expectations) assists SALGA in designing the correct service strategy. Below is an outline of SALGA's analysis in terms of this technique.

DEMAND FOR SERVICES AS PER SALGA'S MANDATE

The graph and table below indicate the popularity of the demand for services by SALGA as per SALGA's mandate in Figure B 56:

Figure B 56: Demand for Services Survey Results



DEMAND FOR SERVICES AS PER SALGA'S MANDATE	% OF RESPONDENTS
Policy formulation (research, discussion papers, guidelines)	81%
Capacity building (capacity building training, exchanges, coaching and mentorship)	63%
Labour relations (labour relations advice and interventions)	59%
Performance management and enhancement (surveys, peer reviews, benchmarking)	59%
Building communities of practice (learning networks)	52%
Regulation (guidelines, agreements, accreditation)	52%
Advocacy submissions (briefing notes, press releases)	44%
Packaging information (local government portal, newsletters, publications)	44%
Negotiations (position papers, agreements)	37%
Collecting information (research, case study anthologies, databanks)	33%
Needs analysis (national capacity building strategy)	33%
Participation in SALGA governance structures (National Conference, Provincial Conference, NEC, PEC, Working Groups, Council of Mayors, Council of Speakers, MM Forum)	33%
Co-ordination of initiatives (databank of capacity building initiatives in the sector, local, regional and international partnerships)	30%
Disseminating Information (Seminars, Conferences, Web, Print, Fax-on-Demand)	30%
Country representation (presentations at regional and international fora)	22%

Respondents overwhelmingly valued SALGA's involvement with policy-making, research, discussion papers and guidelines. This was followed by capacity building interventions offered by SALGA, involvement with labour relations and performance management and enhancement initiatives.

SALGA's clients noted that they had engaged SALGA in the following during the past year (2021):

- Engaging in SALGA events like ICT, legislative advice, training, council functions and human resources.
- Engagements regarding Labour related matters.
- Direct support and advice in DDM implementations, 2021 watershed strategic planning lekgotla, funding of a facilitator, usage of SALGA media platforms to livestream events, coalition management, council challenges, Eskom, DDM issues, job evaluation, support on tariffs and debt management, financial misconduct regulations, disciplinary regulations for senior managers, financial misconduct regulations, disciplinary regulations for senior managers and the disciplinary procedure collective agreement.
- Engagements in SALGA's governance structures like job evaluation, capacity building, compliance to all required legislation, participating in IGR structures, interpretation of statutes, oversight structures, members interests, professionalisation of MMs.
- Capacity building in advisory services, training on MSA, local government elections, councillors' code of conduct.
- Engagements in Municipal Audit Support.

DEMAND FOR OTHER SERVICES

The following graph and table (Figure B 57 and Table B 8) depict the responses to other services that SALGA might offer.

Figure B 57: Other Demand for Services Survey Results

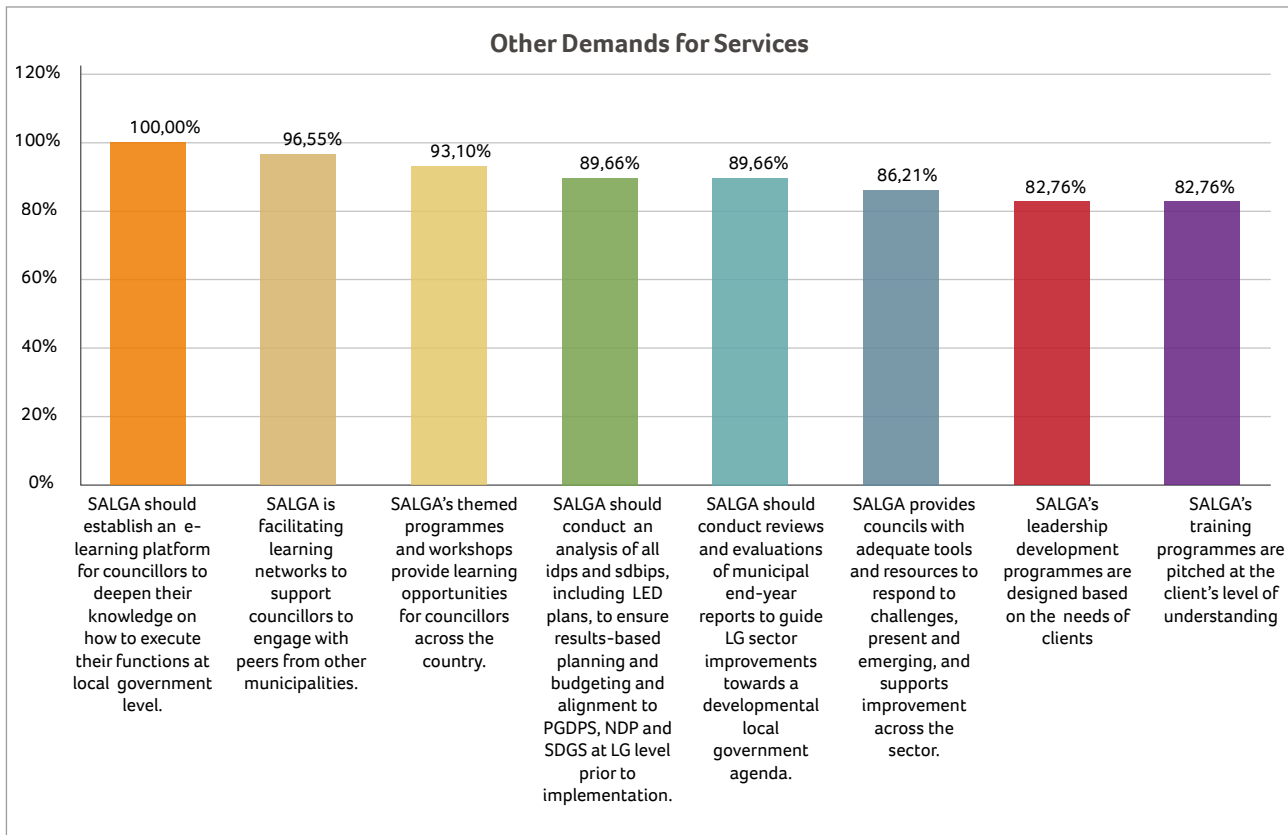


Table B 8: Demand for Services Survey Results

OTHER DEMANDS FOR SERVICES	% Respondents
SALGA should establish an e-learning platform for councillors to deepen their knowledge of executing their functions at the local government level.	100.00%
SALGA is facilitating learning networks to support councillors to engage with peers from other municipalities.	96.55%
SALGA's themed programmes and workshops provide learning opportunities for councillors across the country.	93.10%
SALGA should conduct an analysis of all IDPs and SDBIPs, including LED plans, to ensure results-based planning and budgeting and alignment to PGDPS, NDP and SDGs at local government level before implementation.	89.66%
SALGA should conduct reviews and evaluations of municipal end-year reports to guide local government sector improvements towards a developmental local government agenda.	89.66%
SALGA provides councils with adequate tools and resources to respond to challenges, present and emerging and supports improvement across the sector.	86.21%
SALGA's leadership development programmes are designed based on the needs of clients	82.76%
SALGA's training programmes are pitched at the clients' level of understanding.	82.76%

All respondents indicated the need for SALGA to have an e-learning platform, especially for training offered to councillors.

Challenges in the following were mentioned that compete with services that SALGA is offering:

- Municipal Audit Support;
- Capacity building programmes;
- Direct support and advice;
- Knowledge management;
- Accreditation.

The following observations were made regarding SALGA's services and value for money:

- Perceiving of SALGA officials travelling better than councillors;
- Brochure of SALGA's services required;
- Include municipal IGR in invitations to events/training;
- Decentralise support to municipalities to districts.

6.3 Internal Environment Analysis

The following is a summary of the structure of SALGA and its configuration to deliver on its mandate.

6.3.1 Institutional Capacity to deliver on the Mandate



It is evident that three factors have historically influenced the performance of SALGA's mandate:

- The state of legislative and organisational development of SALGA and the local government sector;
- SALGA and the sector's revenue sources and financial management prowess;
- How effectively the organisation and the sector arranged and positioned themselves to meet the needs of their constituencies through their interpretation of how their mandates have been framed.

PEOPLE (HUMAN RESOURCE) MANAGEMENT

The nature and function of SALGA as a thought leader compels the organisation to rely on procurement of intelligent human resources. The proportionate representation of its human resource establishment, in terms of operational staff geared to deliver on SALGA's mandates on the one hand and support staff on the other hand, should be carefully balanced.

During 2020-21, the organisation made headway in putting together an integrated talent management strategy. The strategy seeks to set direction and establish the means for SALGA to attract, identify, develop, and retain talent and leadership capability of the highest quality and capability.

The talent management strategy is included in the approved human capital strategy under the objective of "Integrated talent management strategies to meet SALGA's objectives and demands of the workforce of the future".

- The talent management approach ascribes to the philosophy of inclusive/developable talent with the belief that all SALGA employees can become extra-ordinary performers through targeted developmental initiatives and employee experiences.
- This philosophy enables targeted development and tailor-made developmental approaches fostering rewarding work experiences and thus a high-performance culture.
- Ensuring the 'best-fit' is key to resource SALGA with people whose values and aspirations align to the SALGA brand.
- Sourcing of talent means either using internal talent, buying external talent, or using seconded talent across the organisation or external to the organisation.

The following table is the base for required competencies (skills/experience) that are aligned to SALGA mandate:

Table B 9: Required Competencies/Skills aligned to SALGA's Mandate

LOBBY, ADVOCATE AND REPRESENT	EMPLOYER BODY	CAPACITY BUILDING	SUPPORT & ADVICE	STRATEGIC PROFILING	KNOWLEDGE & INFORMATION SHARING
Dispute resolution and conflict management		Governance (Relevant Legislations)		Political savvy	
Policy formulation / Community engagement		Interpretation		Future forward thinking	
Negotiation skills		Government / municipal financial management		Critical reasoning	
Influence skills		Technical skills		Problem analysis and solving	
Relationship building		Strategy formulation and interpretation		Project management and planning and execution	
Stakeholder management				Facilitation and knowledge sharing	
Networking					
Customer service orientation					
Leadership					

The review of the organisational structure was concluded in 2019/20 with placing and matching processes being finalised. The filling of positions that have been vacant has commenced with high-level positions prioritised. At the end of the 2021-22 mid-term period (30 September 2021), 14.7 per cent of the approved critical vacancies had been offered to successful candidates. More human resources are required to service the municipalities on a hands-on basis. Currently, SALGA services municipalities remotely in expert areas, such as legal advisory, due to lack of localised human resources.

Table B 10: Employee Complement as at 31 March 2021

Occupational Level	Female				Female Total	Male				Male Total	Grand Total
	A	C	I	W		A	C	I	W		
Top management	7	1	0	1	9	11	1	2	0	14	23
Senior management	13	0	0	0	13	10	0	1	1	12	25
Professional qualified	34	1	4	1	40	41	4	0	3	48	88
Skilled	75	5	2	3	85	48	4	0	2	54	139
Semi-skilled	72	4	1	7	84	6	0	0	0	6	90
Unskilled	15	3	0	0	18	8	0	0	0	8	26
Temporary employees	12	0	0	0	12	1	0	0	0	1	13
TOTAL	228	14	7	12	261	125	9	3	6	143	404

WORKFORCE AGE GROUP DISTRIBUTION

The average age among SALGA employees is 38 years, while the majority are between the ages of 30 and 39 years. This is indicative of a maturing workforce and in line with SALGA as a maturing organisation. Furthermore, workforce age group distribution analytics can also assist with understanding different generational gaps, thereby capacitating line managers on how to better manage their direct reports. This will support SALGA's HR strategy in line with six key objectives from which all human capital initiatives emanate.

VACANCY RATE

The employee vacancy rate of 24.06 per cent for the 2020/21 reporting period was higher than in previous years due to newly created positions as a result of the organisational redesign but still an improvement on the 2019/20 vacancy rate of 34 per cent as per Table B 11.

Table B 11: Employee Vacancy for 2020/21

Occupational level	Number of employees	Approved posts	Vacancies	% of vacancies
Top management	21	25	4	0.75
Senior management	36	51	15	2.82
Professional qualified	77	126	49	9.21
Skilled	141	199	58	10.90
Semi-skilled	89	91	2	0.38
Unskilled	28	28	0	0.00
Temporary employees	12	12	0	0.00
TOTAL	404	532	128	24.06

Associated with the above is the need for the organisation to assist municipalities to recruit quality and competent personnel into their administration, as this will ensure innovation and sustainability of intervention programmes and reduce pressure on national and provincial SALGA staff.

ORGANISATIONAL DESIGN, STRUCTURE, AND FUNCTIONAL AREAS

SALGA has opted to organise its business based on the different functions associated with its mandate and those supporting the implementation of its mandate. These are designed in a hierarchical structure, with three distinct clusters which are externally focused, operations office, finance and corporate services. The work coordination is centrally located with the Chief Executive Officer at the helm, supported by nine provincial directors of operations responsible for implementation of SALGA strategy in municipalities.

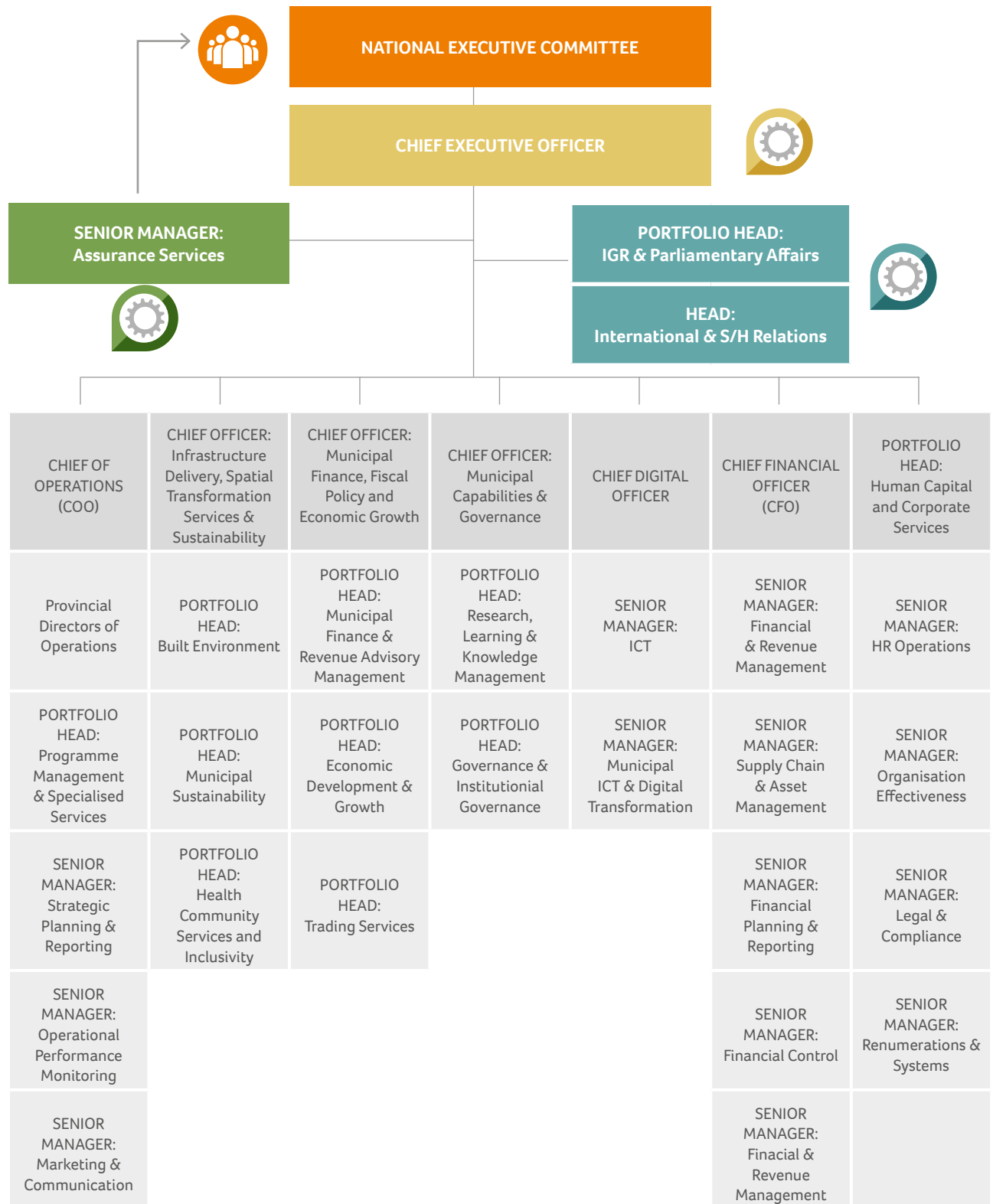
During the organisational redesign process, the reconfiguration of the organisational structure was to ensure that there is enhanced delivery of solution-oriented products and services. The focus was on the following six elements:

- Strategic and operational teams
 - Smaller executive team responsible for anticipating future changes and guiding development of solutions with strengthened operations team for delivery of solutions.
- Bolstered operational capacity
 - Introduced operations cluster to strengthen vertical (across all provinces) and horizontal (across all clusters) linkages in planning and delivery of solution-oriented support to municipalities;
 - Accountable for design, development of new products and provision of specialised services.
- Product and service development
 - Value-adding products and services functions, focusing on development of solutions to address identified challenges;
 - Specialised services for metros and secondary cities.

- Improved integration and responsiveness
 - Grouped together and integrated functions, in response to key challenges identified to concentrate and better utilise resources.
- Strategically elevated functions
 - IGR and parliamentary affairs function in view of the critical role in informing and shaping the local government agenda;
 - International and stakeholder relations for relevance and member-centricity;
 - Human capital development and corporate services function considering its role in driving mind-set, behaviour and competency changes.
- Strengthened capabilities
 - Enable provinces with strengthened capacity on areas such as climate change adaptation, water provision, growth and investment services, governance and communications;
 - Data orientation, knowledge management and innovation;
 - Marketing and communication as a key enabler of SALGA service delivery.

The above functions are converted into the organogram as per Figure B 58:

Figure B 58: SALGA Organogram



Overall, current SALGA resources are inadequate to address or realise organisational outcomes. Resourcing (physical and financial) of provincial SALGA units is currently standardised regardless of the differing provincial dynamics and magnitude of work.

Against this background, the organisation formed a headcount committee in May 2021 to discuss the following:

- Critical vacancies that need to be filled as a priority.
- Placement of resources.
- Understanding the interdependencies between national and provincial roles and their effectiveness in fulfilling SALGA's mandate.

After numerous deliberations on the submissions made, the critical vacancies were approved in July 2021.

FINANCIAL RESOURCES

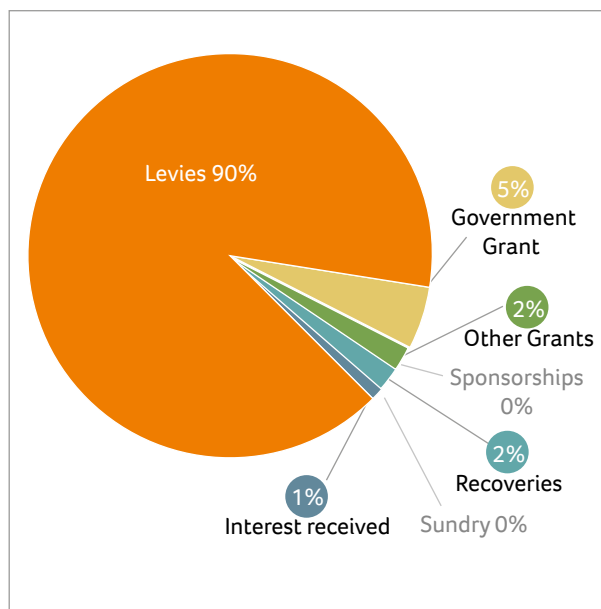
Concerning municipalities, a differentiated fiscal framework, including consideration of MFMA differentiated application for cities, districts/ regional economies, and smaller B3 and B4 municipalities require proper lobbying based on a sound policy. This would include promoting an incentivised fiscal system based on performance, which increases conditionality and ring-fencing in non or poor performing municipalities while increasing discretion and space afforded to high performing and good governance municipalities.

Revenue from levies remains the major contributor to the organisation's total income comprising over 90 per cent of total revenue in 2021/22 amounting to a total of R719 million; the trend continues over the MTEF period with levies comprising with over 90 per cent of total revenue over the MTEF period. Membership levies growth rate in the 2021/22 is 4 per cent; and growth for the two outeryears 2022/23 and 2023/24 is an average of 4 per cent respectively. The membership levy formula has been kept the same as prior years. The organisation is compelled to maximise the membership levy revenue stream in order to continue fulfilling its legislative mandate

of representing the local government sphere at inter-governmental fora.

SALGA's main source of revenue is levies amounting to R719 680 million and they contributed over 90 per cent to total income in 2021/22. The distribution of other revenue streams is illustrated in Figure B 59 below:

Figure B 59: SALGA's Sources of Revenue

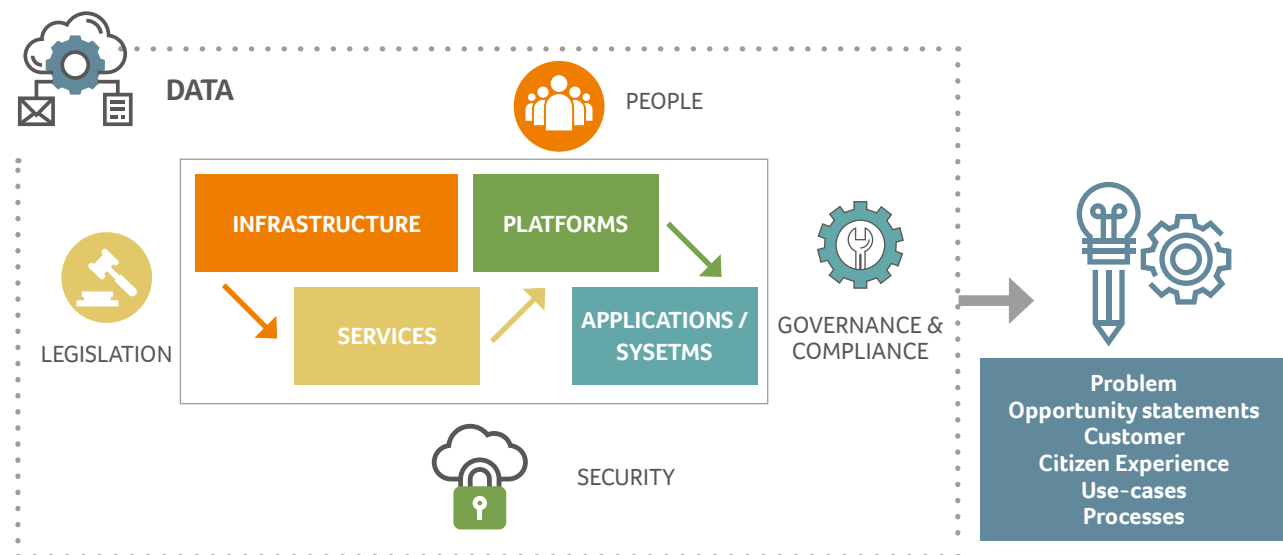


The silver lining is that the dynamics are not unique to local government and various industries face some of these challenges in various forms. Local government, being comparable to any commercial business, can benefit from solutions from these alternative worlds. Industries have adopted the use of digital technology and data insights to eliminate waste, deliver services, manage costs, enhance revenue, and improve brand equity and customer engagement. Through digitalisation, industries have also adopted new business models to protect and/or diversify revenue streams. For example, the banking sector now delivers telco services. The telco industry provides payments and financial services which customers access 24/7 and are empowered to co-create services and products. Lastly, the last five years have seen the emergence of mobile virtual network operations (MVNO) from across industries, such as retail and other special interest groups, as a means of revenue diversification.

SALGA's Digital Approach

The SALGA strategic digital framework (in Figure B 60 below) was introduced to structure digital interventions anchored by problem statements, opportunities, customer/citizen journey requirements, and use-case enablement. It is structured as the ideal way to create value for both SALGA's internal processes and transform the face of local government.

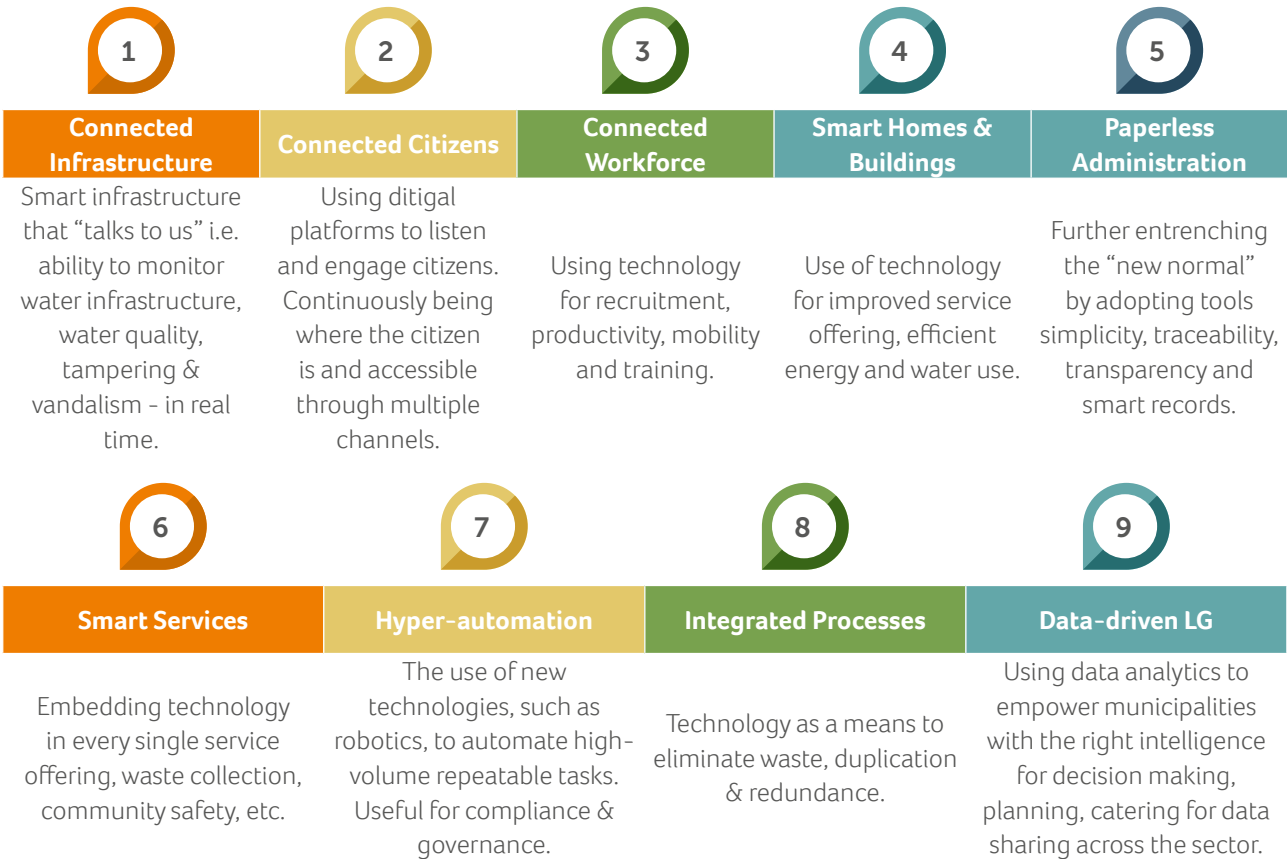
Figure B 60: SALGA Strategic Digital Framework



The journey towards digital maturity will be delivered utilising the strategic digital framework to deploy fit-for-purpose technologies that deliver value. This value will ultimately be in the form of cost benefits, revenue enhancements, diversification, operational efficiencies, social and economic development, citizen intimacy, as well as innovation. Nine elements of digital maturity have been identified as key to transforming and future-proofing the sector.

These are outlined in Figure 61 below.

Figure B 61: Digital Maturity Areas



Key to assisting municipalities with incremental digital maturity, SALGA Digital will continue with the series of information technology service maturity (ITSM) assessments, which are followed by digital strategy and road-mapping interventions. These lead to co-crafting digital strategies with municipalities along with the operationalisation programmes.

In the operationalisation programmes, SALGA Digital has commenced building and sourcing a suite of fit-for-purpose digital products and services through the Digital Factory. These solutions are evaluated and reviewed within a simulated environment. Partnerships are then developed with the product owners (where applicable) for the solutions to be co-provided to the municipalities. This Digital Factory will be positioned to churn out enabling solutions across all process and use-case areas, problem statements, and citizen/customer experience themes.

From a data analytic and services track, SALGA Digital is scaling its data-as-a-service offering to offer data analytic products at scale to member municipalities to create the necessary capability to become more data-driven. These will include data products across all key areas pertinent to the sector and address all strategic problem statements.

SALGA’s conference resolutions regarding broadband as a 5th utility will be accelerated through three avenues. Firstly, the completion and standardisation of by-laws to cater for the rapid rollout of dark fibre by operators. Secondly, a public private partnership model will be engaged for the sector to wholesale broadband capacity from spectrum owners and/or special purpose programmes that SALGA can facilitate and establish. Lastly, models of direct provision of broadband connectivity, outside the traditional wireless spectrum and dark fibre regime, will be explored to accelerate municipal participation.

From an aspiration level, SALGA Digital is guided by the following purpose:

To continuously simplify, enable and augment organisational use cases and citizen/customer journeys through scalable and fit-for-purpose digital technology, data solutions, and informed advisory to lower costs, enhance revenue, and expand business models for local government.

Furthermore, all key nine digital maturity areas make up the key puzzle pieces to transforming municipalities into smart communities/cities, as governed by SALGA's smart city definition of digitally enabled, hyper-connected, data-rich, data harvesting, eco-system that delivers simple and predictable services and solutions to sustainably improve the quality of life for its citizens through collaboration.

6.3.2 Institutional Transformation Analysis



SALGA has been committed to the transformation agenda since its inception.

COMPLIANCE WITH THE BBBEE ACT

Black staff have comprised the largest staff demographic, with black women being most likely to be employed. In this way, SALGA has contributed to the fulfilment of its mandate by promoting the participation of women in local government. In support of transformation and gender parity, women have benefitted from SALGA's recruitment and training policies. Black women have been well represented in management and specialised professional roles within the organisation. SALGA has provided thousands of training opportunities for staff.

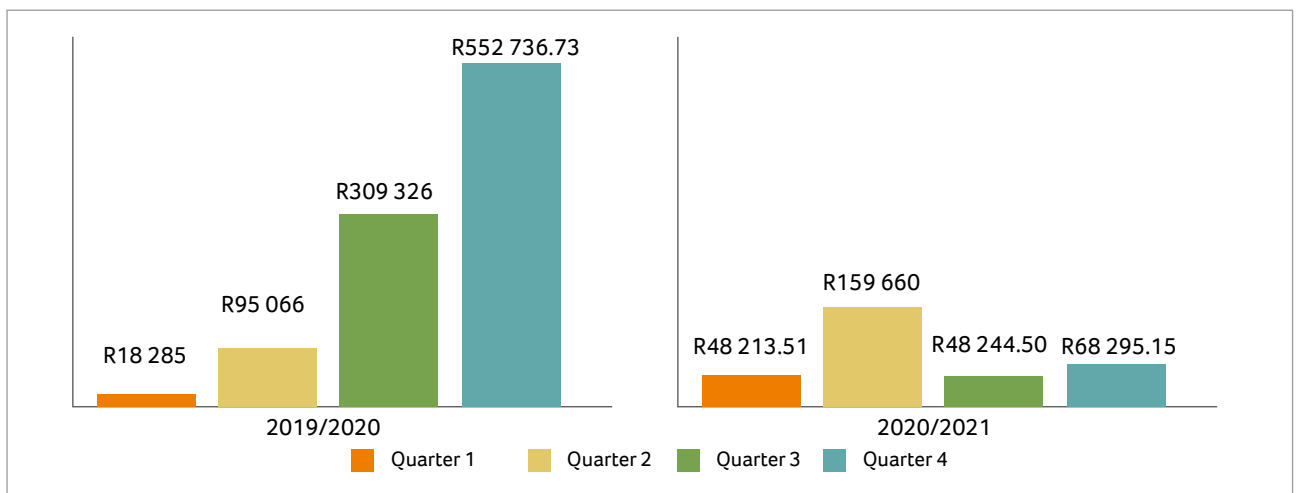
SALGA aims to have a workforce that reflects the demographics of the South African population (Table B 12). Diversity and inclusion are entrenched in the SALGA's talent management strategy, and its learning and development aim to improve the talent pipeline for designated groups. SALGA has made commendable strides in its latest organisational re-organisation and stabilising its top leadership level. The current representation of the internal demographics has to be aligned to the economically active population.

Table B 12: Employee Numerical Goals (all employees) as of 31 March 2021

Operational level	MALE				FEMALE				Foreign National		Total
	A	C	I	W	A	C	I	W	M	F	
Top management	11	1	2	0	7	1	0	1	0	0	23
Senior management	10	0	1	1	13	0	0	0	0	0	25
Professionally qualified and experienced specialists and mid-management	41	4	0	3	32	1	4	1	0	2	88
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	47	4	0	2	74	5	2	3	1	1	139
Semi-skilled and discretionary decision making	6	0	0	0	72	4	1	7	0	0	90
Unskilled and defined decision making	8	0	0	0	15	3	0	0	0	0	26
Total permanent	123	9	3	6	213	14	7	12	1	3	391
Temporary employees	1	0	0	0	12	0	0	0	0	0	13
Grand total	124	9	3	6	225	14	7	13	1	3	404

The continuous development of the workforce is a priority for SALGA. Skills programmes of strategic relevance are determined annually in conjunction with management and communicated to all stakeholders. In 2020/21, accredited training was provided to staff from all levels of the organisations' employment categories as per Figure B 62.

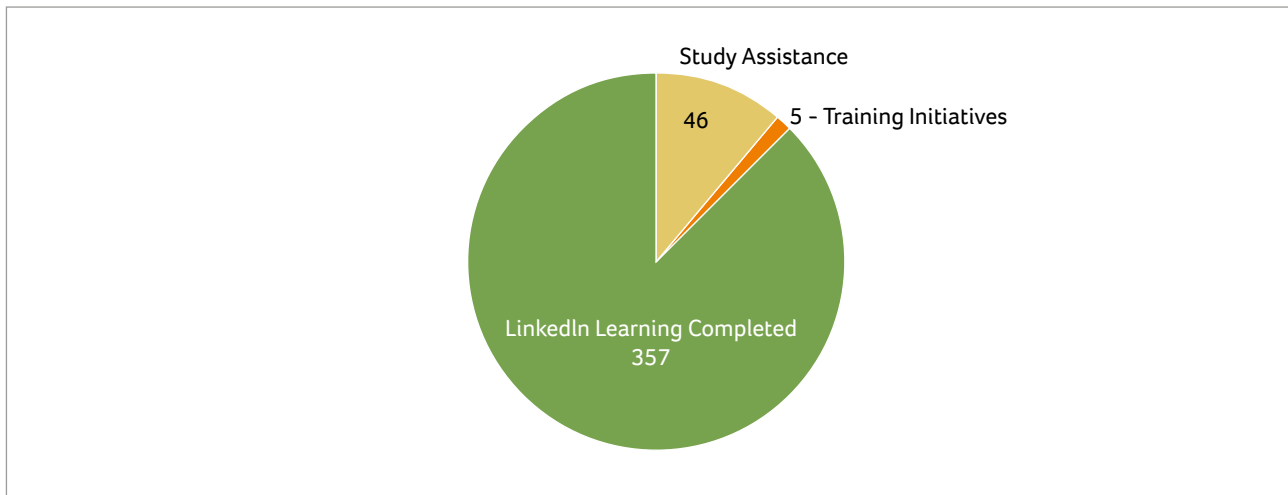
Figure B 62: Training Programmes Conducted in 2019-20 vs. 2020-21



TRAINING INTERVENTIONS

The chart below (figure B63) indicates that SALGA, as an organisation of knowledgeable workers, is committed in investing in its employees using the three development opportunities.

Figure B 63: Learning Development Opportunities



STATUS OF THE INSTITUTION REGARDING WOMEN, YOUTH AND PEOPLE WITH DISABILITIES

People With Disabilities

SALGA has not succeeded in making notable progress towards attracting people with disabilities. As of 31 March 2021, three people with known disabilities were employed by the organisation. This equalled 0.74 per cent of the entire staff complement. Out of the three employees with disabilities, two are at a skilled level, and one is at a professionally qualified level. A great effort will have to be continuously made in targeting SALGA's recruitment selection to realise the disability target of six employees in this category as part of its employment equity plan.

Women

In response to the challenges highlighted during the culture survey feedback session, the SALGA Women's Forum (SWF) was conceptualised and launched on 20 August 2021. The Women's Forum is a structured approach designed to mitigate identified issues to create an environment where women feel safer to speak up on any systemic work challenges that impact negatively on them.

The forum is fully representative in all demographics i.e., different generations, occupational levels, all races and from various offices. The following topics were covered during the forum's launch:

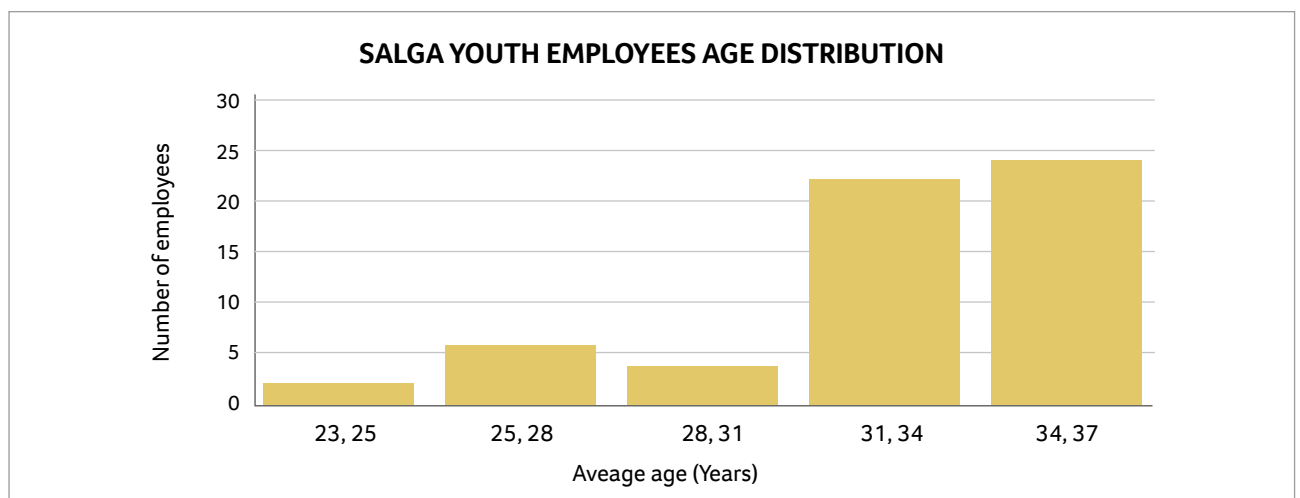
- Women and playing the victim;
- Well-being and brand positioning;
- Taking up and cementing your space in the corporate world;
- Well-being and brand positioning;
- Personal branding;
- Dressing for success.

Youth

SALGA considers itself as an employer of choice that cares for the youth. At the end of the 2021 June month commemorated under the theme, “The Year of Charlotte Manny Maxeke: Growing youth employment for an inclusive and transformed society”, SALGA continued to celebrate its young workforce. The recent unemployment statistics pertaining to young people is cause for concern. The 2020 fourth quarter Labour Force Survey found that about 8.6 million young people aged between 15 and 34 years are not in education and not in employment.

In helping to draw more young people into the economy, 14.4 percent of the 404 SALGA employees falls under the age of 35. Their occupational level in the organisation ranges from level 3 (senior advisor) to level 6 (intern).

Figure B 64: SALGA Youth Employees Age Distribution



As a caring employer, with one of SALGA’s employee value proposition pillars being “Investing in our talent”; SALGA has contributed to the economy by employing young people throughout the pandemic and by providing bursaries and training to its young employees. The Skills Development Act 97 of 1998 intends to provide for learnerships that lead to recognised occupational qualifications; to this end in the past three years, SALGA has taken 34 young people through its internship programme in its provincial and national offices. Being cognisant of the fact that vulnerable youth are not readily presented with employment opportunities, our focus for the upcoming 5-year strategy period will be on providing learnership opportunities to young people, especially to those with disabilities.

ORGANISATIONAL CULTURE TO SUPPORT STRATEGY

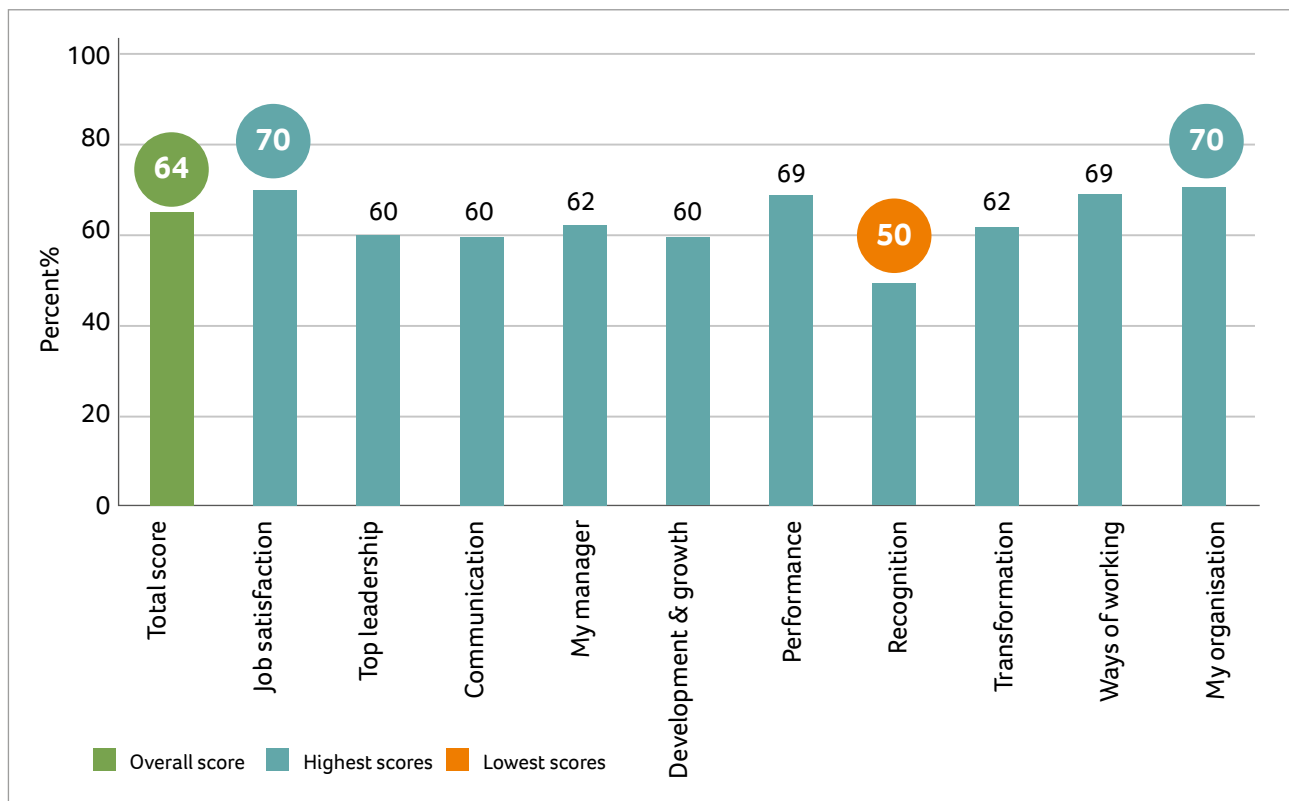
Organisational culture is the personality of an organisation. It relates to the behaviours of a set of employees within the same work environment:

- How they act and engage with the organisation;
- The values they ascribe to these actions;
- Their personal goals and how these fit in with the goals of the organisation; and
- How employees engage with each other at work.

It relates to how well the employees understand the company’s mission, visions and goals. Every employee in the organisation should know what SALGA wants to achieve, but these organisational goals should also align with their own individual goals.

SALGA's culture survey was conducted in October 2020 with a participation rate of 64 per cent. The objectives of the survey were to identify organisational strengths and challenges, so that SALGA can build a stronger culture and more effective working environment to support its employees and help achieve organisational goals.

Figure B 65: SALGA Culture Survey



The outcome report indicated above (Figure 65), outlines the following:

- The overall score of 64 per cent indicates that SALGA's culture is on the right track with room for improvement;
- The greatest employee experience is in the "job satisfaction" and "my organisation" themes indicating that employees are willing to go the extra mile as they understand how their own roles and performance contribute to the overall organisational performance;
- The lowest performing theme is "recognition", with employees' experiences suggesting that there is a need to differentiate between how SALGA recognises high and low performers;

The organisation wide initiatives that SALGA is working on are:

- Leadership development to enable top leaders to set a tone for a healthier culture;
- Launching the Women's Forum to manage gender transformation issues identified in the survey;
- Revamping the employee recognition programme to foster momentous, fair and due recognition.

SALGA understands that leadership sets the tone for culture; hence each provincial and cluster leadership team leads the action plans to create meaningful culture shifts in their units.

EMPLOYEE VALUE PROPOSITION – AN OUTCOME OF THE CULTURE SURVEY

To position SALGA as a leading employer in the sphere of local government and beyond, as well as to create a psychological and emotional connection with employees, a compelling employee value proposition (EVP) was introduced. In soliciting employee feedback as to what they value the most about working for SALGA six EVP pillars were developed as indicated in Figure B 66.

Figure B 66: Employee Value Proposition



“Our Promise” is SALGA’s commitment to give our employees the opportunity to make an impact and grow their careers through experiences and connections that inspire them to make a difference.

In our behaviour, we are guided by the SALGA vision, mission and values that characterise our offering. The EVP will enable SALGA:

- To remain relevant with the changing expectations of current and future workforce;
- To translate the HC strategy into real employee experiences;
- To align human capital processes with business objectives and employee expectations;
- To ensure that employees and potential employees can connect, collaborate and partner with SALGA for the execution of the organisation’s mandate.

A CULTURE OF COMMUNICATION

To keep employees informed of what is happening in the organisation in 2020-21, HCCS rolled out a communication plan that guided its interactions with the employees throughout the year.


The communication plan’s objectives are:

- To engage inclusively with the employees (ensure a two-way communication with employees at all organisational levels);
- To improve the employees’ perception of human capital and their trust thereof;
- To build on the organisational corporate culture.



Most of the communication with staff was in the form of standard communiques. The beginning of the financial year covered issues relating mainly to the management of Covid-19 in the workplace as well as the employee contributions to the Covid-19 fund. Throughout the year, regular updates on the online learning and the utilisation of the LinkedIn platform were released. In the third quarter, the employee recognition awards and healthcare sessions were the dominating topics. Four newsletters were issued by the Employment Equity and Skills Development Consultative Forum (EESDCF) discussing: gender based violence; learning in SALGA; working from home; and employee Health. As the year drew to a close, communication related to the revised performance management framework as well as the end of financial year individual performance management processes were the main focus. Finally, during each quarter at least one communique was issued from the desk of the CEO.

6.3.3 Previous Five-year SALGA Performance Analysis

 The Strategic Plan 2017-2022 aimed at strengthening SALGA's role as the PROTECTOR to defend local democracy and enforcing the rights of the local government sector as well as to constructively DISRUPT where the existing overall system compromises the ability of local government to deliver on its mandate. This strategic plan recalled the spirit of the White Paper on Local Government and re-ignites the local government's commitment and plan to realise sustainable local government (2030). The plan aimed at closing the gap between the current reality and the sustainability we desire and was focused on spatial transformation, economic growth and sustainability.

There have been many achievements in the sector in an effort to close the inequality gaps that were identified at the planning period. According to the report on the Review of SALGA's 20-year journey, the following successes were achieved by SALGA in delivering on its mandate as per Table B 13:

Table B 13: SALGA Successes

MANDATE	ACHIEVEMENTS
Lobby, Advocate & Represent	<ul style="list-style-type: none"> ▪ Lobbying initiatives by SALGA led to equitable share grant reforms, the review of the Municipal Structures Act, the introduction of the demarcation grant, the infrastructure grant, pooled funding instruments and many legislative reforms and inputs that have contributed to the simplification of members’ work. ▪ The introduction of the local government week, which amongst others realised the following: <ul style="list-style-type: none"> – A new arrangement for the identification, deployment and capacitation of councillors to improve political governance in municipalities; – The unintended consequence of depriving small, rural and poor municipalities of the high calibre skills necessary to turn them around must be urgently addressed; – Fundamental in making municipalities developmental, there is an urgent need to sort out some of the lingering challenges arising from the current fiscal framework, with key innovative proposals on revenue collection mechanisms as well as a serious consideration to writing off debts that are more than 120 days; – On the application of support by provincial and national governments, not much has been done to diligently give effect to the support and monitoring role of the provincial and national governments. However, SALGA instead observes an unprecedented state of inappropriate invocation of Section 139 interventions even in instances where Section 154 support interventions would be the most appropriate type of intervention. ▪ On Eskom, the stumbling blocks in resolving the debts owed to Eskom and municipalities respectively include disputed debts owed to municipalities by the national government, provincial government or organs of state; disputes on the quantification of debts owed by municipalities to Eskom based on the correct application of relevant legislation, the reasonable interest charges and correctly applied penalties; determining the appropriateness of repayment arrangements between Eskom and municipalities on outstanding debt owed to Eskom; and the service delivery agreement (SDA) to be entered into between Eskom and municipalities.

MANDATE	ACHIEVEMENTS
	<ul style="list-style-type: none"> ▪ Despite SALGA's gallant attempts to amicably resolve this matter in line with the IGR dispute resolution mechanisms, Eskom has unilaterally not adhered to the arrangements. Similarly, despite the agreement that SDAs are to be entered into between Eskom and municipalities, Eskom continues to raise concerns with the terms and conditions of the SDA. It goes without saying that the proposed SDAs will be worthless if Eskom refuses to be a contracting party. Based on legal opinions, which essentially contend that municipalities have an exclusive right to electricity reticulation within their jurisdictions, Eskom's actions have now left SALGA with no option other than to approach the courts for an order declaring Eskom's supply of electricity in municipal jurisdictions as unconstitutional.
Employer Body	<p>In its role of negotiating on behalf of local government, SALGA has negotiated for:</p> <ul style="list-style-type: none"> ▪ Fixed wage agreements. ▪ Minimising the scale of strikes to be more localised and less disruptive. ▪ Holding unions liable for destructive acts by their members .
Capacity Building	<ul style="list-style-type: none"> ▪ Induction of over 11 000 councillors who joined local government during the 2016 local government elections. Further, training was conducted throughout to councillors and municipal officials on a range of subjects, for example, financial management, leadership development, and environmental management, etc. ▪ Launch of SALGA's Centre of Leadership and Governance. ▪ Launch of the Executive Coaching Programme in conjunction with the Wits Business School and other reputable training organisations.
Support and Advice	<ul style="list-style-type: none"> ▪ Ensuring that the staff composition of municipalities and the organisation is representative of the nation's gender policy intentions. ▪ Promoting gender from the local and provincial level through the Provincial Women in Local Government and the United Cities of Local Government (UCLG). ▪ Promoting the human development framework to enable local government to respond effectively to human development issues in meeting the Sustainable Development Goals (SDGs) at the community level. ▪ Representing local government in the national disaster management advisory forum and provincial disaster management committees since 2004. ▪ Improved municipal audit outcomes in audits of municipalities that receive dedicated support from SALGA programmes. ▪ Approval by the NEC of an approach under the theme "Extract consequences and accountability from municipalities". In terms of this approach, municipalities were directed to furnish SALGA with a response plan to address negative audit results and provide the results of a skills assessment of their finance departments to establish the necessary capacity to prevent recurrence of the citation by the Auditor-General.

MANDATE	ACHIEVEMENTS
Strategic Profiling	<p>SALGA has been and continues to be an active player and influencer of the international agenda on local government. Through this international involvement, SALGA has attracted several international support and learning programmes benefitting South African municipalities, including:</p> <ul style="list-style-type: none"> ▪ Building inclusive green municipalities programme (BIGM). ▪ Strengthening governance and capacity in local government: European Union-funded programme. ▪ Enhancing municipalities’ capacity for development: European Union-funded programme. ▪ Strengthening municipal policy making programme (2017-2021) – partnership with Vereniging van Vlaamse Steden en Gemeenten (VVSG).
Knowledge & Information Sharing	<ul style="list-style-type: none"> ▪ Launch of the SALGA Knowledge Hub through which local governments source relevant content. The platform is updated regularly with new information.

While there were several gains made in implementing the 2017 – 2022 Strategy, there were a number of areas that still require attention.

SALGA innovation and thought leadership should be grounded on policy for ease of implementation and foster accountability across the board. For example, the diversification approach is the preferred model for planning, financing, and implementing intervention programmes. Currently, no platform or policy is created to ensure its performance because the current one-size-fits-all approach has proven to be an inadequate model for servicing municipalities.

Concerning performance in the IGR structures, SALGA needs to ensure an enhanced performance beyond mere attendance of forums. Likewise, SALGA should play a key intermediary role in reducing the disjuncture between the province and local government under the current state of affairs to entrench IDPs and advance the transformation agenda. Furthermore, SALGA engages more with provincial and national departments and associated entities instead of broadening its scope. As a result, it requires more partners in implementing its mandate, hence the need for structured identification and utilisation of strategic partnerships to advance SALGA’s capabilities across the board.

Knowledge management and information sharing to the benefit of key role-players is inadequate. The creation of the Knowledge Hub and other platforms for coordination and engagement among municipalities (such as the Municipal Managers Forum) is plausible and should be enhanced to cater for learning networks and to benchmark across municipalities, locally and internationally. Internally, a knowledge management platform is a challenge and needs to be resolved to ensure synergy and enhance organisational knowledge sharing.

Concerning the organisational process, the recent introduction of the project management approach has not realised any impact. This new approach will create formal platforms to manage projects and multi-disciplinary engagements that will intensify the support provided to municipalities and the differentiated support programmes focused on specific situations in municipalities. The institution is completing an operating model that will guide the whole operation function of the organisation. The process is believed to enhance performance and maximise value for municipalities. There is also a need to introduce an automated performance management tool to improve performance processes.

6.4 Conducting a Diagnostic Analysis

The revised framework for Strategic Plans and Annual Performance Plans (FSPAPP) from DPME, 2019, outlines tools and methodologies to implement a results-based method. A results-based approach requires institutions to contribute directly or indirectly to achieving a set of results, ensuring that their processes, products and services align with the desired results (impact, outcomes, outputs, activities, inputs) (UNDG, 2011). The results-based methodology is based on the theory of change and logframe model and is designed to ensure that government focuses on achieving the expected real improvements in the lives of all South Africans. It clarifies what is expected to be achieved, how it is expected to be achieved, and how achievement will be determined.

SALGA used the problem and solution trees diagnosis to conduct the internal and local government analysis (as will be outlined below) to inform the Strategic Plan (Part C) for the next five years. The analysis method consolidates the challenges in SALGA and uses the analysis to develop alternative approaches in the organisation. The problem analysis process was the first step to create ownership, understanding and commitment from all parties towards achieving the identified impacts and the 6th Administration Government MTSF Priorities. The impact of developmental local government as described in the White Paper for Local Government (1998) is tested in the analysis of why developmental local government has not been established, leading to further research on the role of SALGA in achieving its mandated role of achieving the objects of local government as stipulated in the Constitution (Section 152-154).

6.4.1 External problem tree – Local Government

PROBLEM STATEMENT



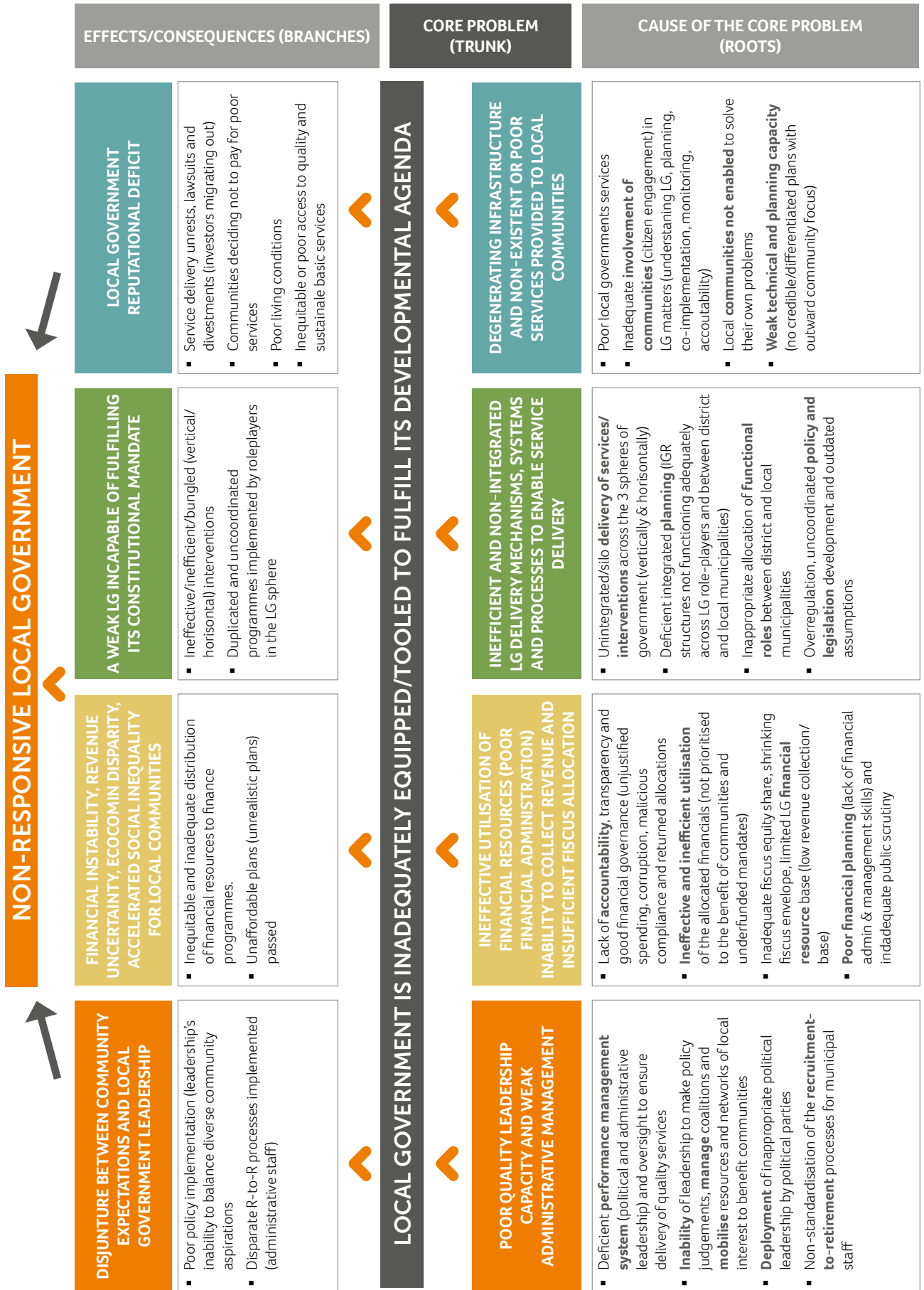
The 1998 White Paper on Local Government (The Government of South Africa, 1998) remains a defining policy document that offers insights into the political intentions and thinking around the concept of a “Capable and Developmental State”. The problem trees evaluate the four characteristics of developmental local government as defined in the White Paper:

Paper:

- Maximising social development and economic growth: Municipalities will need to have a clear vision for the local economy, and work in partnership with local business to maximise job creation and investment;
- Integrating and coordinating: Municipalities will need to work closely with other spheres of government and service providers and play an active integrating and coordinating role;
- Democratising development: Municipalities must adopt inclusive approaches to fostering community participation and actively encouraging the participation of marginalised groups in the local community; and
- Leading and learning: Local government has a key role to play in building relationships between stakeholders to find local solutions for increased sustainability.

In assessing the role of SALGA towards developmental local government, a diagnostic analysis of local government was done to determine why SALGA’s influence on the external environment is limited and why the local government, after 21-years of democracy, has not established developmental local government.

Figure B 67: The local government problem tree analysis



THE CORE PROBLEM – LOCAL GOVERNMENT IS INADEQUATELY EQUIPPED POR TOOLED TO FULFIL ITS DEVELOPMENTAL AGENDA

Legislation has laid out the local government’s decentralised developmental role. Local government delivers essential services as the sphere closest to the people. The Constitution states that the government must take responsible steps within available resources to ensure all South Africans access adequate housing, health care, education, food, water, and social security. The instruments to make local government more responsive include ward committees, integrated development planning (IDP), service delivery through the IDP and the service delivery budget implementation plans (SDBIP), the performance management system, governance, and integrated municipal budgets and finance.

As indicated under the STEEPLE analysis, municipalities face significant challenges whereby the core problem of the inequity gap is not addressed and grows wider. Therefore, everything a municipality does should be to impact the level of services that meet the basic needs of the poor in their communities cost-effectively, affordably and provide economic growth opportunities for residential and businesses to contribute to the revenue of the municipality. To achieve such, the municipality must integrate and co-ordinate service delivery and provide the needed leadership to achieve local prosperity. Municipal councils play a central role in promoting local democracy where the citizens, including all organs of state, are involved in a greater co-ordinated effort.

In analysing why local government does not achieve its developmental role, the analysis identified four root causes, namely:

These four root causes, including the resultant effects and interventions, have been identified as the essence of the sector’s inability to discharge its mandate and are explained in the following section.

- 1** Poor political leadership capacity and weak administrative management
- 2** Ineffective utilisation of financial resources (poor financial administration), inability to collect revenue and insufficient fiscus allocation
- 3** Inefficient and non-integrated local government delivery mechanisms, systems and processes to enable service delivery
- 4** Degenerating infrastructure and non-existent or poor services provided to local communities.

1

Poor political leadership capacity and weak administrative management



Local ward councillors are the politicians most proximate to the people and communities. The South African government has clear policies guiding the relationship with communities to be responsive and deliver as per the developmental mandate. Several laws, particularly the White Paper on Local Government, outline leadership and strong administration.

THE PROMISE

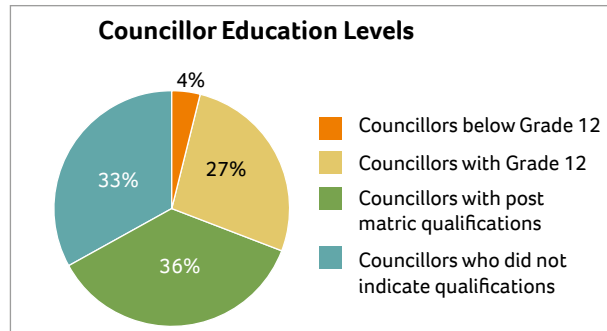
The White Paper on Local Government outlines the four characteristics of developmental local government, namely exercising municipal powers and functions in a manner that maximises their impact on social development and economic growth; playing an integrating and coordinating role to ensure alignment between public (including all spheres of government) and private investment within the municipal area; democratising development; and building social capital through providing community leadership and vision, and seeking to empower marginalised and excluded groups in the community. The emphasis in the White Paper is on the role of leadership and strong administrative management in achieving developmental local government.

Developmental local government requires leadership that:

- Provides community-wide leadership and vision: By putting forward a vision for the local area, building coalitions of common interest and encouraging the development of a vibrant civil society;
- Constantly builds its capacity to make policy judgements: Local political leaders should actively strengthen their ability to make policy judgements through deepening their understanding of the dynamics in the local area, anticipating changes, and learning from past practice;
- Is accountable and transparent: Requires a political leadership that creates opportunities to account to the community. Increased accountability ensures that the actions of the council reflect the aspirations of the community, increases the legitimacy of the council and deepens local democracy;
- Builds partnerships and coalitions: Meeting the needs and aspirations of local communities requires a political leadership able to develop partnerships with communities, businesses, labour and other public agencies;
- Represents the diversity of interests: Municipalities should take active steps to ensure that representatives from groups that tend to be marginalised are encouraged to stand for elections;
- Demonstrates value for money: Local leadership is responsible for ensuring that local taxes are utilised to the maximum benefit of the local community. Local leadership should therefore be concerned with the efficiency and effectiveness of the local administration and constantly seek to enhance performance and service quality.

Poor political leadership capacity and weak administrative management

A key outcome of the 2016 municipal elections is that two-thirds of the elected comprised new deployees to the sector. This huge leadership change resulted in a loss of institutional memory and imposed a need for escalated induction and other training/capacity-building programmes. The table below details the education levels of councillors elected in 2016:



Despite numerous interventions to increase the capacity of councillors in the first four years of the term of office, the gaps are blatant, and the recent developments around Covid-19 have further exposed serious weaknesses in the leadership of many councillors. Every five years, the high turn-around in local government, exacerbated by lack of proper screening of candidates, sets the sector back in terms of leadership, governance and oversight stability.

The Auditor-General’s 2018/19 municipal audit outcomes confirms that mayors provide 25 per cent, municipal councils provide 26 per cent, and municipal public accounts committees (MPACs) provide 27 per cent independent assurance and oversight at the municipal level. Apart from the attempts made by opposition parties in councils, mayors have very little oversight over what happens in the municipal administration and, similarly, very little oversight by municipal councils over the mayor and mayoral committee or executive committee exists.

Further to this, the need for skilled mayors has become abundantly clear. To perform their function of interfacing with the administration, they must have the necessary knowledge to understand the roles and responsibilities of the municipal manager and the skills to ensure that they are complied with.

At a structural level, whereas almost all municipalities have established MPACs, in most instances, under-capacitated, under-resourced, junior councillors are deployed to lead them, and most of their oversight recommendations have no binding effect with very little to no follow-through or execution. The MPACs do not carry the weight of SCOPA, hence they have not been able to refer their findings to investigative agencies, table forensic reports or hold the executive leadership of the municipality accountable. By and large, they have tended to be partisan and have lost their strategic intent and significance. Parliament is currently processing an amendment to the Municipal Structures Act that aims to legislate the role of MPACs. Over the past four years, SALGA has developed and implemented several programmes to capacitate councillors and ensure improved leadership in local government; however, barriers to success remain. These barriers can only be overcome through solid leadership.

ROOT CAUSES

A collective will should be established to enact moral and intellectual leadership. Unfortunately, political leadership in South Africa is risk-averse which tends to block innovation. The old traditional ways of government leadership were embedded in command and control. In the digitised era, this type of leadership does not hold given the knowledge to which all public actors and communities are exposed. Incremental forms of leadership are associated with knowledge, learning and innovation, emphasising strategic leadership, creative decision-making, performance measurement, and management. This does not hold for political leaders only; administrative leaders often hide behind legislation, by-laws and policies, making developmental local government extremely difficult.

Leadership at both ends need to tap into innovative ideas and different opinions at different levels of the organisation. It is time for leaders to see their role as facilitators instead of sovereign decision-makers. Local government leaders are not the guardians of “scientific” truth (Torfing, 2016) and should allow professional input into these processes. Culture also has surpassed transactional and transformational leadership. Today’s effective leaders are co-producers, facilitators and catalysts in the process of ideation and participation. Ideas are thus created through participation that ensures support in how to get there. Diverse engagement is needed in these times and paces a learning culture. Citizens across the spectrum are losing respect for political leaders as failing their aspirations, as they have lost appetite to participate in public participation processes. Today we need leadership that lead and manage others to lead themselves.

The Constitution vests legislative and executive authority in the municipal council, and the effective exercise of these functions is crucial for capable and developmental local governance. As the highest decision-making body, the council must steer the municipality, determine its strategic direction and take crucial decisions. In coalitions, this requires close cooperation between coalition partners to ensure that the responsibilities of the council are carried out effectively. However, in practice, coalition governments have often been unstable and terminated before the end of the council term. Instability in a local coalition can have a severe impact as it may compromise the municipality’s ability to adopt policies and by-laws, make senior management appointments, or even adopt a budget. Coalition instability ultimately compromises the municipal administration’s ability to deliver on its mandate.

The first local government elections (LGEs) produced 29 hung councils. This increased to 31 (including the City of Cape Town) in the 2006 LGEs, before peaking to 37 hung councils in the 2011 elections. The 2016 LGEs produced the least (27) hung councils. However, this was the first time that four of the eight metropolitan councils produced hung councils in the cities of Johannesburg, Ekurhuleni, Nelson Mandela Bay, and Tshwane.

<p>ROOT CAUSES</p>	<p>Coalition governments have often been unstable and terminated before the end of the term (i.e. Nelson Mandela Bay Metro has had three different coalition governments since 2016). The instability in coalition can have a severe impact as it may compromise the municipality’s ability to adopt policies and by-laws, make senior management appointments, or even adopt a budget, as well as compromising the municipal administration’s ability to deliver services to local communities.</p> <p>The non-standardisation of the recruitment-to-retirement processes for municipal staff continues to project a fragmented approach, leading to insufficient capacity to discharge the mandate of local government. This relates to the pre-recruitment during hiring.</p>
<p>EFFECTS</p>	<p>Disjuncture between community’s expectations and local government leadership</p> <ul style="list-style-type: none"> ▪ Poor policy implementation (leadership’s inability to balance diverse community aspirations); ▪ Disparate recruitment-to-retirement processes implemented (administrative staff)
<p>INTERVENTIONS</p>	<ul style="list-style-type: none"> ▪ Develop and deploy targeted high impact programmes to technically capacitate identified weak municipalities’ administration (based on a diagnostic report administered by SALGA); ▪ SALGA to evaluate tailor-made counsellor training programmes (fit-for-purpose); ▪ Develop targeted differentiated training material and tuition methods, based on a clear analysis of needs; ▪ Initiate mentorship programmes to complement the municipal skills development, coaching and capacity building; ▪ Enhance interventions for professionalising the local government sector; ▪ Review current municipal grading system (attract similar skill levels and remuneration across all municipalities); ▪ Conduct an analysis of the extent of engagement between citizens and local government in the development of IDPs; ▪ Analyse trends on voting participation of citizens (local and by-elections) and develop intelligence-driven interventions; ▪ Conduct community education programmes on local government service delivery accountability to citizens, e.g. “did you know” campaigns; ▪ Professionalisation and standardisation of the recruitment-to-retirement processes for municipal staff;

INTERVENTIONS

- Reinforce advocacy to influence deployment of political leadership against a set of minimum criteria for councillors;
- Develop and tighten criteria for deployment of political leadership;
- Develop criteria (standardised job requirements) for appointment of officials at identified technical levels, e.g. CFOs, MMs;
- Initiate multi-disciplinary programme of support to municipalities with coalition governments/minority governments;
- Design and implement a leadership model on personal mastery;
- Pilot and rollout the professionalisation model developed by SALGA;
- Enhance interventions for professionalising the local government sector;
- Introduction of a performance management and accountability-based remuneration regime for councillors (including mayors and speakers) and senior managers;
- Introduce local government service commissioners to swiftly investigate allegations levelled against councillors and enforce the code of conduct for councillors.;
- Lobby legislature to establish a speakers' forum to empower each other on oversight requirements.;
- Provide alternative pension fund vehicles that will provide benefits to members and their families equitably.

THE PROMISE

The Constitution addresses intergovernmental fiscal relations in two broad respects:

- **Intergovernmental transfers:** Section 227 entitles the local sphere to an “equitable share” of nationally raised revenue so that it may “provide basic services and perform the functions allocated to it”. Municipalities may also receive additional grants from the national or provincial government on a conditional or unconditional basis.
- **Oversight and regulation of the financial affairs of municipalities:** Sections 139 (1)(a) and (b) and 155 (7) give national and provincial government executive and legislative authority to oversee the performance of municipalities with regard to their functions.

Sections 229 (1)(b), (2)(b), 230 (1) provide for national regulation over the fiscal powers of a municipality. In addition, sections 215 and 216 and other provisions of Chapter 13 grant powers to the National Treasury to regulate the financial affairs of municipalities.

The proposed Treasury Control Act required under Section 216 of the Constitution will set financial controls for all spheres of government and impose responsibilities and penalties on accounting officers and chief executive officers, and intervention in the event of gross financial mismanagement is also allowed in terms of Sections 100 and 139 of the Constitution. Sections 229 and 230 also provide for national regulation over the fiscal (i.e., taxing and borrowing) powers of municipalities.

In terms of Section 227(1) of the Constitution, local government is entitled to a share of the income which is raised by the national government. The proportion of nationally generated revenue which goes to local government must be equitable. In other words, nationally generated income must be shared fairly between national, provincial and local government, based on the functions each has to fulfil and the amount of revenue they are able to generate on their own.

To meet the objectives of the Constitution, the system of municipal finance will need to be restructured in line with a number of basic policy principles as described in the White Paper on Local Government (The Government of South Africa, 1998):

- **Revenue adequacy and certainty:** Municipalities need to have access to adequate sources of revenue – either own resources or intergovernmental transfers – to enable them to carry out the functions that have been assigned to them. Municipalities should be encouraged to fully exploit these sources of revenue to meet their developmental objectives. Municipalities should have reasonable certainty of revenue to allow for realistic planning.

- **Sustainability:** Financial sustainability requires that municipalities ensure that their budgets are balanced (income should cover expenditure). Given revenue constraints, this involves ensuring that services are provided at levels which are affordable, and that municipalities are able to recover the costs of service delivery. No bailout will be provided to a municipality that overspends its budget and/or fails to implement proper financial management controls. It is the responsibility of the political leaders to ensure that they set realistic budgets. However, there is a need for subsidisation to ensure that poor households, who are unable to pay even a proportion of service costs, have access to basic services.
- **Effective and efficient resource use:** Economic resources are scarce and should be used in the best possible way to reap the maximum benefit for local communities. However, there are no mechanisms available to ensure that municipal decisions will lead to an effective allocation of resources. It is therefore important that residents provide the necessary checks and balances. They can do this by participating in the budgeting process to ensure that resources are being put to their best use. Efficiencies in public spending and resource allocation will ultimately increase the access of the poor to basic services.
- **Accountability, transparency and good governance:** Municipalities should be held responsible and accountable to local taxpayers for the use of public funds. Elected representatives should be required to justify their expenditure decisions and explain why and how the revenue necessary to sustain that expenditure is raised. The fiscal system should be designed to encourage accountability. Municipal budgeting and financial affairs should be open to public scrutiny, and communities should have a greater voice in ratifying decisions about how revenue is raised and spent. Community participation in budgeting should aim to incorporate those groups in the community, such as women, who face particular constraints in participating. It should also include a capacity-building component to ensure that people understand the process of prioritisation - why resources are allocated to one set of things rather than to another. Accounting and financial reporting procedures should minimise opportunities for corruption and malpractice.
- **Equity and redistribution:** Municipalities must treat citizens equitably with regard to the provision of services. In turn, national and provincial governments must treat municipalities equitably with regard to intergovernmental transfers. Local government cannot be solely responsible for redistribution, and national government has a critical role to play in this regard, particularly with respect to subsidising the provision of basic services. The “equitable share” of national revenue* to which local government is entitled will be directed primarily at this purpose. In addition to targeted subsidies to poor households, funded from the “equitable share”, municipalities can cross-subsidise between high- and low-income consumers, both within particular services and between services. The extent of this cross-subsidy is a local choice that needs to be exercised carefully, in the framework of the municipal integrated development plan.

- **Development and investment:** Meeting basic needs in the context of existing service backlogs will require increased investment in municipal infrastructure. Public private partnerships such as leases and concessions, discussed in Section F: Administrative Systems, provide a mechanism for attracting private investment in municipal infrastructure.
- **Macroeconomic management:** Municipalities form an integral part of the public sector in South Africa, and their actions can substantially affect national policy. Municipalities need to operate within the national macroeconomic framework, and their financial activities should not be such as to destabilise macro-economic fiscal policy.

ROOT CAUSES

Ineffective utilisation of financial resources (poor financial administration), inability to collect revenue and insufficient fiscus allocation

The local government equitable share formula introduced in 2005/06 still uses the same principles and objectives developed in 1998/99. Section 214 of the Constitution says: “An Act of Parliament must provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government” and “any other allocations to provinces, local government or municipalities from the national government’s share of that revenue, and any conditions on which those allocations may be made”. The current system of Division of Revenue is not economically efficient nor conducive to labour-intensive economic growth. Municipalities do not have access to adequate sources of revenue to enable them to carry out the function assigned to them. All people should have access to essential services as a minimum condition to ensure social sustainability.

Local government cannot “do more with less” if the finances as input are not aligned to a results-based methodology. If business processes are not re-engineered and projects not prioritised, local government cannot become efficient, effective and economic. This is the case for all categories of municipalities. Financial accountability to manage the available resources cannot be measured if planning and monitoring principles are not implemented. Proper financial controls in some instances do not exist.

Although sound billing systems exist, local government does not have the means to step in to address low revenue collection. The current reality is that the ballooning outstanding debt from government, business and residents, resulting in over R230.7 billion (as of November 2021) debt owed to municipalities (gross debtors, interest growth), is crippling municipalities and therefore delays the provision of service to the communities. Metropolitan municipalities are owed R115.4 billion, up from R111.2 billion in the second quarter of 2020/21. Households in metropolitan areas account for R84.2 billion or 73 per cent of outstanding debt, followed by businesses that account for R25.6 billion or 22.2 per cent and debt owed by organs of state at R5.0 billion or 4.4 per cent of the total outstanding debt owed to metros.

ROOT CAUSES

Similarly, municipalities owed their creditors R65.5 billion as of 31 March 2021, a decrease of R1.7 billion compared to the R67.3 billion reported in the second quarter of 2020/21. A political will need to be created to recover service delivery costs. Communities are thus unable to perform the role of “watcher” over municipal finances as political decisions in some instances are taken randomly based on inconsistent interest group pressure. The deemed corruption and nepotism at the local government level impacts investor confidence. Accounting for monies spent should thus be built into government processes that communities have greater insight into how the finances of the municipality are expended.

Alongside those municipalities that boast a relatively sound financial base, some municipalities are a going concern. In contrast, other municipalities, particularly in rural environments where local economic development is a mirage (due to historical, infrastructure or administrative challenges), resort to grants as a financial sustenance mechanism.

Rates and taxes continue to increase against the backdrop of declining household income in some serviced communities. This over-reliance on these poor communities results in growing consumer indebtedness and inability to pay for services leading to a consequent decline in revenue generation for municipalities. Furthermore, the general economic decline, fiscal constraints and large-scale closure of business in many towns, emerging from the deceleration in the mining, manufacturing and agricultural sector output, is another contributor to the decline in the revenue base. Accordingly, there is a need to implement a differentiated approach and advance reforms to the intergovernmental fiscal and grant system to incentivise and enable better management of the urban system, rural/regional economies and targeted infrastructure funding to boost economic growth and competitiveness.

EFFECTS

Financial instability (revenue uncertainty), economic disparity, accelerated social inequality for local communities

- Inequitable and inadequate distribution of financial resources to finance programmes;
- Unaffordable plans (unrealistic plans) passed.

INTERVENTIONS

- Review the equitable share formula and review the fiscal architecture of the state, especially in so far as it affects local government;
- Review the MPRA to ensure that municipalities can diversify the revenue and customer base in order for provision to be made to levy property rates and taxes in communal land;
- Design and implement innovative measures for restructuring of historical uncollectable debts, including write-offs;
- Eliminate fiscal leakages and inefficiencies that are undermining fiscal credibility and service delivery;

INTERVENTIONS

- Facilitate infrastructure borrowings and funding (transfers, tariffs and taxes including new money projects);
- Design and deploy a performance-oriented system to direct financial allocations across municipalities;
- Design strategic profiles (packaging) of municipalities to attract investment (e.g., establish strategic partnerships with mainstream media);
- Lobby for a responsive remuneration regime (performance-based allocation of budget to municipalities regardless of type);
- Leverage municipal systems improvement grant (MSIG) to support municipalities to embrace e-government (digitalisation) and diversify their revenue mix;
- Utilise capacity building grants for lesser-resourced, poorer, and more rural municipalities (differentiated approach)'
- Utilise the Division of Revenue to incentivize consequence management this will ensure that officials and public office bearers are held legally and personally responsible when they transgress financial management and supply chain management policies;
- Eradicate contract mismanagement and procurement irregularities through consequence management and extracting accountability;
- Invest in industrialisation and reindustrialisation as key to improve local economies;
- Implement gender-responsive budgeting (GRB) and mainstreaming GRB throughout the entire scope of the budget process as it applies to national, local and provincial governments;
- Create regulations to support townships and rural areas to drive economy (e.g., rezoning).

THE PROMISE

Section 154 of the Constitution supports local government through co-operative governance. The national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.

Developmental local government must provide a vision and leadership for all those who have a role in achieving local prosperity. Poor co-ordination between service providers could severely undermine the development effort. Municipalities should actively develop ways to leverage resources and investment from both the public and private sectors to meet development targets. Many different agencies contribute to development within any local area, including national and provincial departments, parastatals, trade unions, community groups, and private sector institutions.

To achieve developmental outcomes requires significant changes in the way local government works. Section 3 of the White Paper on Local Government put forward three interrelated approaches which can assist municipalities to become more developmental:

- Integrated development planning and budgeting
- Performance management

Integrated development planning is required to overcome the immense challenges and understand the various dynamics operating within their area, develop a concrete vision for the area, and develop strategies for realising and financing that vision in partnership with other stakeholders. Integrated development planning is a process through which a municipality can establish a short, medium, and long-term development plan. The main steps in producing an integrated development plan are:

- An assessment of the current social, economic and environmental reality in the municipal area - the current reality.
- A determination of community needs through close consultation.
- Developing a vision for development in the area.
- An audit of available resources, skills and capacities.
- A prioritisation of these needs in order of urgency and long-term importance.
- The development of integrated frameworks and goals to meet these needs.
- The formulation of strategies to achieve the goals within specific time frames.
- The implementation of projects and programmes to achieve key goals.
- The use of monitoring tools to measure impact and performance.

In effect, integrated development plans are planning and strategic frameworks to help municipalities fulfil their developmental mandate:

- They enable municipalities to align their financial and institutional resources behind agreed policy objectives and programmes.
- They are a vital tool to ensure the integration of local government activities with other spheres of development planning at provincial, national and international levels by serving as a basis for communication and interaction.
- They serve as a basis for engagement between local government and the citizenry at the local level and with various stakeholders and interest groups. Participatory and accountable government only has meaning related to concrete issues, plans and resource allocations.
- They enable municipalities to weigh up their obligations and systematically prioritise programmes and resource allocations. In a context of great inequalities, integrated development plans serve as a framework for municipalities to prioritise their actions around meeting urgent needs while maintaining the overall economic, municipal and social infrastructure already in place.
- They assist municipalities to focus on the environmental sustainability of their delivery and development strategies. Sustainable development is development that delivers basic social and economic services to all without threatening the viability of the ecological and community systems upon which these services depend.
- They help municipalities to develop a holistic strategy for poverty alleviation. Poverty is not just about low household income. It includes other aspects of deprivation such as a lack of assets to help households cope with shocks and stresses, a lack of the resources or contacts necessary to secure political advantage, a lack of access to education, health care and emergency services, and the lack of safe, secure, and adequately sized housing with basic services.

Furthermore, the White Paper on Local Government allocated powers and functions to district municipalities (The South African Government, 1998). As a result, a variable district government system is envisaged in which districts exercise different sets of powers vis-a-vis their areas and the local municipalities that comprise them, depending on local circumstances.

It is envisaged that the district governments will fulfil the following key roles:

- District government should be reorganised around a set of standard planning and development regions and given key responsibilities for district-wide integrated development planning, including land-use planning, economic planning and development, and transport planning.
- The role of district governments as infrastructural development agents should be continued through the retention of Regional Services Council levies. The district government should also provide bulk-services where required.
- The ability of the district government to provide on-demand assistance and systematic capacity building to municipalities will be promoted. The capacity-building role of district government should be focused on increasing the capacity of Category (B) municipalities to assume municipal functions.
- In areas where municipalities with inadequate administrative capacity are established, the capacity of the district government to provide and maintain appropriate levels of municipal services will be legally permitted and actively fostered.

District government provides an appropriate level for vertical integration through district integrated development plans.

ROOT CAUSES

Inefficient and non-integrated local government delivery mechanisms, systems and processes to enable service delivery

Local governments do not follow a results-based planning process meaning that systems and processes are non-aligned. The IDPs are seldom developed through a cause-and-effect relationship that is taken through to an ideated plan overcoming constraints within the endeavour to take communities and citizens along. Public participation sessions are held, but the focus is more on the restrictions than on the solutions. Few IDPs have outcome indicators that are then cascaded into outputs into the SDBIP, and a clear linkage to the budget seldom exists. Although a link between Section 56 and 57 has been created into the performance plans, aligning the hierarchical structure is not compulsory. Measurement development is weak as it is merely an obligation instead of a developmental tool to enable creative decision-making.

Local government is also directed to by other organs of state instead of developing solutions with local government. Strategic planning sessions are mainly attended only by the Department of Co-operation and Government, where some other provincial departments will present and prescribe where facilities will be developed. Fundamental understanding of the needs is not adequately built into foresight planning. Municipalities often find themselves imposed on where the three spheres of government do not plan together. Institutionalised collaboration has not been transformed into the empowerment of actors into a positive arena of planning, development and implementation.

<p>ROOT CAUSES</p>	<p>The government is hierarchically organised, rule-governed, and compartmentalised, operated by professionals who subscribe to a particular set of methods and do not wish to be challenged by people with different and allegedly unconstitutional ideas and concepts (Torring, 2016, p. 4). The adherence to bureaucratic rules and procedures, the lack of competition and bonus payments tend to stifle developmental government. South Africa is over-regulated, where government officials defend the status in fear of action taken against them. Therefore, most actors ignore the aggregate social phenomena that fail to account for the institutional and organisational conditions of socially unacceptable environments. The growth of public bureaucracies and an overload in a welfare state government are contrasted by the increased ungovernability of society. The government needs a de-institutionalisation approach rather than more institutionalised processes.</p> <p>The preamble on the characteristics of developmental local government in the White Paper stipulates that the powers and functions of the municipality should impact social development and economic growth, coordinate alignment between public and private investment, democratise development and empower marginalised communities (The South African Government, 1998) To enable this, integrated planning, performance monitoring and resource planning and implementation is a pre-requisite for successful developmental local government.</p>
<p>EFFECTS</p>	<p>A weak local government that is incapable of fulfilling its constitutional mandate</p> <ul style="list-style-type: none"> • Ineffective/ inefficient/bungled (vertical/horizontal) interventions; • Duplicated and uncoordinated programmes implemented by role-players in the local government sphere.
<p>INTERVENTIONS</p>	<ul style="list-style-type: none"> ▪ Develop a SALGA IT strategy to inform the IS and ICT strategy of SALGA and municipalities; ▪ Adoption of the SALGA strategic digital framework in anchoring next generation digital strategies – aligned with IDPs; ▪ Develop standardised processes and protocols to ensure common approaches to developing digital strategies across the sector to advance uniformity across municipalities; ▪ Formulate a funding/financing framework for broadband and internet infrastructure-related projects; ▪ Develop a sector-wide PPP framework through exploring models of participation - wholesale of broadband capacity from telcos, operators, and spectrum holders (replicating the current electricity provision model); ▪ SALGA Digital to develop a platform for data-as-a-service to empower municipalities with insights, analytics, and data-sharing collaboration for enhanced decision making, planning, monitoring, and modelling across municipal functions;

INTERVENTIONS

- Review and improve the coordinating role of SALGA within the IGR framework;
- Generate well-researched documents on SALGA interventions at IGR engagements (SALGA as a catalyst, navigator);
- Support implementation of PHDAs and compliance with SPLUMA;
- Conduct an analysis of existing legislation, policy and assumptions to determine and resolve areas of duplication, gaps and redundancy among the local government sector stakeholders (including by-laws);
- Amend OLGA to be in line with the SALGA unitary structure;
- Develop barometer to M&E spatial planning initiatives;
- Benchmark and share best practices on successful Section 139 interventions;
- Incorporate DDM in local government planning cycle to fast-track its implementation;
- Develop standardised processes and protocols to advance uniformity across municipalities (e.g. Red Book);
- Develop scorecard on identified areas and generate periodic reports on key local government indicators – tracker using the performance management system.

THE PROMISE

In choosing the delivery options for their areas, municipalities should be guided by the following principles:

- **Accessibility of services:** municipalities must ensure that all citizens – regardless of race, gender or sexual orientation have access to at least a minimum level of services. Imbalances in access to services must be addressed through the development of new infrastructure, and rehabilitation and upgrading of existing infrastructure. The Consolidated Municipal Infrastructure Programme has been established to provide capital grants to assist municipalities in funding bulk and connector infrastructure for low-income households and so extend access to services. Accessibility is not only about making services available but also about making services easy and convenient to use. Municipalities should particularly aim to ensure that people with a disability are able to access municipal services and amenities.
- **Affordability of services:** Accessibility of services is closely linked to affordability. Even when service infrastructure is in place, services will remain beyond the reach of many unless they are financially affordable to the municipality. Municipalities can ensure affordability through:
 - Setting tariffs that balance the economic viability of continued service provision and the ability of the poor to access services.
 - Determining appropriate service levels. Services levels which are too high may be economically unsustainable and jeopardise continued service provision.
 - However, inadequate service levels may perpetuate stark spatial divisions between low, middle or high-income users (particularly in urban areas) and jeopardise the socio-economic objectives of the Council.
 - Cross-subsidisation (between high and low-income and commercial and residential users) within and between services. (See also Section G: Municipal Finance, under Point 1.3 “Equity and redistribution”).
- **Quality of products and services:** The quality of services is difficult to define but includes attributes such as suitability for purpose, timeliness, convenience, safety, continuity and responsiveness to service-users. It also includes a professional and respectful relationship between service-providers and service-users.
- **Accountability for services:** Whichever delivery mechanism is adopted, municipal Councils remain accountable for ensuring the provision of quality services that are affordable and accessible.

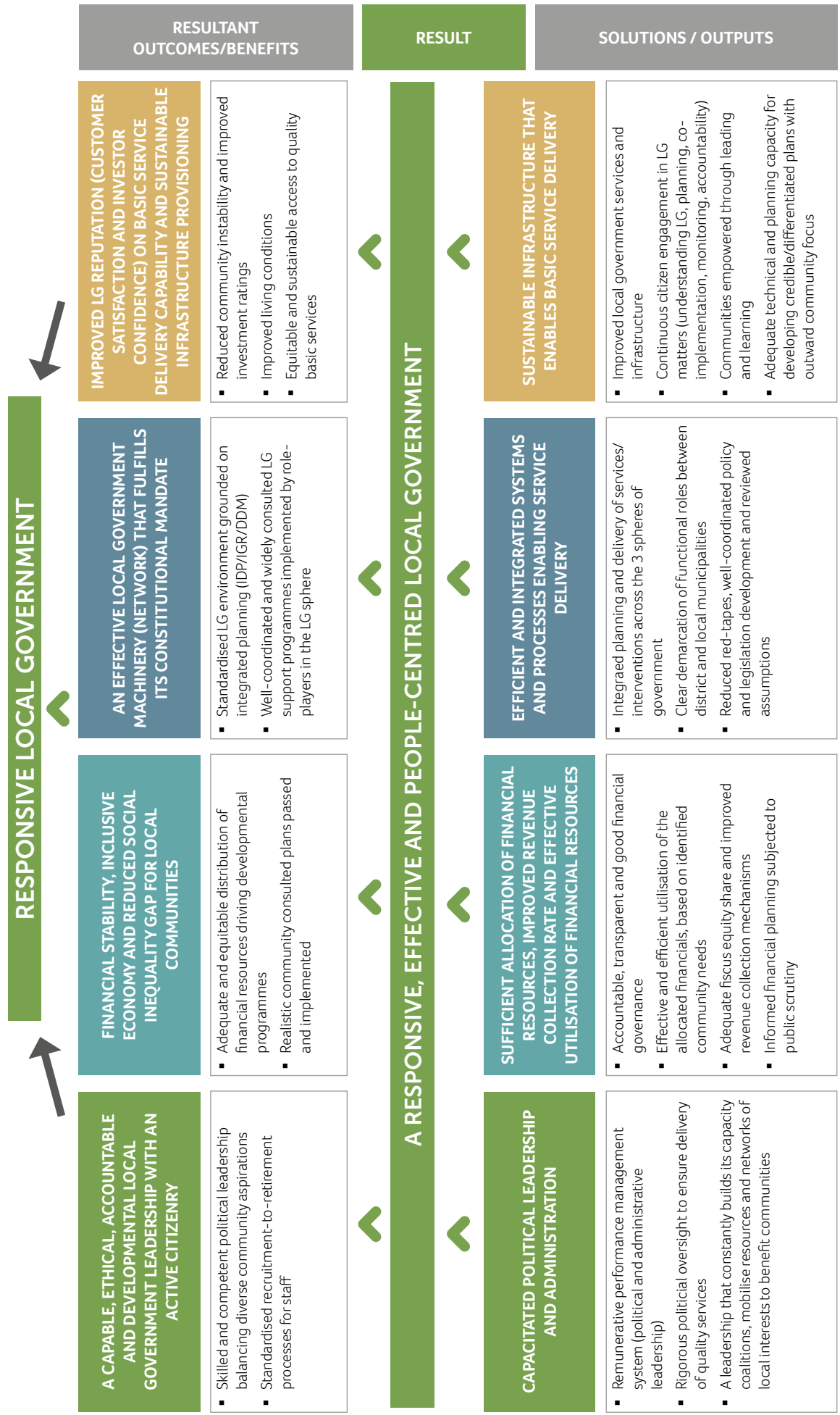
	<ul style="list-style-type: none"> ▪ Integrated development and services: Municipalities should adopt an integrated approach to planning and ensuring the provision of municipal services. This means taking into account the economic and social impacts of service provision in relation to municipal policy objectives such as poverty eradication, spatial integration and job creation through public works. ▪ Sustainability of services: Ongoing service provision depends on financial and organisation systems which support sustainability. Sustainability includes both financial viability and the environmentally sound and socially just use of resources. ▪ Value-for-money: Value in the public sector is both a matter of the cost of inputs and the quality and value of the outputs. The above principles require that the best possible use is made of public resources to ensure universal access to affordable and sustainable services. ▪ Ensuring and promoting the competitiveness of local commerce and industry: The job-generating and competitive nature of commerce and industry must not be adversely affected by higher rates and service charges on industry and commerce to subsidise domestic users. Greater transparency is required to ensure that investors are aware of the full costs of doing business in a local area. ▪ Promoting democracy: Local government administration must also promote the democratic values and principles enshrined in the Constitution, including the principles provided by Section 195(1).
<p>ROOT CAUSES</p>	<p>Degenerating infrastructure and non-existent or poor services provided to local communities</p> <p>All people should have access to essential services as a minimum condition to ensure social sustainability. The Constitution mandates the local government to ensure services to communities in a sustainable manner. Local government is the important point where services must be rendered, as the local municipality is the point of contact between the governor and the governed. The provision of services is thus a cardinal, if not the most important, the function of every municipality. If a municipality cannot or does not perform its service provision obligations, its existence is meaningless.</p> <p>To effectively play a developmental role and improve performance with respect to service delivery, municipalities will need to develop at least three sets of new capacities: Strategic capacity to assess, plan, and develop innovative programmes to meet local needs. If municipalities are to meet service demands and make a significant contribution to social and economic development, they will have to become far more strategic in orientation.</p>
<p>EFFECTS</p>	<p>Local government reputational deficit</p> <ul style="list-style-type: none"> ▪ Service delivery unrests, lawsuits and divestments (investors migrating out) ▪ Communities deciding not to pay for poor services ▪ poor living conditions ▪ Inequitable or poor access to quality and sustainable basic services

INTERVENTIONS

- Leverage at scale, private sector capital and technical capacity participation in municipal services delivery through service delivery models that allow private sector to share more of the delivery performance risk
- Establish district level capacity linked to DDM hubs for roads infrastructure development and maintenance as a shared service for the DM and its LMs that do not have requisite capacity.
- Collaborate with key stakeholders such as SANTACO, PRASA etc in planning and delivering integrated multi-modal facilities to harness socio-economic opportunities and improved asset management
- Facilitate support for municipalities to comply with SPLUMA and use it to improve planning and development interventions that enhance spatial transformation
- Enhance research-based spatial transformation monitoring, reporting and decision making through appropriate tools e.g. Spatial Transformation Barometer
- Utilise accurate indigent registers to influence funding that will facilitate the expansion of universal access to basic services
- Municipalities to develop and maintain accurate asset (including land ownership) registers (GRAP standards)
- Implement municipal support and interventions framework (MSIF) on Section 139 and 154.
- Prioritise road infrastructure construction and maintenance as local economic growth depends on road networks
- Facilitate improved public participation and regular feedback and consultation engagements between councillors and communities
- Mobilise communities to be guardians of their resources to reduce looting as it impacts service delivery
- Develop and implement a government-wide comprehensive social cohesion strategy and a barometer for social cohesion
- Analyse trends on voting participation of citizens (local and by-elections) and develop intelligence-driven interventions
- Conduct community education programmes on service delivery accountability to citizens – e.g. “Did you know” campaigns
- Mount a national campaign in building active citizenry in the waste management value chain
- Support municipalities to develop and implement a local government Climate Change Support Programme

Subsequent to a successful implementation of the abovementioned interventions over the five-years, a resultant Solution Tree can be illustrated as follows:

Figure B 68: The local government solution tree



6.4.2 Internal Problem Tree - SALGA



The Constitution allows municipalities to organise forms of municipal association. Accordingly, SALGA and the nine provincial associations were established. However, for historical reasons, the voice of local government has been weak in the development of national and provincial policies, even where these affect local government directly. Therefore, the White Paper for Local Government (1998) (The South African Government, 1998, Section C) determined SALGA's key role as being the effective representation of the local government in the legislative processes of all spheres of government and inter-governmental executive processes. SALGA represents local government interests in forums such as the National Council of Provinces, the Financial and Fiscal Commission, the new Budget Forum dealing with inter-governmental transfers, MinMec, and the drafting of legislation that affects the status of institutions, powers and functions of municipalities. SALGA had to develop its policy formulation, advocacy capacity, and strong internal mandating and consultative processes to fulfil this representative role effectively.

The organised local government in South Africa is also an employers' organisation and constitutes the South African Local Government Bargaining Council (The South African Government, 1998, Section C). Labour relations is often a neglected area, and the importance of labour matters and their impact on the daily operations of local government is sometimes not fully recognised. SALGA has a key role to play, not only as an employer in the South African Local Government Bargaining Council but also in building capacity in labour relations among its membership and maintaining open and constructive relationships with organised labour. The successful transformation of local government requires that the relations between employer bodies and municipal trade unions are reconstructed around a common commitment to a developmental role for local government (The South African Government, 1998, Section C).

The negotiation of this partnership will require vision and leadership and considerable expertise in labour relations, bargaining, conflict resolution, and human resource management and development. The Department of Labour can play a role in supporting SALGA and developing its capacity as an employer organisation. SALGA also can make a strong contribution to the development of municipalities throughout the country, for example, the provision of specialised services to supplement and strengthen the capacity of municipalities, research and information dissemination, facilitating shared learning between municipalities, human resource development and councillor training (The South African Government, 1998, Section C).

Organised local government is primarily funded by and dependent on membership fees payable by municipalities. This keeps local government associations accountable to the municipalities that constitute it. However, the functions performed by the organised local government require wide-ranging, high-level, and specialised human resources. Therefore, for an organised local government to be effective, additional funding sources will need to be accessed. The national and provincial governments are committed to assisting organised local government and have made provision for funding organised local government on a rand-for-rand basis out of the equitable share of national revenue to which local government is entitled (The South African Government, 1998, Section C).

THE CORE PROBLEM - INADEQUATE SALGA INFLUENCE ON LOCAL GOVERNMENT

Diagnostic analysis on SALGA's functional role was conducted and determined that SALGA has an inadequate influence on local government. SALGA is seen as a junior partner by government departments, and civil society viewed SALGA as an administrative extension of local government (National Government of South Africa, 2018). For SALGA to assist municipalities to become developmental, SALGA needs to become an agile force of influence. Inadequate SALGA influence on local government is unpacked into the direct and indirect causes contributing to the core problem where interventions have been developed to derive an agile force to influence local government to become developmental.

When delivering training to municipal officials and councillors, the mandate of SALGA was presented first to ensure no over-complication or reductionism in understanding the SALGA mandate. SALGA operates in a contested space with multiple state departments, ranging from the National Treasury, the Department of Water and Sanitation, to Cooperative Governance, working in the sector. The downside of such a structural approach is that most of these agencies do not co-ordinate interventions in the sector. Because the sector operates in a fragmented way, it has impacted the role of SALGA. The practical issues of representing the sector as a unified voice necessitate a rethink on how the organisation operates.

Figure B 69: The SALGA problem tree analysis



The leading causes can be determined as that SALGA does not fulfil an effective monitoring and evaluation role, inadequate planning and utilisation of financial resources, and inability to enforce legislative compliance.

1

Ineffective and non-aligned monitoring and evaluation systems and information technology solutions

THE PROMISE

The White Paper on Local Government (The Government of South Africa, 1998) allocates the task to SALGA to make a strong contribution to the development of municipalities throughout the country, through, for example:

- The provision of specialised services to supplement and strengthen the capacity of municipalities;
- Research and information dissemination;
- Facilitating shared learning between municipalities;
- Human resource development;
- Councillor training.

In doing so, mechanisms for municipal transformation needs to be established. These include:

Increasing local government's voice through:

- Securing local governments' constitutional rights as a sphere of government;
- Supporting SALGA as the representative voice of local government;
- Ongoing consultation during policy and legislative processes.

The coordinated decentralisation of powers and functions to local government. This will be achieved through:

- Avoiding unfunded mandates;
- Working through and with local government;
- Aligning sectoral service delivery boundaries with municipal boundaries wherever possible.

A coherent planning framework for integrated development planning. The integrated development planning process will:

- Enable planning around needs prioritised in consultation with community groups;
- Facilitate vertical integration with national and provincial policies and programmes;
- Gear municipal resources and capacity to meet the objectives identified in integrated development plans;
- Support for improved service delivery. This will be achieved through:
 - Capacity-building;
 - "Hands-on" assistance for the transformation of service delivery systems.

Developing performance management systems. These systems will be developed in partnership with local government and will have the following aims:

- To enable realistic planning;
- To allow municipalities to assess the impact of their administrative reorganisation processes and development strategies;
- To enhance local government accountability.

Training and capacity building. This will be achieved through:

- The reorganisation of the local government training system;
- Targeted assistance for improved financial and budgeting processes;
- Working with SALGA to develop and implement councillor training programmes;
- Working with provincial governments to develop ongoing capacitation programmes.

Increasing financial certainty. This will be achieved through:

- Streamlining intergovernmental grants;
- Ensuring that municipal demarcation results in financially viable jurisdictions;
- Introducing the equitable share of the national fiscus to which local government is constitutionally entitled.

Ongoing institutional development. This will be achieved through:

- Facilitating shared learning between municipalities;
- Supporting provincial institutional development initiatives;
- Funding pilot programmes;
- Working with the full range of stakeholders who can build municipal sustainability through all of the above initiatives.

The development of the systems required to support municipal transformation should be managed in partnership with local government: this will both build the capacity of local government and result in effective systems which municipalities can use to lever change in their operations and in their approaches to meeting community needs.

	<p>Provincial government’s monitoring role must be supported by an information system which enables the provincial government to determine where municipal capacity needs to be built and where support is required, and to ascertain whether and which kind of regulation or intervention is necessary. An intervention role: Powers of intervention by provincial government in the affairs of local government provide a safeguard to (The Government of South Africa, 1998):</p> <ul style="list-style-type: none"> ▪ Protect and promote minimum standards of local government delivery and democracy and ensure that local government fulfils its constitutional mandate; ▪ Restore a municipality to financial health or to ensure financial sustainability; ▪ Promote accountability and public faith in local government institutions; ▪ Prevent corruption and maladministration.
<p>ROOT CAUSES</p>	<p>To achieve the promise, the SALGA must plan, monitor, and evaluate the local government through digitisation, digitalisation, and research. Unfortunately, SALGA has not succeeded in automating and integrating systems for its organisation and the municipal environment to become the information hub through big data. Digital transformation support to local government will enable results-based planning processes and benchmark municipal performance according to size and capacity. However, non-aligned planning, monitoring and evaluation systems contribute that SALGA cannot profile, harvest and cross-pollinate knowledge into creative decision-making.</p> <ul style="list-style-type: none"> ▪ Lack of big data analytical skills and the information hub not supporting creative decision-making. <p>Poor decision-making leads to low and declining growth, low investment, and high levels of inequality, poverty, and unemployment. Fundamentally. To generate growth and inclusive development within the context of the South African historical trajectory requires a distinctive form of integrated monitoring and evaluation systems to support decision-making through the evidence-based capability to become a capable state. The absence of effective communication structures through digitalisation and digitisation leads to inefficiencies and missed growth opportunities, both internally and externally.</p> <p>The lack of data intelligence contributes to poor integrated planning, capacity to learn lessons as the strategic profiling for the local government is absent. Because the systems and portal are not in place, the decisions and advisory services level do not address local government’s complexity.</p> <p>The absence of tools, handbooks, and information management systems leads to insufficient data intelligence to provide early warning systems for municipalities. Appropriate decisions cannot be taken without these, and partners cannot be lobbied for support. Packaging these can contribute directly to oversight. A digitised monitoring system should support ultimate growth opportunities.</p>
<p>EFFECTS</p>	<p>Obsolete systems/solutions used by SALGA clients, poor decision-making by SALGA clients (not evidence-based)</p> <ul style="list-style-type: none"> ▪ Duplicated innovation efforts and inefficient ICT/knowledge and information generation and sharing at local government level.

INTERVENTIONS

- Develop a SALGA IT strategy to inform the IS and ICT strategy of SALGA and municipalities;
- Review the configuration and functioning of the Local Government Hub;
- Develop data analytics capacity;
- Develop intelligence products (on identified intervention or decision-making areas) – generate data-driven solutions/interventions;
- Review and improve the coordinating role of SALGA within the IGR Framework;
- Generate well-researched documents on SALGA interventions at IGR engagements (SALGA as catalyst, navigator);
- Facilitate uptake of high impact knowledge and information innovations in the sector;
- Locate areas of excellence and build common solutions (partnerships with municipalities and Big Tech) and practice;
- Develop barometer to M&E Spatial Planning initiatives;
- Develop a “Red Book” for key technical departments to standardise implementation (professional standards) – common solutions for similar problems;
- Develop and monitor scorecard on municipal performance (implementation) against SALGA’s Snapshot Surveys – finger on pulse (customer of the customer outreach).

2

Inadequate planning and utilisation of financial resources (balancing surplus and clean audit findings with impactful interventions)

THE PROMISE

An intensive support programme including all the elements listed above will be required to develop municipal capacity for delivery and development. The process of establishing the new local government system is likely to result in extraordinary costs, and a special transformation fund may be required to assist municipalities to manage the transformation process. A transformation fund could include capacity-building funds and additional resources from aid agencies. It should be structured to support the capacitation and development of local government (The Government of South Africa, 1998).

ROOT CAUSES

SALGA continuously performs above average and has achieved clean audits for the past nine years. The local government's performance, on the other hand, continues to deteriorate. Therefore, SALGA's planning and utilisation of resources must balance the SALGA's performance and that of the local government.

- Insufficiently explored additional revenue streams and financial growth opportunities;
- Dependency on membership fees which strains municipal finances.

It has been noted in the SALGA 20 year review report (SALGA, 2016, p. 13) that SALGA has not been able to fully align its structure with its functions, some of which are crucial to the sector but are non-mandated and unfunded or fall under provincial mandates. As a result, mandates delegated to some local government structures without commensurate funding require support from SALGA. This is directly linked to the inability of SALGA to implement the clause in the White Paper that encourages SALGA to raise its funding through paid services due to its registration as a Schedule 3A entity under the Public Finances and Management Act.

In addition, challenges around funding have not been constitutionally entirely laid to rest primarily because the right to vote in SALGA structures is tied to paid-up status, but members have never been suspended in terms of the Constitution for not paying (SALGA, 2016). While there was a growth in legislation and an expansion of the roles expected of SALGA, the organisation's ability to align its structure with the needs of the sector was hampered by its financial constraints.

The lack of co-ordination between spheres of government as municipalities' revenue is declining is reflected in SALGA's membership income. The membership levy collections have thus been reduced from 80.71 per cent in 2019/20 to 84.9 per cent from the previous year (CFO, 2021, p. 25). Internally, SALGA has not managed to turn ineffective and inefficient processes around as there is still too much paperwork and long leading procurement and reporting with a high reliance on manual processes.

- Inadequately implemented legislation/policy (white paper provisions on SALGA funding).

For organised local government to be effective, additional sources of funding will need to be accessed. The functions performed by the organised local government require wide-ranging, high-level and specialised human resources and strategic capacity. Strategic capacity means to be open and flexible to new demands (rather than simply ignoring the reality because it does not fit with established plans or patterns of supply), to prioritise the value-add carefully based on a clear understanding of existing resources and medium to long-term objectives, and to move quickly and effectively to meet demands at the highest level of competence as per the requirements.

	<p>SALGA cannot meet customer demands and mobilise change with the notion of developmental local government with the limited resources at its disposal. Also, the establishment of SALGA to advise and collaborate requires vision and leadership and considerable human capital to contribute to the development of municipalities throughout the country. To provide specialised services by organised local government needs wide-ranging, high-level and specialised human resources.</p>
EFFECTS	<ul style="list-style-type: none"> ▪ Curtailed or inefficient value-add to members or business inefficiencies; ▪ Unpredictability of SALGA as a going concern in the foreseeable future
INTERVENTIONS	<ul style="list-style-type: none"> ▪ Conduct an analysis of existing legislation, policy and assumptions to determine and resolve on areas of duplication, gaps and redundance among the sector stakeholders (including by-laws); ▪ Amend OLGA to be in line with the SALGA unitary structure; ▪ Explore/implement White Paper provisions on SALGA funding; ▪ Monetise other services provided to clients; ▪ Adopt a more business-like approach (i.e. SALGA as a local government consulting company); ▪ Package and sell bankable solutions to clients (current product development committee focus); ▪ Monetise other services provided to clients; ▪ Mainstream fundraising strategy.

THE PROMISE

The White Paper on Local Government (The Government of South Africa, 1998). Intergovernmental relations are the set of multiple formal and informal processes, channels, structures and institutional arrangements for bilateral and multilateral interaction within and between spheres of government. In South Africa, a system of intergovernmental relations is emerging to express the concept of cooperative government contained in the Constitution.

A system of intergovernmental relations has the following strategic purposes:

- To promote and facilitate cooperative decision-making;
- To coordinate and align priorities, budgets, policies and activities across interrelated functions and sectors;
- To ensure a smooth flow of information within government and between government and communities, enhance the implementation of policy and programmes;
- The prevention and resolution of conflicts and disputes.

To date, the development of a framework for intergovernmental relations has focused on the relationship between national and provincial governments. The role of local government is being defined as it develops in practice over time. The establishment and recognition of organised local government structures is an important step in ensuring local government representation in intergovernmental processes and forums. In 1998 local government representatives nominated by the South African Local Government Association (SALGA) took their place in the National Council of Provinces (NCOP) (The Government of South Africa, 1998).

ROOT CAUSES**SALGA's inability to enforce legislative compliance and co-facilitate cooperative governance**

- Clients ignoring advice and not implementing SALGA interventions and lack of political will;
- Below average or unqualified trainees/Staff deployees and inappropriately pitched training material developed by SALGA (not considering different levels of comprehension);
- Insufficient advocacy skills, lobbying capacity and expertise in labour relations.

ROOT CAUSES

As the voice for local government, SALGA thus finds it difficult to provide a framework for developmental local government and adequate support if some municipalities act in their own interests and not from a unilateral perspective. Furthermore, intergovernmental relations become ineffective if both the political and the administrative wings of municipalities do not support the initiatives and policy directions SALGA provides, specifically on appropriate human resource development; service tariffs and credit control and debt collection policies; provision of services, service delivery agreements and municipal district development models; standards-setting by other spheres of government to build local government into an efficient progressively, frontline development agency capable of integrating the activities of all spheres of government for the overall social and economic upliftment of communities in harmony with their local natural environment (The South African Government, 2000).

SALGA is an umbrella body, and its mandate reflects the mandates of all government departments and state-owned enterprises working within the sector. In terms of capacity, the organisation has contended with the urgency of assisting members and remaining relevant and visible. At the same time, this urgency has led SALGA to assume more responsibilities than it can credibly sustain in its effort to be “everything to everyone” and satisfy its legislative mandates. For example, housing, water and electricity are essential universally unfulfilled needs expressed through community protests.

Housing, electricity and water are not exclusive sector mandates. The allocation of personnel to these activity areas does not reflect the urgency of these priorities, which persistently plagued members with structural and capacity challenges (SALGA, 2016, p. 16). The seemingly minor mandated roles to SALGA are highly specialised areas of intervention, and members legitimately expect significant advisory services in these matters, tailored to each member’s circumstance, that SALGA may not always provide. Some categories of municipalities often perceived SALGA to neglect their views in the submissions of the organisation.

The neglected views happened because of the diverse opinions from different category municipalities’ (SALGA, 2016, p. 13) capacity, circumstances and resources. The mandate of SALGA persistently came up in various fora, indicating the need to clarify the powers and functions of SALGA and the local government sphere of government. Expectations were created for SALGA to build capacity, to address the delegated roles of members despite not having an active mandate for these expanded roles.

EFFECTS

Inadequately responsive SALGA (e.g., cannot enforce consequence management on members)

- Underprovided and restrained SALGA interventions or advisory services

INTERVENTIONS

- Strategic profiling of the implementation environment (customer) and proactive messaging – targeting to attract investment;
- Strategic partnerships with mainstream media and deliberate packaging of profiles;
- Quarterly reporting on municipal performance – good, bad and progress (SALGATV, mobilised media platforms);
- Establish strategic partnerships and engagement platforms for innovation and knowledge sharing (roundtables, conferences, etc.);
- Re-organisation of current policy assumptions to ensure currency and relevance;
- Making clear choices of assumptions, improve solutions (interventions) and provide leadership;
- Conduct an audit on interventions made by SALGA (past five years) which have made a high impact to the customer against the spend and determine areas requiring improvement;
- Improve efficacy of SALGA support and advisory services;
- Customise products against the level of the system being engaged (e.g., products tabled at the Council of Speakers should suit their outfit, etc.) – intervening at the right level.

Subsequent to a successful implementation of the abovementioned interventions over the five-years, a resultant Solution Tree can be illustrated as follows:

Figure B 70: The SALGA solution tree



6.5 Stakeholder Analysis

SALGA has analysed its outcomes and identified the key role-players or stakeholders that will impact the implementation of these outcomes. In terms of the requirements, interest and power to influence, Figures B 67 and 68 depicts them as follows:

Figure B 71: External Stakeholders

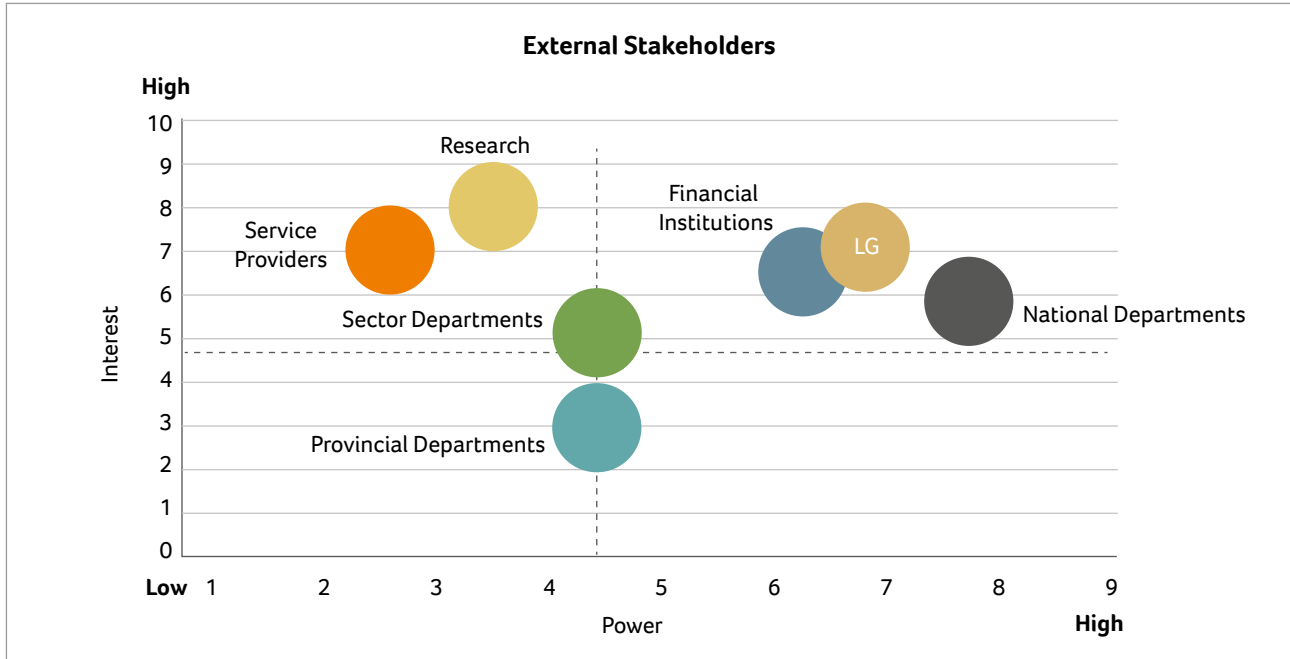
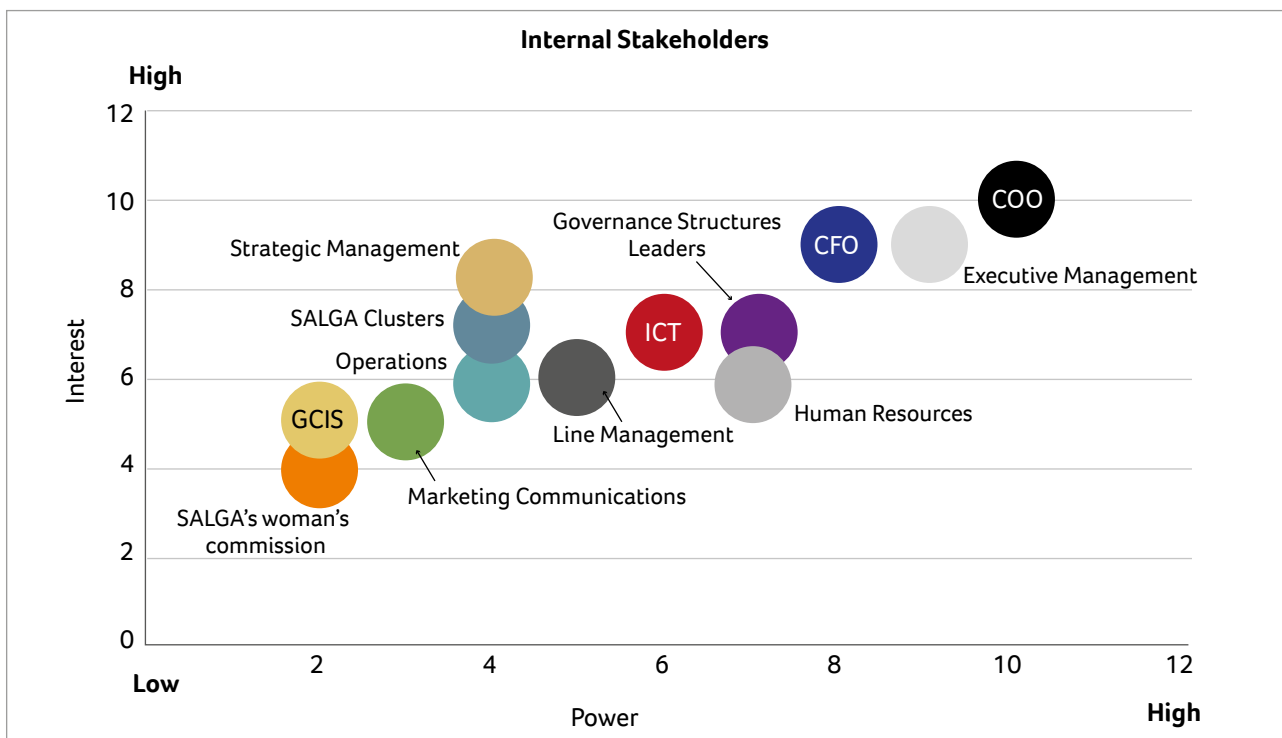


Figure B 72: Internal Stakeholder Analysis





PART C

MEASURING OUR PERFORMANCE

PART C

MEASURING OUR PERFORMANCE

8. INSTITUTIONAL PERFORMANCE INFORMATION

8.1 Introduction

The information reflected in the performance information section of the SALGA Strategic Plan 2022-2027 is underpinned by a relevant results-based planning methodology informed by the Problem and Solutions Trees diagnostic analysis, in Part B, the Theory of Change, as well as the Logic Model, based on the following approach:



Figure C 1: Methodological Steps



A successful realisation of the intended results in a strategy relies on an extensive consultation with and buy-in from all relevant stakeholders (internal and external). To this end, SALGA embarked on an extensive and inclusive engagement process to deliberate on what needs to be done differently to improve local government as outlined in the strategic and annual performance process map below:

Figure C 2: Strategic and Annual Performance Process Map



8.2 Impact Statement

The legislative and policy mandates inform SALGA’s impact statement. The impact was informed by the Theory of Change used to develop a results-based plan. SALGA’s impact is as follows:



IMPACT STATEMENT

An accountable, responsive, and people-centred developmental Local Government that provides quality of life for its citizens and an enabling environment for long-term sustainability.

8.3 Outcome Statements

The outcomes were crafted as being reflective of the strategic approach SALGA followed towards the development of the 2022-2027 Strategic Plan aligned to the seven priorities identified by the Sixth Administration for the national government. The identified outcomes are for SALGA to create an agile force of change for effective governance and administrative system that is people-centred to drive customised innovative solutions, for a capable and reputable Local Government (LG), where effective networks can be established through strategic engagements, where developmental growth and socio-economic return can be realised to position local government in a global competitive platform.

The outcomes are defined in the table below:

Table C 1: Outcome Description

OUTCOME	OUTCOME DESCRIPTION	OUTCOME RESULT AREAS
<p>Outcome 1: SALGA: An Agile Force of Influence</p>	<p>SALGA is to strengthen its capacity and unite the political and administrative capabilities through development of leadership to grow the mindset to become a comparative local government advisory body, in a people-centered approach, and build creative decision-making through systems thinking. SALGA to provide measurable value-add and balance clean audit findings with impactful and sustainable interventions to the benefit of members. SALGA has to harness business efficiencies and growth opportunities as alternative revenue and aggressively pursue the R-to-R funding basis proposed in White Paper on Local Government in order to augment its current revenue streams to ensure adequate financial resources for implementing the SALGA mandate. This will ensure partial dependency on membership fees with reduced strain on municipal finance. SALGA must improve its advocacy skills, lobbying capacity and expertise in labour relations to represent municipalities effectively. SALGA should profile themselves as a professional body to advise pro-actively on validated data and knowledge that LG can follow alternative routes and strategies.</p>	<ul style="list-style-type: none"> ▪ Inclusive leadership and team development ▪ Innovative decision-making ▪ SALGA’s financial viability
<p>Outcome 2: Customised innovative solutions</p>	<p>SALGA digitises its planning, monitoring and evaluation processes to enhance informed and creative decision-making for themselves and the LG. Standards for LG are developed into different technical categories (Redbook). SALGA needs to start to manage and interpret big data to benefit municipalities. Appropriate technology for LG is developed and standardised for LG. Relevant legislation and policies are revised to contribute to becoming a developmental LG where knowledge is archived, managed and shared. The research capability within SALGA is advanced, where a lessons learnt portal can be established.</p>	<ul style="list-style-type: none"> ▪ Customer-centric digital transformation ▪ Evidence based decision making (Research) ▪ Revised processes and standards (Redbook) ▪ Knowledge sharing

OUTCOME	OUTCOME DESCRIPTION	OUTCOME RESULT AREAS
<p>Outcome 3: Capable and reputable local government</p>	<p>SALGA builds capacity, provides customised support and advises LG to become skilled and competent leadership that constantly builds its capacity to make policy judgements, manage coalitions, and mobilise resources and networks of local interests to benefit communities. The focus is explicitly on leadership development (both political and administrative) where effective results-based planning and systems thinking for problem-solving and creative decision-making needs to be embedded in LG, ethical leadership is practiced, employer and employee relationship is improved, municipalities become legally compliant, by-laws are enforced.</p> <p>SALGA to further capacitate municipalities to standardise recruitment-to-retirement processes for staff to ensure professionalisation, implement the remunerative performance management system for political and administrative leadership and ensure rigorous political oversight to achieve impactful results to benefit the citizenry.</p> <p>SALGA investigates the powers and functions of municipalities to create a functional municipal model. The assigned functions must support the District Development Model (DDM).</p>	<ul style="list-style-type: none"> ▪ Capacitated local government ▪ Skilled and competent leadership ▪ Sound local government decision-making ▪ Revised legislative frameworks, policies and assumptions ▪ Clarified powers and functions
<p>Outcome 4: Effective Networks and IGR</p>	<p>SALGA plays a mandated role in representing the interests of local government within the cooperative government system and in supporting its members to fulfil their developmental agenda obligations. As a statutory partner in government, SALGA is expected to be an active participant in the inter-governmental relations (IGR) structures and other platforms to provide common policy positions driven by members' mandates and interests. In addition, SALGA needs to provide solutions to the challenges facing local government.</p> <p>Therefore, strategic networks such as public-private partnerships are established and promoted to support the value chain of service delivery, which includes integrated planning (IDP/DDM) and delivery of services/interventions across the three spheres of government, and reduced red-tapes, well-coordinated policy and legislation development and reviewed erstwhile assumptions.</p>	<ul style="list-style-type: none"> ▪ Functional IGR structures and systems ▪ Coordinated networking and stakeholder relations ▪ Strategic partnerships ▪ Integrated planning (IDP, DDM) ▪ Municipal legislative compliance enforcement and corporative governance co-facilitation

PART A: GENERAL INFORMATION

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OUTCOME	OUTCOME DESCRIPTION	OUTCOME RESULT AREAS
<p>Outcome 5: Inclusive socio-economic return</p>	<p>SALGA supports municipalities in appropriate financial planning, sourcing equitable and adequate share distribution from intergovernmental transfers in a differentiated approach, effective revenue collection instruments and alternative revenue streams (e.g., funding infrastructure project through infrastructure borrowings and funding).</p> <p>SALGA empowers municipalities to ensure effective and efficient utilisation of the allocated financials (including eliminating fiscal leakages and inefficiencies that are undermining fiscal credibility and service delivery), based on identified community needs and to be accountable, transparent and practice good financial governance.</p> <p>Municipalities are supported to achieve spatial justice through their aligned municipal spatial development plans that respond to the municipal infrastructure plans including maintenance, resulting in improved local government services and infrastructure, improved community stability, equitable and sustainable access to quality basic services, and improved living conditions.</p>	<ul style="list-style-type: none"> ▪ Spatial justice ▪ Improved access to reliable and quality services ▪ Social cohesion and active citizenry ▪ Financially viable Local Government
<p>Outcome 6: Developmental growth for global competitiveness</p>	<p>SALGA supports municipalities to create a conducive business climate to attract and retain investments in municipal areas, revive existing industrial infrastructure (reindustrialisation) for economic viability and competitiveness and placing local government as a global investment destination. SALGA assists municipalities to identify, package and develop strategies for deliberately advancing rural, township and regional economies.</p> <p>SALGA to develop a strategy to guide municipalities to replicate Building Inclusive Green Municipalities (BIGM) project in their municipalities and to advise on and accelerate Green Economy initiatives as an alternative revenue generation stream.</p>	<ul style="list-style-type: none"> ▪ Global economic Investment in municipal areas ▪ Improved business climate ▪ Improved Local Economic Development ▪ Green economy

8.4 Pathway of Change

Accordingly, the pathway has been mapped out in accordance with the six outcomes that resulted from several stakeholder engagements held for the development of the 2022-2027 Strategic Plan. The pathway to change provides a definition of how the intended outcomes can lead to the results as depicted in Figure C3:

Figure C 3: SALGA Change through Outcomes



PART D: TECHNICAL INDICATOR DESCRIPTION

PART C: MEASURING OUR PERFORMANCE

PART B: OUR STRATEGIC FOCUS

PART A: GENERAL INFORMATION

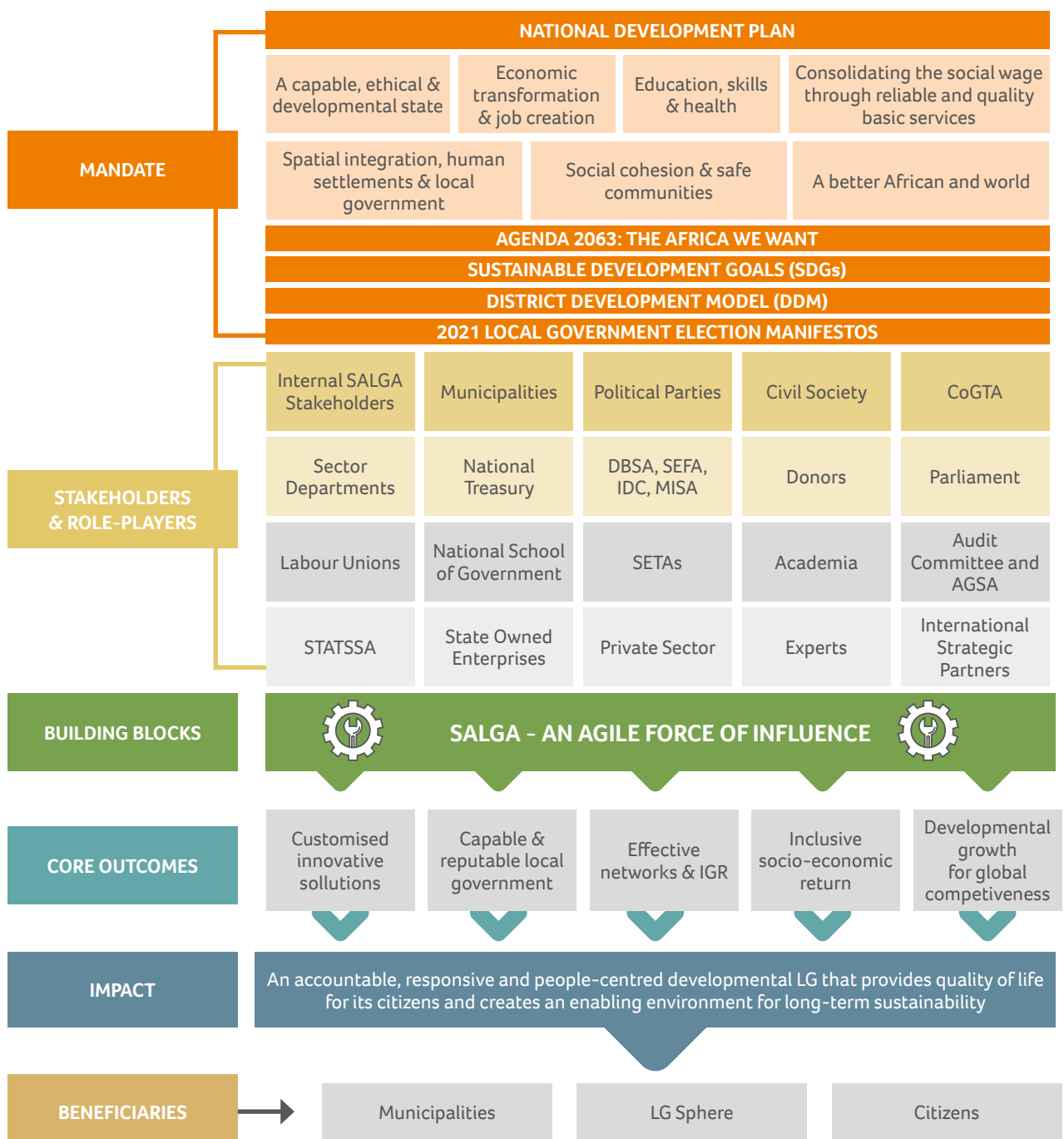
8.5 Strategy Map

The Strategy Map informs the strategy where the pathway of change has been developed. The identified outcomes are for SALGA to create an agile force of change for effective governance and administrative system that is people-centred to drive customised innovative solutions, for a capable and reputable Local Government (LG), where effective networks can be established through strategic engagements, where developmental growth and socio-economic return can be realised to position local government in a global competitive platform.

The pathway of change is depicted as follows:

These priorities and outcomes are pictorially reflected in the SALGA Strategy Map, Figure C 4:

Figure C 4: SALGA Strategy Map




9. MEASURING OUTCOMES

9.1 The Outcomes' contribution to the Medium-Term Strategic Framework (MTSF)

The National Development Plan (NDP) and MTSF aim to eliminate poverty and reduce inequality by 2030. According to the NDP, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society. President Cyril Ramaphosa has announced seven priorities that will fast track South Africa's path to prosperity and realise the vision of the NDP and MTSF. SALGA has aligned its 2022 – 2027 Strategic Plan to the priorities and outcomes of the MTSF as shown below:

Table C 2: Outcomes Contribution to MTSF Priorities

 SALGA IMPACT An accountable, responsive, and people-centred developmental LG that provides quality of life for its citizens and creates an enabling environment for long-term sustainability.		
SALGA OUTCOMES	MTSF PRIORITY	MTSF OUTCOME
Outcome 1: SALGA: An Agile Force of Influence	Priority 1: A capable, ethical and developmental state	<ul style="list-style-type: none"> ▪ Improved leadership, governance and accountability ▪ Mainstreaming of gender, youth and disability empowerment and development institutionalised ▪ Functional, efficient and integrated government
Outcome 2: Customised Innovative Solutions	Priority 1: A capable, ethical and developmental state	<ul style="list-style-type: none"> ▪ Functional, efficient and integrated government
	Priority 2: Economic transformation and job creation	<ul style="list-style-type: none"> ▪ Improve competitiveness through ICT adoption ▪ Innovation
Outcome 3: Capable and Reputable Local Government	Priority 1: A capable, ethical and developmental state	<ul style="list-style-type: none"> ▪ Improved leadership, governance and accountability ▪ Functional, efficient and integrated development ▪ Professional, meritocratic and ethical public administration
	Priority 6: Social cohesion and safer communities	<ul style="list-style-type: none"> ▪ Promoting active citizenry and leadership ▪ Improvement in corruption perception

SALGA OUTCOMES	MTSF PRIORITY	MTSF OUTCOME
Outcome 4: Effective Networks and IGR	Priority 1: A capable, ethical and developmental state	<ul style="list-style-type: none"> ▪ Social compact and engagement with key stakeholders
	Priority 7: A better Africa and world	<ul style="list-style-type: none"> ▪ Equitable multilateral institutions and enhanced global governance
Outcome 5: Inclusive Socio-Economic Return	Priority 4: Consolidating the social wage through reliable and qualitative basic services	<ul style="list-style-type: none"> ▪ Community development interventions
	Priority 5: Spatial integration, human settlements and local government	<ul style="list-style-type: none"> ▪ Improved access to basic services ▪ Shared national spatial vision and frames to support integration between sector departments, Provinces and regions ▪ Functional sub-national regional development in urban and rural spaces
	Priority 6: Social cohesion and safer communities	<ul style="list-style-type: none"> ▪ Fostering constitutional value ▪ Equal opportunities, inclusion and redress ▪ Promoting social cohesion through increased interaction across space and class
Outcome 6: Developmental Growth for Global Competitiveness	Priority 2: Economic transformation and job creation	<ul style="list-style-type: none"> ▪ More decent jobs created and sustained ▪ Investing for accelerated inclusive growth ▪ Competitive and accessible markets Improve the quality and quantum of investment to support growth and job creation
	Priority 2: Economic transformation and job creation	<ul style="list-style-type: none"> ▪ Functional sub-national regional development in urban and rural spaces
	Priority 5: Spatial integration, human settlements and local government	<ul style="list-style-type: none"> ▪ Community development interventions
	Priority 5: Spatial integration, human settlements and local government	<ul style="list-style-type: none"> ▪ Greenhouse Gas Emission reduction ▪ Municipalities prepared to deal with climate change ▪ State of ecological infrastructure improved
	Priority 7: A better Africa and World	<ul style="list-style-type: none"> ▪ Increased foreign direct investment into South Africa

9.2 Explanation of Planned Performance over the Five-year Planning Period

Subsequent to and in line with the impact statement, SALGA has developed its outcomes and outcome indicators below.

Table C 3: Outcome Indicators and five-year targets

OUTCOME 1: SALGA – AN AGILE FORCE OF INFLUENCE

Outcome Statement:

To become an agile force of influence through self-actualized leadership and teams that drive an innovative decision-making culture to ensure a viable funding model for SALGA is mandated through executive powers.

PRIORITY FOCUS AREAS:

- Inclusive leadership and team development
- Innovative decision-making
- SALGA's financial viability

Outcome Indicator	Baseline	5-year target
% Performance against the Annual Performance Plan	86%	90%
Workforce Productivity Index	New indicator	70%
Customer Satisfaction Index – (SALGA Customers)	New indicator	70%
% Reduction on membership fees	90% reliance on membership fees	80%

OUTCOME 2: CUSTOMISED INNOVATIVE SOLUTIONS

Outcome Statement:

Accelerated digital transformation and innovative research enable planning, monitoring, and evaluation of Local Government's performance where a developmental approach is adopted, and complicated bureaucratic requirements are minimised.

PRIORITY FOCUS AREAS:

- Customer-centric digital transformation
- Evidence based decision making (Research)
- Revised processes and standards (Redbook)
- Knowledge sharing

Outcome Indicator	Baseline	5-year target
Digital Maturity Levels (Gartner Model)	New indicator	Level 3 (Proactive)

OUTCOME 3: CAPABLE AND REPUTABLE LOCAL GOVERNMENT

Outcome Statement:

SALGA's mandate is to build capacity, support, and advise the local government to establish a reputable Local Government. Reputable local government can be described as "A professional, dynamic and accountable local government" Professional indicating that employees and Councilors within local government are appropriately qualified, competent, skilled and have the necessary relevant experience. Dynamic can be described as a leadership that is responsive and adaptive to change, is positive, energetic and innovative. Leaders should also be accountable, described as being consultative, responsible, making informed and transparent decisions, and using sustained reporting processes to monitor and control the outcomes and consequences of all decisions.

Priority Focus Areas:

- Capacitated local government
- Skilled and competent leadership
- Sound local government decision-making
- Revised legislative frameworks, policies and assumptions
- Clarified powers and functions

Outcome Indicator	Baseline	5-year target
Municipal Capability Index	New indicator	10% improvement on baseline
Municipal Competency Levels	New indicator	An average improvement
Governance Maturity Index	New indicator	10% improvement on baseline

OUTCOME 4: EFFECTIVE NETWORKS AND IGR

Outcome Statement:

SALGA plays a mandated and strategic role and is an active participant in representing the interests of local government within the system of government and supporting its members to fulfil their developmental obligations. Inter-governmental relations (IGR) and other forum systems offer common policy positions and solutions. Public private partnerships and stakeholder joint ventures are developed to advance intra-governmental services.

Priority Focus Areas:

- Functional IGR structures and systems
- Coordinated networking and stakeholder relations
- Strategic partnerships
- Integrated planning (IDP, DDM)
- Municipal legislative compliance enforcement and corporative governance co-facilitation

Outcome Indicator	Baseline	5-year target
IGR Effectiveness Rating	New indicator	Success rate of tabled position papers
Strategic Partnerships Effectiveness Index	New indicator	20% Effectiveness

OUTCOME 5: INCLUSIVE SOCIO-ECONOMIC RETURN

Outcome Statement:

To advocate for the social cohesion and well-being of the citizenry through spatial integration justice, economic justice, Viable communities and Provide citizens with reliable, sustainable services to enable inclusive socio-economic growth.

Priority Focus Areas:

- Spatial justice
- Improved access to reliable and quality services
- Social cohesion and active citizenry
- Financially viable Local Government

Outcome Indicator	Baseline	5-year target
Municipal Financial Sustainability Index	New indicator	An average of 10% improvement on identified municipalities

OUTCOME 6: DEVELOPMENTAL LOCAL GOVERNMENT FOR GLOBAL COMPETITIVENESS

OUTCOME STATEMENT:

Improving municipal economic stability and international footprint through strategic profiling, twinning arrangements, municipal peer review mechanisms, resource mobilisation (financial and non-financial) and investment in climate solutions for global economic competitiveness

Priority Focus Areas:

- Global economic Investment in municipal areas
- Improved business climate
- Improved Local Economic Development
- Green economy

Outcome Indicator	Baseline	5-year target
% Improvement in municipal perception	New indicator	10% Increase from baseline
% Improvement in private sector investments in supported municipal areas (new and existing business)	New indicator	10% Improvement on supported municipalities
% Improvement in municipalities implementing climate change mitigation and adaptation investment projects	New Indicator	10% improvement in supported municipalities

10. KEY RISKS

Documenting risks is vital to the success of the implementation of any plan. Accordingly, SALGA has identified the following key risks that may affect achieving the identified outcomes and measures to mitigate the identified risks.

Table C 4: Key Risks

OUTCOME	KEY RISK	RISK MITIGATION
OUTCOME 1: SALGA – An Agile Force of Influence	Unethical performance culture	<ul style="list-style-type: none"> ▪ Ongoing communication channels between leadership structures ▪ Integrity and a positive mindset working towards achieving the results ▪ Teams are structured around the outcomes with clear allocated roles and responsibilities ▪ The performance management system is structured around the outcome achievement ▪ Policies and frameworks are amended to accommodate the new way of functioning ▪ Planning, monitoring and evaluation is evidence-based ▪ A methodological approach is used to determine the financial model ▪ Aggressive marketing and communication plan is put in place to market SALGA and its members ▪ Capable Human Capital is in place to deliver on SALGA’s mandate
OUTCOME 2: Customised Innovative Solutions	Disruptive Technology and Resources	<ul style="list-style-type: none"> ▪ Digital maturing organisation ▪ Accelerate Digital skills and learning in municipalities ▪ Drivers for digital technologies ▪ Deliver for impact to advise through evidence-based decision-making ▪ Safe guarding of data ▪ Knowledge management is in place
OUTCOME 3: Capable and Reputable Local Government	Inadequate local government Leadership (Political and Administrative) resistant to change	<ul style="list-style-type: none"> ▪ Sufficient capacity in local government both politically and administratively ▪ Enforcement of performance management policies ▪ Minimise political interference ▪ Continuous change in municipalities is recognised as an ongoing journey ▪ National, Provincial and Local government Programmes are aligned

OUTCOME	KEY RISK	RISK MITIGATION
OUTCOME 4: Effective Networks and IGR	Uncoordinated IGR structures and sub-standard systems	<ul style="list-style-type: none"> ▪ All stakeholders understand the role of SALGA and are willing to engage ▪ IGR structures are functional ▪ SALGA has got appropriate advocacy capacity to engage in IGR structures meaningfully ▪ All stakeholders are aligned and integrated in terms of agenda and priorities ▪ Efficient internal IGR coordination system ▪ Effective Stakeholder Relationship Management Strategy ▪ Buy-in and willingness to participate in sharing best practices
OUTCOME 5: Inclusive Socio-Economic Return	Lack of integrated planning and financial resources	<ul style="list-style-type: none"> ▪ Continued funding of infrastructure backlogs from the national Fiscus ▪ National and Provincial Infrastructure and Spatial development plans are aligned ▪ Availability of reliable data and information (Municipal Immovable Asset Registers are complete --per municipality) ▪ LED Strategies guide infrastructure investment ▪ Infrastructure project coordination mechanisms exist across all spheres of government ▪ Institutional stability and internal capacity (on core functions such as financial management) within the municipality ▪ Personnel capacity appropriately placed against each function ▪ An appropriate billing system is in place to bill services offered ▪ Political stability ▪ Economic stability and steady growth ▪ Finalisation of the Township Economic Development Bill ▪ Participatory communities (Municipalities have developed flexible mechanisms to engage communities) ▪ Policies guiding basic service delivery are adequate and implementable ▪ Access to non-financial resources for municipalities (business and NGOs)

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OUTCOME	KEY RISK	RISK MITIGATION
OUTCOME 6: Developmental LG for Global Competitiveness	Lack of citizen activism	<ul style="list-style-type: none"> ▪ Planning processes to determine the extent of community-driven planning in municipalities (meaningful public participation)
	Non-responsive local government to climate risks	<ul style="list-style-type: none"> ▪ Strategy to adopt and replicate Building Inclusive Green Municipalities project across municipalities ▪ Agreements on the prioritisation of green initiatives with municipalities



PART D

TECHNICAL INDICATOR DESCRIPTION

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PART C: MEASURING OUR PERFORMANCE

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PART D

TECHNICAL INDICATOR DESCRIPTION

Technical Indicator Descriptions must be completed for each outcome indicator in the format stipulated in the Guidelines for the Implementation of the Framework for Strategic and Annual Performance Planning.

Table D 1: Technical Indicator Descriptions

Indicator Title	% Performance against the Annual Performance Plan
Definition	The organisational performance on the approved strategic plan and associated annual performance plans will be monitored and aggregated into a % performance based on the number of targets for the particular year.
Source of data	<ul style="list-style-type: none"> ▪ Annual performance plan ▪ Annual operational plan ▪ Quarterly performance reports ▪ Annual reports
Method of Calculation / Assessment	Number of achieved targets per programme versus planned targets
Assumptions	The plans are resourced accordingly
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Desired performance	90% performance will be acceptable based in dependencies and a 100% performance would also be desirable
Indicator Responsibility	Chief of Operations

Indicator Title	Workforce Productivity Index
Definition	The composite workforce productivity index measures the organisational productivity and is a combination of both financial and people related metric that have an impact on organisational productivity.
Source of data	SALGA financial and HR data.
Method of Calculation / Assessment	Quantitative (the metrics to be used to calculate composite workforce productivity index will be identified and agreed upon)
Assumptions	Access to all required data is available (financial information)
Disaggregation of beneficiaries (where applicable)	Not Applicable
Spatial Transformation (where applicable)	Not Applicable
Desired performance	Productivity Index
Indicator Responsibility	Portfolio Head: Human Capital and Corporate Services

Indicator Title	Customer Satisfaction Index – (SALGA Customers)
Definition	SALGA interacts with municipalities on a daily basis eish providing capacity, advise or even supporting them on a number of issues enabling municipalities to deliver on their constitutional mandate. The indicator aims to test the level of satisfaction by SALGA customers on many of the services that they are receiving from SALGA. Customer satisfaction survey will be conducted throughout the term to assess the level of satisfaction which should enable the organisation to improve on their interaction with municipalities.
Source of data	Survey results
Method of Calculation / Assessment	Qualitative and quantitate methods will be used to analyse the results and generate messages from the responses
Assumptions	Municipalities' participation in the survey and that honest feedback will be provided that can assist in improving SALGA's products and services to municipalities
Disaggregation of beneficiaries (where applicable)	All
Spatial Transformation (where applicable)	All
Desired performance	100% completion of the surveys
Indicator Responsibility	Chief of Operations

Indicator Title	% Reduction on membership fees
Definition	The White Paper on Local Government in 1998 promised a funding allocation for SALGA of Rand for every Rand that SALGA generates from membership. This promise however has not been realised over the past. SALGA will lobby relevant stakeholders to give effect to the promise of the White Paper.
Source of data	Total of the invoice billed to municipalities
Method of Calculation / Assessment	Qualitative and quantitative
Assumptions	Funding available to give effect to the White Paper obligation
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Desired performance	Optimum performance
Indicator Responsibility	National Executive Committee

Indicator Title	Digital Maturity Levels (Gartner Model)
Definition	<p>The Digital Maturity level indicator will assess and determine the extent to which digital/ICT maturity levels as value creation and contribution to delivery mechanism.</p> <p>SALGA will embark on a process to evaluate all municipal digital maturity level and develop roadmaps for each municipality on how to migrate from one level to the other. Support will also be provided to municipalities as the process unfolds. Solutions, products and services will be introduced to municipalities to address the challenges identified during the assessment.</p>
Source of data	Municipal Maturity Assessments Reports
Method of Calculation / Assessment	Qualitative and quantitative reports
Assumptions	<ul style="list-style-type: none"> ▪ Municipalities have internal ICT capacity for implementing ICT projects ▪ Municipalities' participation in the process and openness to SALGA's digital transformation initiatives ▪ SALGA's ability to mobilise support to implement interventions and identified projects in municipalities
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Desired performance	Optimum performance
Indicator Responsibility	Chief Digital Officer

Indicator Title	Municipal Capability Index
Definition	SALGA to conduct assessment and build support programmes for municipalities on the capabilities based on identified areas of interventions.,
Source of data	<ul style="list-style-type: none"> ▪ Assessment reports ▪ Support plans ▪ Progress reports
Method of Calculation / Assessment	Qualitative and quantitative reports (based on select criteria)
Assumptions	<ul style="list-style-type: none"> ▪ Municipal active participation in the assessments ▪ Municipal active participation in the support programme ▪ SALGA's ability to support or mobilise resources to support municipalities on identified areas
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Desired performance	Optimum performance
Indicator Responsibility	Chief Officer: Municipal Capabilities and Governance

Indicator Title	% Municipal Competency Levels
Definition	SALGA to conduct assessment of the competency levels in municipalities (political and administrative) based on capacity building support programmes on identified areas of interventions. The assessment will be based on the number of intakes into the programmes against those exiting the programme.
Source of data	<ul style="list-style-type: none"> ▪ Competency assessment reports ▪ Capacity building support plans ▪ Progress reports
Method of Calculation / Assessment	Qualitative and quantitative reports (based on select criteria)
Assumptions	<ul style="list-style-type: none"> ▪ Municipal active participation in the capacity building support programme ▪ SALGA's ability to support or mobilise resources to implement the training programmes on identified areas ▪ Trainees meet the minimum requirements for participating in the programme ▪ Training material is appropriately pitched at the level of trainee comprehension
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Desired performance	Optimum performance
Indicator Responsibility	Chief Officer: Municipal Capabilities and Governance

Indicator Title	Good Governance Maturity Index for identified municipalities
Definition	To conduct assessment of governance maturity levels in municipalities following SALGA interventions employed during the five-year period.
Source of data	Municipalities
Method of Calculation / Assessment	Quantitate and qualitative
Assumptions	Based on assumption that the governance challenges in municipalities that need targeted interventions by SALGA
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> ▪ Municipalities (Metros, Districts, Locals) ▪ Municipal Councillors ▪ Municipal Officials
Spatial Transformation (where applicable)	None
Desired performance	Optimum performance
Indicator Responsibility	Chief Officer: Municipal Capabilities and Governance

Indicator Title	IGR Effectiveness Rating
Definition	SALGA participate in IGR platform to lobby and advocate on behalf of municipalities. SALGA will measure the effectiveness of SALGA's representations in these platforms. From all the positions that were lobbied, SALGA will assess the outcomes of the process to evaluate whether such have been incorporated in the final legislations and or policies that would have been lobbied for.
Source of data	<ul style="list-style-type: none"> ▪ SALGA policy position paper ▪ Final legislations/policies post SALGA's lobby agenda ▪ Outcome reports of the lobbying and advocacy process
Method of Calculation / Assessment	Qualitative and quantitative reports
Assumptions	Policy positions are developed and lobbied
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Desired performance	Optimum performance
Indicator Responsibility	Parliamentary Officer

Indicator Title	Strategic Partnerships Effectiveness Index
Definition	In order to deliver effectively on its strategic mandate, SALGA will require to establish strategic partnerships with role players both in private and public sector. The effectiveness of these partnerships will have to be measures to determine value realisation.
Source of data	<ul style="list-style-type: none"> ▪ Partnership Agreements ▪ Implementation plans ▪ Progress reports
Method of Calculation / Assessment	<ul style="list-style-type: none"> ▪ Qualitative and quantitative reports (Highly effective, effective, partially effective, ineffective)
Assumptions	<ul style="list-style-type: none"> ▪ Ability for SALGA to establish strategic partnerships ▪ A shared vision between the partnering parties. ▪ Willingness by the beneficiary of the services to participate
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Desired performance	Optimum performance
Indicator Responsibility	Chief of Operations

Indicator Title	Municipal Financial Sustainability Index
Definition	<p>SALGA to assess municipal financial sustainability risk and build support programmes for the targeted municipalities. The following criteria will be used for the assessment:</p> <ul style="list-style-type: none"> ▪ Collection rate ▪ Cash flow coverage (adequacy) ▪ Healthy liquidity ratios ▪ Operating ratio vs Personnel Cost ▪ Debt service ratio ▪ Debt evolution per capita ▪ AGSA MFMA Audit Outcome Report. ▪ Submission of Financials. ▪ Municipal Management letters ▪ Municipal Sustainability Roadshow Outcomes
Source of data	<ul style="list-style-type: none"> ▪ National Treasury Section 71 reports ▪ AGSA MFMA Audit Outcome Report ▪ Municipal Management letters ▪ Budget Reports ▪ MASP implementation plan ▪ Municipal Sustainability Roadshow Analysis Report
Method of Calculation / Assessment	<p>Qualitative and quantitative reports on progression</p>
Assumptions	<ul style="list-style-type: none"> ▪ Availability of comprehensive section 71 reports and raw data ▪ Municipal willingness to implement SALGA's support programmes ▪ Municipalities active participation in the support programme and their appetite to receive and implement as per SALGA's support plan and recommendations. ▪ Ability to obtain Management letters for the 2020/2021 financial year ▪ Adoption of support by Municipal Council
Disaggregation of beneficiaries (where applicable)	<p>Not applicable</p>
Spatial Transformation (where applicable)	<p>Not applicable</p>
Desired performance	<p>Optimum performance</p>
Indicator Responsibility	<p>Chief Officer: Municipal Finance, Fiscal Policy and Economic Growth</p>

Indicator Title	% Improvement in municipal perception
Definition	SALGA conducts surveys to gauge how the customer of the customer perceive municipal services and engagements. The surveys will be conducted on a biennial basis to allow for SALGA to support municipalities to improve on the areas identified in the previous surveys.
Source of data	<ul style="list-style-type: none"> ▪ Snapshot surveys ▪ Assessment reports
Method of Calculation / Assessment	Qualitative and quantitative reports on progression
Assumptions	<ul style="list-style-type: none"> ▪ Participation in the surveys and adequate responses from the customer of the customer ▪ SALGA's ability to drive community-based programme son understanding of local government as beneficiaries ▪ SALGA's ability to administer the surveys
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Desired performance	Optimum performance
Indicator Responsibility	Chief of Operations

Indicator Title	% Improvement in private sector investments in supported municipal areas (new and existing business)
Definition	SALGA to support municipalities to create a conducive business climate to attract and retain investments in municipal areas. This includes municipal strategic profiling and product packaging.
Source of data	<ul style="list-style-type: none"> ▪ Municipal profiles ▪ PPP and other investment agreements ▪ Progress reports
Method of Calculation / Assessment	Qualitative and quantitative reports on progression
Assumptions	<ul style="list-style-type: none"> ▪ Municipal readiness to attract investment (including strategic profiling) ▪ SALGA's ability to drive investment programmes targeting municipal areas ▪ PPP requirements are relaxed and accommodative to facilitate investment partnerships
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Desired performance	Optimum performance
Indicator Responsibility	Chief Officer: Municipal Finance, Fiscal Policy and Economic Growth

PART A: GENERAL INFORMATION

PART B: OUR STRATEGIC FOCUS

PART C: MEASURING OUR PERFORMANCE

PART D: TECHNICAL INDICATOR DESCRIPTION

Indicator Title	% Improvement in municipalities implementing climate change mitigation and adaptation investment projects
Definition	<ul style="list-style-type: none"> ▪ Municipalities are struggling to respond to the global climate change challenge and have not been actively contributing to the national climate change greenhouse gas emissions reduction and adaptation targets. ▪ SALGA will create partnerships with relevant stakeholders to provide municipalities with technical assistance to develop Climate Response plans, budgets and implementation plans; identify climate change projects that will be prepared to access finance; and eventually measure and monitor their climate responsiveness.
Source of data	<ul style="list-style-type: none"> ▪ Annual Reports on performance ▪ List of municipalities supported ▪ Mid-term assessment report ▪ End of term assessment report
Method of Calculation / Assessment	Annually SALGA will support 30 municipalities. An assessment will be conducted to determine the number of municipalities already implementing the climate change mitigation and adaptation investment projects
Assumptions	<ul style="list-style-type: none"> ▪ The identified number of municipalities do not currently have climate change mitigation and adaptation investment projects ▪ The identified municipalities will be supported and willing to participate in the support programme ▪ Sector departments, donors/investors and other stakeholders/partners will participate on the programme and there will be enough resources to support municipalities.
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Desired performance	A minimum of 10% of municipalities implementing the projects, as well as a higher % based on municipal appetite, is acceptable
Indicator Responsibility	Chief Officer: Infrastructure Delivery, Spatial Transformation, and Inclusive Communities

The 2022-27 Strategic Plan for the South African Local Government Association is compiled with the latest available information from all relevant sources. Some of this information is unaudited or subject to revision.

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