

THE EFFECT OF A SYSTEMS APPROACH IN THE STABILIZATION AND TURNAROUND FROM COLLAPSE TOWARDS SUSTAINABILITY OF KING SABATA DALINDYEBO MUNICIPALITY by Louis van der Merwe and Gideon Mashile

SYNOPSIS

Intervention in the technical and financial aspects of a troubled local government is mostly a sound entry point, but a productive and sustained turnaround requires attention to the Social Environment (e.g. healthiness of the council, administration) and to the Business Processes (e.g. legal compliance and effective financial management).

This paper will explain the strategy and reflect on successes and lessons learned in King Sabata Dalindyebo Municipality during the period 2002 -2005.

PROBLEM STATEMENT

Local Government's transformation after 1994 had a far greater impact than what is generally recognized and understood. Government has funded the transformation process, but municipalities had increasingly failed to perform according to the expectation. The gap between the desired state of municipalities and the actual situation widened exponentially after the 2000 demarcation.

King Sabata Dalindyebo Municipality (KSD) served as a pilot site to get an understanding of the cause for the decline and explore a strategy to address the identified challenges.

What will it take to assist KSD to stop the bleeding, turn from a route that leads to collapse towards a functioning, bankable and developing municipality?

SITUATION ANALYSIS

Lombaard's description (2010:14) in his case study of Mthatha, is a good reflection of the situation, not only in KSD but in most other struggling municipalities:

The political transformation since 1960 has left scars on former relationships of trust between different stakeholders. Rivalry among traditional leaders, conflict with modern government practices and institutions, and the subsequent political standoff between the United Democratic Movement (UDM) and the African National Congress (ANC) have left a divided society in their wake:

- KSD was stripped of its water and sanitation powers and functions, but residents and the press still blamed the municipality for inadequate service delivery.
- Municipal debt and the limited financial base of KSD did not allow for extended services to the larger constituency.
- There was a break down in the relationship between KSD and the OR Tambo District Municipality.

- Both these municipalities suffered from weak administration in operations, maintenance and development due to the changing scope of operations and the locational disadvantages. Attracting professional staff was challenging.
- The economic revenue base was eroded with the relocation of the regional administration, and the discontinuation of industrial decentralisation incentives.
- There were further locational disadvantages, such as weak air, rail and road connections, a weak social infrastructure and a mediocre living environment which negatively impacted on the investment environment. The region's viability was weakened by the deterioration of infrastructure and the lack of economic growth in hinterland towns, such as Port St Johns Duytwa and others.
- Mthatha lacked integration and economies of scale, which lead to inefficient service delivery.

Given the above problems, KSD defaulted on their financial commitments to the Development Bank of Southern Africa (DBSA) and therefore necessitated intervention by the DBSA.

COMMITMENT TO ASSIST

On 5 March 2002, it was agreed between the two parties (DBSA and KSD) that the DBSA would consider rendering technical assistance to the municipality so as to improve its billing system, improve customer care and broaden the income base.

METHODOLOGY

Introduction: The broader context in 2002

Government support programmes during the transitional phase of Local Government in the period 1994 – 2000, were either *commodity based* or *process based*. *Commodity based support* programmes were geared to fund financial software systems and capital infrastructure such as electricity reticulation, bulk water and sanitation. All grant funding served their purpose of addressing critical backlogs and gaps left by the rapid changes at local government level.

It was clear that the 'commodity based' approach was not suitable due to the fact that all of the numerous interventions did not prevent the decline in local government

Process based support also failed to bring the much sought after resolve. This type of intervention focused on the analysis of processes at all levels and in all departments to such an extent that concerned politicians and officials coined the phrase 'analysis paralyses'. Consultants from all walks of life and from all over the world were contracted, with the most popular ones those who never set foot in South Africa. Amazingly, so many consultants suddenly had the expertise to advise South African government institutions like Local Government how to successfully deal with the challenges to tear down division and integrate a previously polarized society. Unfortunately these interventions did not have the desired outcome.

Change in approach

The team agreed that none of these conventional approaches will assist to solve the problem. The rate of decline in KSD accelerated and the financial burden of the municipality worsened by the day. The relationship between officials with each other and between officials and politicians worsened to a stage where there was a breakdown in communication between all parties.

In situations like these, we sometimes negate the direct correlation between the collapse in physical infrastructure and the deterioration of social infrastructure and cohesion, be that in the institution or in civil society. The rebuilding of this infrastructure and cohesion needs attention throughout the process.

Change the logic

A 'fire fighting' strategy was not the solution. The problem could only be solved by working backwards from the future and the desired end result was stated in specific, measurable terms.

The 'current reality' was mapped to understand the departure point. This view of the 'current reality' differs with the analysis reports that were already available. This new approach was not a report, but entails an understanding of the dynamics at play in KSD as well as a simple mapping of the revenue value chain.

Information Management and Information Technology was used as a point of departure for the investigation process. The relationships and impacts of different organisational elements on each other were also identified as aspects to be taken into consideration.

Figure 1 below summarises these interdependencies.

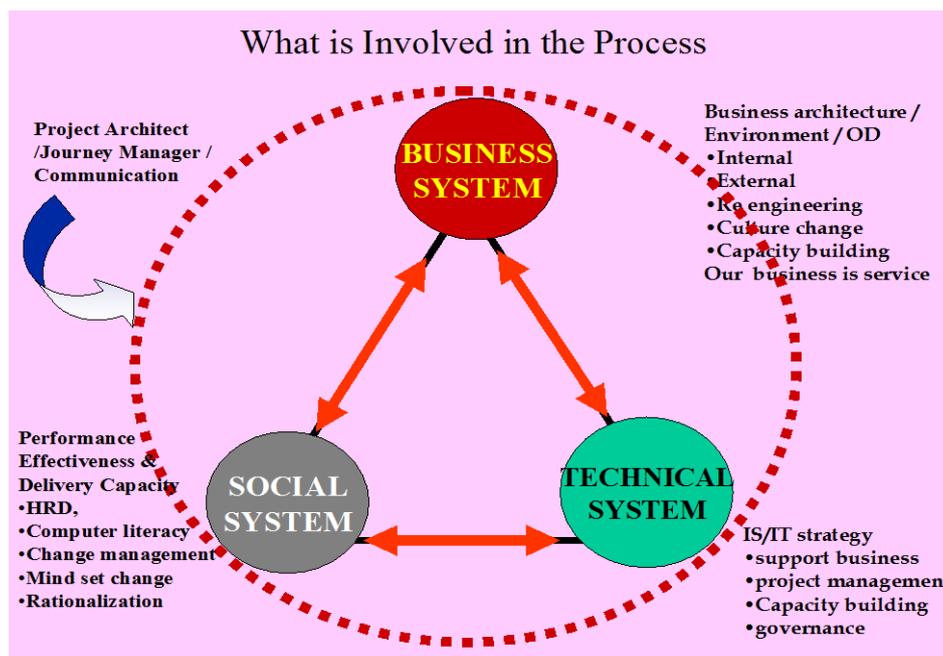


Figure 1

- Based on these interdependencies, a multi pronged strategy was unpacked into the following projects and sub projects: Upgrading of current (Custima) System to meet immediate needs and to take KSD into the next few years.
- A New Administrative Structure Project
- A Political Capacity Building Project
- A New Systems and Capacity Building Project - full spatially enhanced MIS - 3-5 year project

Typical technology focussed solutions attempt to solve the immediate problems, but have low potential to serve the larger issues that will have an impact on the viability and sustainability of an organisation.

The proposals and designs in this case, were based on an integrated multi pronged approach to ensure long term sustainability of infrastructure and economy.

Figure 2 is a conceptualisation of the medium and long term plans for the municipality's over-all business, performance and transformation.

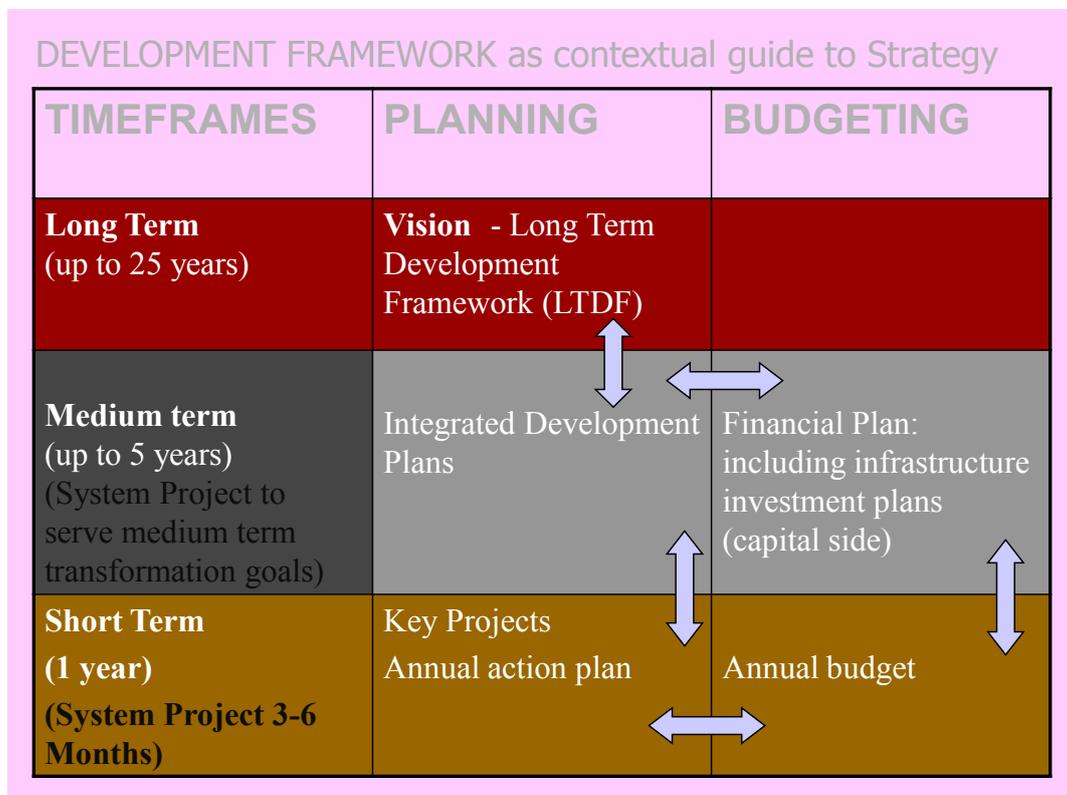


Figure 2

Implementation:

A joint task team from the DBSA and the municipality was appointed to implement the suggested plans.

In June 2002, the task team proposed the following measures:

- Short-term actions of 3–9 months that were aimed at stabilising the current situation and improving the financial position rapidly. These recommendations involved improvements to the system itself, data integrity, reporting and institutional procedures.
- Medium-term recommendations of 9–24 months for further improvement of the municipality's performance and the creation of an integrated system, whereby each department would contribute significantly to the single goal of having an efficient and cost-effective organisation.
- Long-term recommendations of 2–4 years to address critical issues relating to KSD and specifically Mthatha as the major regional urban entity. This was recommended, as the economic wellbeing of the Mthatha has a significant impact on the region. The need for effective systems to support an economically sustainable, developmental municipality was identified.
- A strategy and change management programme to be implemented and the political sphere that embarks on a capacity building programme.
- A strategy to improve intergovernmental relations between all spheres of government.

Frequency

Another significant difference between this project and the conventional approaches was the 'contact frequency'. The team and the respective representatives of KSD had monthly work sessions. The following benefits were realized:

- The municipality remained responsible for all the aspects of the implementation.
- These regular, focussed work sessions assisted to re-establish communication between the different officials, and officials and politicians respectively.
- A different (more positive) work culture was illustrated during the project which created some hope to devastated officials.
- The monthly structured contact limited costs, enabling the project to cover the envisaged 24 months intervention instead of the original 6 months intervention that was approved.

Results

After a period of 30 months, on 21 October 2005, the following results were reported:

- The municipality was on track with delivery.
- All departments were functioning and improving their delivery capacity.
- Actions were in line with approved directions and plans.
- Internal cooperation and the integration of service delivery were healthier.
- Interaction between portfolio committees and departments was much better, but still needed to be improved for better coordination of service delivery.

Most impressive was the improvement in debtor income – from R7.5 million for the first quarter of 2004/05 to R17.3 million for the first quarter of 2005/06.

Following the first intervention, KSD was elected by the DBSA as one of the first six sites that would pilot the implementation of the Policy Framework for Sustainable Development.

King Sabata Dalindyebo Municipality became creditworthy and published a tender for a loan of R40 million in May 2010.

Points to keep in mind

1. The turnaround of Local Government requires partnerships rather than an array of short term interventions.
2. The organizational behaviour / institutional healthiness requires as much attention as any technical aspect.
3. The desired end result must be quantified and clear to all role-players.
4. Manage expectations, 'first things first' and be clear what is in scope and what not.
5. The relationship between people, technology and processes must be managed throughout the support programme.

THE WAY FORWARD

It was said that Mthatha (meaning King Sabata Dalindyebo Municipality) could not make the turn towards a viable municipality, but it did.

Many other municipalities are now, 17 years into our democracy, in the same state as KSD in 2002. There are, like then, numerous commodities based and process based interventions whereby National and Provincial Departments try to monitor and support municipalities.

The challenge to the professionals in the sector, officials and politicians is to commit even more, to care more and to partner with municipalities, one by one, while the focus and commitment serves an agreed outcome beyond short-term, scorecard type outputs.

South Africa could successfully host the 2010 world cup: the country could construct stadia, upgrade airports, roads and accommodation. If that was possible, 284 functioning municipalities are well within reach!

Bibliography

Lombaard, L. 2010. A case study of the Mthatha sustainable development initiative. DBSA, Midrand.