



**mdb**  
municipal demarcation board

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**SEMINAR REPORT:  
A CRITICAL ANALYSIS OF THE 2018 MUNICIPAL  
DEMARCATON BOARD CAPACITY ASSESSMENTS**

**04 JUNE 2019**

**HSRC Office, Pretoria**

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## 1. BACKGROUND AND INTRODUCTION

The MDB has been conducting municipal capacity assessments for a number of years since its establishment in 1999. Firstly, the aim of capacity assessments is to allow for the Municipal Demarcation Board (MDB) to provide advice to MECs of local government for them to adjust powers and functions between category B and C municipalities in terms of section 85 of the Municipal Structures Act. Secondly, for the MDB to use during the municipal boundary re-determination process. The discussions of the seminar were aimed to determine if the outcomes of the 2018 capacity assessments met the intended objectives of the assessments as alluded to above.

In terms of the Municipal Structures Act: "Capacity" is defined as having reasonable administrative, financial and human resources, and infrastructure to perform each of the constitutional functions assigned to a municipality. In this context it also includes leadership, governance and oversight capacity by councillors and senior management of municipalities, and all municipal staff in general. The project which underpins the seminar was focused to look into:

- a) Individual capacity:- leadership, skills, training, experience of staffing;
- b) Institutional capacity:- general human, financial resources, etc. as well as
- c) Environmental/resource capacity:- social, economic, geographic, and natural endowments.

The seminar was attended by representatives from the MDB, Human Sciences Research Council (HSRC), National and Provincial Department of Cooperative Governance and Traditional Affairs (COGTA), Statistics South Africa (StatsSA), invited Local and District Municipalities, Department of Health (DoH), Right 2 Know (R2k), Department responsible for Local Government (DLG) in Western Cape, invited South African Universities and other stakeholders (Refer to **Appendix A** for the attendance register).

## **1.1 PURPOSE OF THIS REPORT**

The rationale of this report is to give a detailed account on the proceedings of the research seminar that was hosted on 04 June 2019 as one of the MDB-HSRC seminar series.

## **1.2 OBJECTIVES OF THE SEMINAR**

The ensuing discussions were intended to assist the MDB to:

- a) Evaluate and determine if the assessments outcomes met the objectives of the municipal capacity assessments as envisaged in legislation and MDB capacity assessment model;
- b) Evaluate the outcomes of the capacity assessments and ascertain if they are of benefit to the MDB's stakeholders, for example, Department of Cooperative Governance and Traditional Affairs (CoGTA), South African Local Government Association (SALGA) and National Treasury (NT), provincial departments responsible for local government etc. in fulfilling their obligations;
- c) Do a critical analysis of the 2018 municipal capacity assessments process (methodology) in order to determine if it is fit for purpose; and
- d) Identify and discuss areas of possible legislative and policy reform.

The summary of seminar objectives alluded to were captured on the seminar poster that was used for marketing and branding the event (See **Appendix B**).

## **1.3 SEMINAR QUESTIONS**

The following were the two main questions that the seminar discussions were expected to provide answers for:

- a) Did the capacity assessment do justice to its intended objectives?
- b) Is the obtained data reliable for use beyond the intended objectives?

### **1.3 PROBLEM STATEMENT**

Conducting capacity assessments is a time and resource intensive exercise, over and above that, there can be a host of challenges on the credibility of data and compiled empirical evidence for decision making. This would call for changes and amendments to the adopted capacity assessments model or methodology adopted by the MDB.

### **1.4 EXPECTED OUTCOMES**

The following were the expected outcomes of the seminar:

- a) A sense of the strengths and weaknesses of the MDB capacity assessments process i.e. methodology;
- b) An outline of the limitations regarding the outcomes of the assessments;
- c) Identify challenges regarding the current capacity assessments process and proposals on how those can be eliminated;
- d) Proposals on how the assessments could be improved going forward, including policy and legislative areas that may require reform; and
- e) To determine the significance of the MDB capacity assessments as a municipal performance management system.

## **2. SEMINAR PROCEEDINGS**

The seminar took place from 12h15 - 14h00 on 04 June 2019. The session was chaired by Mr Aluwani Ramagadza (COO, MDB). The session had one major presentation, which was done by Ms Sue Bannister, a representative of the service provider, Data World (Pty) Ltd that undertook the 2018 MDB capacity assessments. The panellists for the seminar were Mr Scelo Duma (Municipal Governance, KZN CoGTA); Professor Barwa Kanyane (Democracy, Governance and Service Delivery, HSRC), and Ms Lesterina Moseki (National Department of CoGTA). Refer to **Appendix C** for seminar programme.



*Mr A. Ramagadza (standing) caught in action busy facilitating the session.*

The seminar proceedings were opened by the Programme Director; and this was followed by the first presentation of the seminar.

### **3. DISCUSSION**

#### **a) Critical analysis of the 2018 Municipal Demarcation Board capacity assessments.**

The presentation by Ms Sue Bannister outlined capacity assessment processes and major challenges the service provider encountered during assessment process. The major focus of the presentation was on the process and methodology applied during the 2018 MDB assessments. In short, the presentation was centred on the MDB capacity assessments as a reflection of the process itself.



*Ms Sue Bannister (holding a pointer) caught in action busy delivering her seminar presentation*

**b) Methodological steps followed in the assessments**

According to Bannister, data had to be collected from the primary and secondary sources with the aim to accumulate the information pertaining to:

- a) *Planning capacity*, and particularly the role of district municipalities in terms of the legal framework;
- b) *Financial capacity*. Evaluation of factors used and sources of revenue, including challenges;
- c) *Delivery capacity*. Evaluating the division of powers and delivery of functions relative to backlogs;
- d) *Administrative capacity*, including ICT and human resource profiles; and
- e) *Geographical challenges*.

In this regard, methodological processes encompassed:

- a) Desktop data collection;
- a) Development of online system;
- b) Development of questionnaire and testing with some municipalities;
- c) Pre-population of online system;
- d) Online system live for municipal submissions;

- e) Completion of information by municipalities, including amending, updating pre-populated information;
- f) Approval by municipal manager;
- g) Municipal submissions – data written into database;
- h) First draft reports written up at a municipal and provincial level;
- i) Draft reports sent to municipalities and provinces for verification;
- j) Updated database with changes and amendments; and
- k) Developed final reports, that is, municipal, provincial, national and sectoral.

It is worth noting that there were fascinating and interesting issues that emerged from the presentation, and the following were some of the key issues highlighted in the presentation:

- a) The study revealed that most of the municipalities are spending more money on unfunded mandates, for example, sporting events etc.
- b) The manner in which questions were phrased in the study should be improved so that it is user-friendly without compromising the questions and content.
- c) The study revealed that collaborative work amongst stakeholders is critical in local government on issues related to information or data gathering.
- d) The project highlighted a lack of recognising own functions by municipalities, that is, most municipalities do not align their powers and functions as listed in Part B of Schedule 4 and Part B of Schedule 5 in section 156(1) of the Constitution of the Republic of South Africa that stipulates that a municipality has executive authority in respect of, and has the right to administer the local government matters as listed in the alluded schedules. Refer to **Appendix D** for the full presentation.

#### **4. REFLECTIONS (KEY ERMEGING ISSUES FROM DISCUSSIONS)**

The presentation was followed by a plenary discussion, and concluded with questions and discussions from the participants to consolidate the key aspects of the seminar topic as outlined in the introduction as well as on other matters related to the seminar



topic. The pictures below are of some of the participants who attended and deliberated on some of the key seminar issues that emerged during seminar session.



*Members of the Board: Mr A. Kekesi (sitting in the middle at the back) and MR T. Dubazana (sitting at the back on the right) were amongst the seminar audience.*



*Some of the participants who attended the seminar.*



*Professor A. Kanyane (one of the panellists) caught in action reflecting on the seminar topic. At the back is Mr M. Sigidi (CEO, MDB) and Mr N. James (Snr. Researcher, MDB).*

The following were the key emerging issues from the seminar deliberations:

- a) The participants were grateful for the presentation outlining the processes, methodology and the outcomes of the 2018 capacity assessments project. Provincial departments, COGTA and municipalities in attendance appreciated the assessments and indicated that they will be very useful as they give a better picture on the status of municipalities regarding capacity to perform their functions.
- b) A general sentiment was that the MDB capacity assessments are a good dip-stick on the state of local government in South Africa.
- c) It was clear that everyone was concerned that most of the municipalities are spending more money on powers and function outside of their core mandates, such as, sporting events. Most municipalities cannot recognise their own functions. Therefore, it was concluded that the issue of some

municipalities performing un-mandated and unfunded powers and functions should be treated as a matter of great concern that must be attended to by relevant authorities such as COGTA.

- d) The issue of whether the capacity assessment reports are credible enough or not for the MECs of Local Government to use as a basis for adjustment of powers and functions was also discussed. However, the discussions concluded that the credibility of data obtained and its usability is a subject of the quality of the information provided by municipal managers who signed off the completed questionnaires.
- e) Furthermore, it was clear that the credibility of data used in capacity assessments could be questionable, in order to avoid this it was that, amongst others, a credible database of powers and functions for municipalities is needed. This may be achieved if, for example, data on municipal capacity assessments is collected on a continuous basis and archived. However, it was noted that the credibility of data used in capacity assessments is aligned more to municipalities not knowing their authorised powers and functions. This is worsened by the absence in some provinces of MEC powers and functions authorisation Gazettes.
- f) Based on the findings of the study, there is evidence to suggest that amalgamations are not a solution to struggling municipalities, thus new methods for improving municipal capacity need to be formulated.
- g) The issue regarding the two tier system of local government needs to be re-introduced and debated so that issues of capacity in municipalities may be thoroughly dealt with.

## **5. SEMINAR OUTCOMES AND RECOMMENDATIONS FOR THE MDB**

The following recommendations were made:

- a) The seminar agreed that discussions on the current capacity assessments and demarcation systems should continue and be reformulated to adapt to the ever-changing times and national interests and aspirations.
- b) The seminar was considered as successful because of the following:

- i. The seminar served as a platform through which participants from various sectors engaged actively on constructive deliberations around Municipal capacity assessments.
- ii. The assessments outcomes met some of the objectives of the 2018 municipal capacity assessments in the sense that:
  - The assessments revealed that most municipalities cannot recognise their own functions. As such, it was recommended that relevant authorities such as CoGTA should consider treating this as an issue that requires urgent attention. Perhaps, such authorities should embark on awareness campaigns for municipalities regarding the powers and functions that each municipality is supposed to be performing.
  - The seminar agreed that the municipal capacity assessments process (methodology) applied in 2018 MDB capacity assessments is fit for purpose. However, it was recommended that the types of questions asked in the online survey questionnaire and questioning methods should be improved in future assessments to avoid compromising the content. For example, consideration should be made to the length of time taken to complete the questionnaire; avoidance of ambiguous questions; and revisiting the questionnaire template for example.
- c) Furthermore, it was highlighted that it is critical for the MDB to engage with relevant government departments responsible for regulating different powers and functions to discuss the existence of norms and standards upon which municipal capacity to perform powers and functions may be determined. Fortunately, this may be achieved through the current MDB project on minimum norms and standards for municipal capacity to perform powers and functions which started during 2018/19.
- d) Regarding the credibility of data or information provided by municipalities, it is proposed that the MDB should not compromise on the official sign-off by Municipal Managers. But also MDB to consider developing internal capacity dedicated to management of databases continuous development of data collection web tool, updating and liaising with municipalities.

- e) There was general agreement that amalgamations are not a solution to struggling municipalities, thus new methods for improving municipal capacity need to be formulated. In this regard, the MDB has a critical role to play through capacity assessments in ensuring that municipal capacity is improved. For example, whenever the capacity assessments are conducted and finalised, the MDB should visit individual municipalities particularly those which are struggling or underperforming as per outcomes of the capacity assessments. The purpose should be to engage such municipalities about their capacity status and discuss possible.

## **6. CONCLUSION**

It should be noted that the seminar was relatively successful. Of all the objectives listed on 1.2, the seminar was able to sufficiently cover objectives (a) to (c). It should be noted that the seminar fairly deliberated on objective (d), that is, identification and discussion of areas of possible legislative and policy reform. The least that came out of the seminar regarding this objective was that the frequency for conducting municipal capacity assessments is one of the critical issues to be looked into in future.

The seminar was able to discuss and come up with the following:

- a) The new methodology should be employed for collecting data used in future municipal capacity assessments;
- b) Processes should be put in place to improve the credibility of data and information used in municipal capacity assessments;
- c) Most municipalities are performing the unfunded mandates and that relevant authorities should treat this as an urgent matter; and
- d) The existence or none existence of minimum norms and standards for municipal capacity to perform powers and functions should be verified with regulators.

Due to limited time allocated for the seminar, discussions were very restricted and confined to the issues at hand. However, the MDB has the responsibility to take the matters raised in the circular forward to ensure conclusion thereof.

## **APPENDICES**

**Appendix A:** Attendance register of the participants

**Appendix B:** Seminar Poster

**Appendix C:** Seminar programme

**Appendix D:** Presentation by Ms Sue Bannister (Data World Pty Ltd)