

2020-2025

● **STRATEGIC PLAN
(Revised)**



**cooperative
governance**

Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA



DEPARTMENT OF COOPERATIVE GOVERNANCE

STRATEGIC PLAN 2020 TO 2025

Revised: March 2023



cooperative
governance

Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

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Executive Authority Statement



The Constitution of South Africa, which was adopted in 1996, outlines the country's vision for local government. The Constitution establishes a system of cooperative governance, which requires the different levels of government to work together to promote development and improve the well-being of all South Africans.

The vision of government for local government is for the sector to provide efficient and effective services to all residents, including the poor and marginalized, and to promote local economic development. The Constitution requires municipalities to provide basic services such as water, electricity, sanitation, and refuse removal to all residents, and to develop plans to address the specific needs of their communities.

Overall, the vision for local government in South Africa is to build strong, effective, and accountable municipalities that are responsive to the needs of their communities and that work together with other levels of government to promote development and improve the well-being of all South Africans.

In the short period since the dawn of our democracy, we have managed to establish stable, coherent and functional structures of governance, which must be seen as a remarkable achievement, considering that international research indicates that state-building takes a far longer time than the years the new South Africa has had. In addition, since the establishment of the local government system in 2000, the South African government has created a comprehensive legislative and policy framework for local government, which is an achievement that we must be proud of.

This has provided a sound platform from which most municipalities have made progress in establishing municipal systems and processes and in strengthening their overall institutional capability. Improved intergovernmental relations have also ensured the provision of support to local government by both national and provincial government. Moving forward, as the Department of Cooperative Governance, we plan on capitalising on these gains by improving the intensity of our efforts.

It is for this reason that we have updated our Strategic Plan following a comprehensive strategic review process in 2020 with the main purpose of ensuring that we refocus our available resources to maximize the impact of the department on poverty, inequality and unemployment while also inviting the broader society to actively participate in improving the state of cooperative governance. Integral to this Plan is work we will be undertaking to finalise the institutional arrangements for the District Development Model (DDM) which was launched in 2019 as a collaborative effort between national, provincial, and local government to improve coordination and integration of government programs and resources.

The DDM aims to bring together all spheres of government, as well as civil society, private sector, and development partners, to work together in planning and implementing development initiatives at the district level.

Overall, the DDM represents a new approach to development planning and implementation in South Africa, which seeks to bring together all spheres of government, as well as civil society, private sector, and development partners, to work together in planning and implementing development initiatives at the district level. We are also in this plan outlining mechanism we will undertake to monitor the implementation of the DDM plans through an Integrated Monitoring System for accountability.

Our municipalities continue to face significant financial challenges with many of them being limited in their ability to provide basic services to their communities, coupled with widespread reports of corruption, mismanagement, and governance failures in some municipalities.

This is a serious concern, not only for the residents of these municipalities and metros but for the country as a whole as financially viable municipalities and metros are essential for promoting economic growth and development, for providing basic services to communities, and for ensuring that communities are safe and secure.

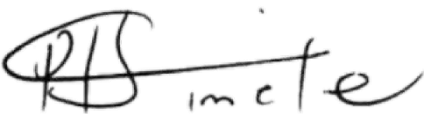
As we work toward a capable, ethical and developmental state, we will ensure that our municipalities are financially viable; improve and sustain good governance. This Strategic Plan further paves a way for us to also address the concerning audit outcomes of municipalities by strengthening Governance, Financial Management and Administration to achieve ideal municipalities with capable leadership, management and oversight.

Part of the work we will continue to undertake includes intervening in a municipality in certain circumstances to address issues of maladministration, corruption, or financial mismanagement in a municipality. This intervention can take many forms, including the appointment of an administrator to take over the running of the municipality, the dissolution of the council, or the suspension of certain powers or functions of the council. While this intervention is necessary to address issues of maladministration, corruption, or financial mismanagement in a municipality, it should be noted that it is a last resort, used only when all other avenues have been exhausted.

We undertake such interventions as we work towards achieving an ideal municipality. For us, the ultimate test of achieving an ideal municipality is when citizens attest that they –

- (a) have a decent living environment and human settlement
- (b) enjoy safety for themselves and their children
- (c) can easily access education and health and recreation facilities
- (d) are part of a vibrant economy creating jobs and promoting inclusiveness
- (e) are part of the fourth industrial revolution and have access to digitization and broad band connectivity; and
- (f) have food security.

We are pleased with the work we have undertaken to ensure that this Plan responds to the mandate of the Department, outcomes that have been set out in the MTSF and our revised Operating Model. It is our hope that as we implement this Plan, we do so with the collaboration and support of all our valued stakeholders.



Ms TP Nkadimeng, MP
Minister of Cooperative Governance and Traditional Affairs

Remarks by the Deputy Minister



The Department of Cooperative Governance went through a process of change and emerged with a new operating model that will allow the department to better respond to the needs of sector. The department continues to evolve to better respond to challenges that are facing local government, particularly with delivering basic services as per the mandate of the sector.

The Department tables this updated strategic plan with gaps identified and the strategic outlook aligned to government priorities. The Plan also documents the instruments, tools and tactics needed to optimize implementation towards intended outcomes and the specific milestones for the remainder of the electoral term and beyond.

These are significant because they help us realize a local government that works for its citizens. For the sake of clarity, this Plan outlines how we will collaborate with municipalities and other stakeholders to ensure that municipalities provide essential services, promote economic development, and keep communities safe and secure.

This Plan takes into consideration the fact that the provision of basic services such as water, sanitation, electricity, and refuse removal is essential for the health and well-being of all South Africans. Without these services, people's quality of life is severely impacted, and they are unable to live in dignity.

The adoption and implementation of the District Development Model (DDM) has since 2019 afforded us an opportunity to define what an ideal municipality is and what it should strive for. It is our hope that implementation of this plan will result in local municipalities who fulfill their responsibility as per their mandate, whilst also being transparent and accountable to the communities they serve. This includes encouraging transparency in decision-making, providing regular updates on progress and challenges, and ensuring that resources are utilized efficiently and effectively.

This updated Strategic Plan outlines how we plan to perform our role in monitoring, supporting and evaluating the performance of municipalities to fulfil their developmental local government role, including their role in the planning and delivery of infrastructure.

We will also, through the Municipal Infrastructure Support Agent (MISA) continue to promote and support the implementation of labour-intensive infrastructure projects, improve access to water and sanitation services, support the development and rollout of long-term infrastructure investment plan for each district space and support municipalities to reduce their environmental impact through waste minimization.

We will further continue to support our municipalities to eradicate service delivery backlogs through mechanisms like the Municipal Infrastructure Grant (MIG) which was established in 2004 and is intended to support the implementation of the municipal Integrated Development Plans (IDPs) as well as to provide funding for infrastructure projects, such as water and sanitation systems, electricity, and roads, in municipalities across the country.

In our efforts to promote sustainable and inclusive urban and rural development. We are better positioned to implement the Integrated Urban Development Framework (IUDF) and the Small-Town Regeneration strategy as the two important initiatives to promote sustainable urban development and address inequalities in urban and rural areas.

It is our belief that by implementing these initiatives, we will be paving a way for all role players in local government to focus on integrated planning, collaboration, and investment.

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We remain committed to leading on governance, institutional development, citizen engagement and coordinate service delivery in collaboration with sector department.

I wish to acknowledge the contribution of Team DCOG, led by the Directors General, in contributing to the repositioning of the Department as well as the development of this updated Strategic Plan.



Mr MFP Tau, MP
Deputy Minister for Cooperative Governance

Accounting Officer Statement



The new Strategic Plan presented us with the opportunity to intentionally drive the strategic focus areas we have been tailoring over the last few years, with measurable indicators aimed at improved Outcomes and Impact. As per any meaningful reform, the transition from Ministry of Local Government to the Department of Local Government and Traditional Affairs meant significant changes to our mandate but more importantly to the operation and functioning of the department and the sector at large. With the support of the Executive Authority, much effort, energy and focus had to be invested in transforming the institution in a systematic way into a high performance, system driven, well governed leader placed as one of the centre of Government departments.

The Department has a solid foundation of legislation and policies that pave the way for its mandate and priorities that need to be pursued to change the face of local government in our country. Our strategic priorities are primarily informed by our legal mandate and as such, the Local Government sector functions under a number of regulations that ensures that it responds to the needs of communities across the 257 municipalities.

The initial outcomes of the 21 Year Review of Local Government also indicates that our mandate is broad and touches on the functions performed by most national departments and institutions and remains interdependent. It further suggests that the above-mentioned regulations still needs further strengthening to execute our mandate efficiently and effectively.

The foundation of our sector lies in (1) our constitution and (2) the 1998 White Paper on Local Government which remains our benchmark for building a capable and developmental local government. To this end, it directs both the national and provincial spheres of government by legislative and other measures, to support and strengthen the capacity of municipalities to manage their own affairs, provincial departments as well as all of local government. The Constitution, however, recognises the mandates of the three spheres of government as distinct, interrelated and, exercise their powers and perform their functions. In executing our mandate, it is therefore important to focus on strategic priorities that will allow us to maximise our impact on reducing poverty, inequality and unemployment with the limited resources available to us.

At the core of the departments mandate is our responsibility to facilitate a conducive environment for a stable, coherent, and functional cooperative governance system as espoused by our constitutional democracy. The mandate of the department is also encapsulated in the priorities of the 6th Administration as set out in the 2019-2024 Medium Term Strategic Framework (MTSF). The Department has developed its Strategic Plan to respond to the mandate, outcomes that have been set out in the MTSF and our revised departmental Operating Model.

Our 2020-2025 Strategic Plan outlines impact and outcome statements that paint a picture of a transformed cooperative government that responds to the needs of the country. We, through our strategic approach intend to strengthen the Implementation of the District Development Model (DDM), as its institutionalisation is a strategic imperative that gives expression to the injunction of Chapter 3 and Section 154 of the Constitution, respectively.

The DDM as an all of government and all of society approach aims to ensure better coordination, coherence and integration of government planning and interventions. The DDM presented the opportunity to test IGR structures and the regulations and legislation available to the department to execute its mandate. Through the DDM Pilots we were able to draw and learn important lessons that will assist the sector to roll out implementation of the model with better coordination and a focus on large scale catalytic projects that focusses on infrastructure development as a driver to address the triple challenge of poverty, inequality and job creation. Paramount to this work is for the Department

to also lead Local Economic Development (LED) to create competitive, sustainable, diverse, innovation-driven and inclusive local economies that are vibrant places in which to live, invest and work.

We are aware that to realise the full implementation of the Strategic Plan and Operating Model, the Organisational Structure is important as the changes will assist to bring efficiency and drive the implementation of our APP. The fundamental focus of the APP is to create smart Indicators that are measurable in nature and linked to a management review system that drives accountability and continuous improvement in each and every directorate. To this effect, we have identified priorities that are outlined in this strategy, which will link our contribution to those of the 6th Administration as contained in the current MTSF.

Going forward, addressing some of our governance related challenges such as improving the audit outcomes of the Department; implementation of the DDM; and providing support to municipalities so as to achieve an efficient and effective functioning local government are some of the areas that would take precedence during the next five years.

A handwritten signature in black ink, appearing to be 'AA Williamson', with a small flourish at the end.

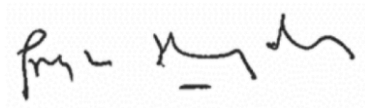
Ms AA Williamson
Director General

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Official Sign-off

It is hereby certified that this Strategic Plan:

- Was developed by the management of the Department of Cooperative Governance under the guidance of Minister TP Nkadameng.
- Takes into account all relevant policies, legislation and other mandates for which the Department is responsible.
- Accurately reflects the impact and outcomes which the Department will endeavour to achieve over the period 2023/24 to 2024/25.



Mr M Mogale
Acting DDG: Local Government
Operations and Support



Dr K Naidoo
DDG: Policy, Governance and
Administration



Dr BE Sithole
Head: National Disaster
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Mr P Pretorius
DDG: Corporate Services



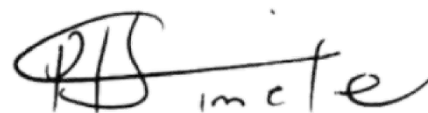
Ms F Matlatsi
DDG: CFO



Ms AA Williamson
Director General



Mr MFP Tau, MP
Deputy Minister for Cooperative
Governance



Ms TP Nkadameng, MP
Minister of Cooperative Governance
and Traditional Affairs

ACRONYMS

AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
CEF	Capital Expenditure Framework
COGTA	Cooperative Governance and Traditional Affairs
CSO	Civil Society Organisation
COVID-19	Coronavirus 2 (SARS-CoV-2)
CWP	Community Work Programme
DCOG	Department of Cooperative Governance
DDM	District Development Model
DoRA	Division of Revenue Act
DPME	Department of Planning Monitoring and Evaluation
DPSA	Department of Public Service and Administration
GCIS	Government Communication and Information System
ICT	Information Communication Technology
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
IGRFA	Intergovernmental Relations Framework Act
IMC	Inter-Ministerial Committee
IMT	Integrated Monitoring Tool
IUDF	Integrated Urban Development Framework
IUDG	Integrated Urban Development Grant
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
MDB	Municipal Demarcation Board
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MISA	Municipal Infrastructure Support Grant
MSIG	Municipal System Improvement Grant
MTEF	Medium-Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NCBF	National Capacity Building Framework
NDMC	National Disaster Management Centre
PFMA	Public Financial Management Act
SACN	South African Cities Network
SALGA	South African Local Government Association
SMS	Senior Management Services
SOP	Standard Operating Procedures

Part A: Our Mandate

1. Constitutional and Legislative Mandate

The mandate of the Department is primarily derived from Chapters 3, 5, 6, 7, and 9 of the Constitution of the Republic of South Africa, 1996, as well as the following legislation:

- Intergovernmental Relations Framework Act (Act No. 13 of 2005)
- Municipal Property Rates Act (Act No. 6 of 2004)
- Municipal Structures Act (Act No. 117 of 1998)
- Municipal Systems Act (Act No. 32 of 2000)
- Disaster Management Act (Act No. 57 of 2002)
- Fire Brigade Services Act (Act No. 99 of 1987)
- Remuneration of Public Office Bearer's Act (Act No. 20 of 1998)

Our mandate is further informed by the following legislation, regulations and frameworks:

- Regulations on Conditions of Appointment of Senior Managers (2014)
- Local Government: Municipal Staff Regulations and Guidelines (2021)
- Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (2006)
- Spatial Planning and Land Use Management (Act No. 16 of 2013)
- Integrated Urban Development Framework (IUDF) 2016
- National Spatial Development Framework (NSDF)
- Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

DCOG is responsible for management and monitoring of the functionality and effectiveness of our cooperative governance system and intergovernmental relations. Furthermore, DCOG has a Constitutional obligation to support and strengthen the capacity of municipalities to manage their own affairs. The DCOG mandate, therefore, is to make Government work better and be more impactful and to facilitate all spheres of government working more effectively together with communities and key stakeholders at the local level.

Essentially, our mandate is to improve coordination across the three spheres of Government and to ensure that provinces and municipalities carry out their service delivery and developmental functions efficiently and effectively. Coordination and support are intended to lead to improved performance across the chain of policy and planning, spatial budgeting, and targeted implementation. Coordination is intended to result in improving government's positive impact on society.

Overall, DCOG's role is to improve integrated planning and delivery through co-ordination across the three spheres of government with district and metropolitan spaces as focal points for the convergence of government and private sector investment.

2. Policy Mandate / Government Strategic Priorities

Our mandate is broad and touches on the functions performed by most national and provincial departments as well as all of local government. In executing our mandate, it is therefore important to focus on strategic priorities that will allow us to maximise our impact on reducing poverty, inequality and unemployment with the limited resources available to us. Our strategic priorities are primarily informed by our legal mandate discussed above as well as the following:

2.1. The National Development Plan (NDP)

Local government faces several related challenges, including poor capacity, weak administrative systems, undue political interference in technical and administrative decision-making, and uneven fiscal capacity. A developmental state needs to be capable. This requires leadership, sound policies, skilled managers and workers, clear lines of accountability, appropriate systems, and the consistent and fair application of rules. The following interventions are recommended in the NDP:

- Relations between national, provincial and local government should be improved through a more proactive approach to managing the intergovernmental system.

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- Provinces should focus on their core functions and develop their capacity to support and oversee local government.
- Develop regional utilities to deliver some local government services on an agency basis, where municipalities or districts lack capacity.
- Use differentiation to ensure a better fit between the capacity and responsibilities of provinces and municipalities.
- Take a more proactive approach to resolving coordination problems and a more long-term approach to building capacity.
- Introduce graduate recruitment programme and a local government skills development strategy to attract high quality candidates.
- Develop long-term skills development strategies for senior managers, technical professionals and local government staff.

2.2. The Medium-Term Strategic Framework (MTSF)

The MTSF requires of us to give priority to integrated planning, implementation, accountability and service delivery and to be committed to consequence management for non-performance and non-delivery. The focus on implementation in the MTSF requires all three spheres of government to work collaboratively through the District Development Model (DDM) approach.

The DDM bridges the gap between the three spheres of government to ensure better coordination, coherence and integration of government planning and interventions and therefore also brings government closer to the people. The three spheres of government must therefore work collaboratively to ensure alignment between their powers and functions, planning and budget allocation processes, and coordinated implementation. Annexure B summarises the role of DCOG in achieving the outcomes envisaged in the MTSF.

DCOG is expected to play a leading role in achieving the following targets:

Table 1: MTSF Indicators and Targets

Indicator	Target	Role
Priority 1: A capable, ethical and developmental state		
Intergovernmental Monitoring, Support and Intervention Bill approved by Parliament	Bill approved by Parliament by November 2022	Lead
Finalisation of institutional arrangements for the District Development Model	Institutional arrangements for the District Development Model finalised by March 2022	Lead
Monitor implementation of District Development Model plans through an Integrated Monitoring System for accountability	Bi-annual monitoring reports on District Development Model rollout and impacts	Lead
Disaster management frameworks reviewed	Disaster risk management framework updated and institutional capacity established	Lead
	Enhanced capacity for future pandemics	Lead
Share of municipalities engaging with citizens	100% of municipalities engaging with citizens	Lead
% improvement in satisfaction in service delivery	80% improvement in satisfaction in service delivery by 2024	Lead
Percentage of District Development Model plans which integrate priorities of women, youth and persons with disabilities	100% by 2024	Co-Lead
Priority 5: Spatial integration, human settlements and local government		
Number of functional city regions governance and coordinating structures	Three functional city region governance and coordinating structures (one in each of the 3 city regions)	Co-Lead
Number of Coastal Cities Planned	1 Coastal City planned by March 2023	Lead
Number of RSDFs/Joint implementation protocols prepared in priority areas.	Two RSDFs prepared, adopted and in use by 2024 Four additional implementation protocols/ RSDFs prepared in National Spatial Action Areas by 2024	Co-Lead
Number of cities identified for redesign and refurbishment as smart cities	Three existing cities identified and plans for redesign and refurbishment as smart cities developed by March 2024	Co-Lead

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Indicator	Target	Role
Number of One Plans in metros and districts	One plans for 44 districts and 8 metros by July 2021	Lead
Number of district municipal disaster risk management plans developed/ reviewed to enhance climate protection and reduce losses (human life; livestock/crop yield; houses/shelter; infrastructure; species)	44 district municipal disaster risk management plans developed/ reviewed to enhance climate protection and reduce losses (human life; livestock/crop yield; houses/shelter)	Lead
Number of district and metropolitan municipalities with infrastructure readiness plans for climate change and disasters.	44 district and eight metropolitan municipalities	Lead
Priority 6: Social cohesion and safe communities		
Number of provinces implementing the GovChat programme for community engagement and service delivery improvement	9 by 2024	Co-lead
Provinces supported to maintain effective community engagement structures, systems and processes within their respective municipalities	9 Provinces by 2024	Co-lead

The following MTSF indicators are not addressed specifically in the Department's Strategic Plan and Annual Performance Plan, as these indicators relate to the mandate of the Department of Water and Sanitation. The Department supports the work in relation to these indicators through coordination of the DDM as well as the work done by the Municipal Infrastructure Support Agent (MISA).

Indicator	Target
No. of dams rehabilitated projects and new dams constructed.	9 dams' rehabilitation projects. 9 Provincial plans development and implemented in the IGR impact zones by 2024
No. of provincial plans implemented in support of the Integrated Water Resource Plan.	9 Provincial plans implemented by March 2024
No. of new water sources expansion plan for each IGR impact	52 projects implemented by 2024

The Department provides support, where required, to the Department of Agriculture, Land Reform and Rural Development on the development of Regional Spatial Development Frameworks (RSDFs) and implementation protocols.

The three functional city region governance and coordinating structures (one in each of the 3 city regions) MTSF target is not specifically addressed. Work done in relation to the DDM One Plans, one coastal city (Eastern Seaboard) as well as the development of smart cities indirectly address this target.

The Department of health has taken over the lead of ensuring enhanced capacity for future pandemics, with support from DCOG

2.3. Government priorities

The following further informs the short- and medium-term priorities of the Department:

- National Strategic Plan on Gender-Based Violence and Femicide (GBVF).
- Gender Responsive Planning, Budgeting, Monitoring, evaluation and Auditing Framework (GRPBMEAF).
- Priorities identified in the annual State of the Nation address by the President
- Cabinet Decisions.
- Medium Term Expenditure Framework, annual Estimates of National Expenditure as well as budget related legislation such as the Division of Revenue Act, Appropriations Act and Adjustment Appropriations Act.
- Performance Agreement entered into between the President and the Executive Authority.

2.4. The District Development Model

The DDM was initiated by President Cyril Ramaphosa in his Budget Speech in 2019. Subsequently, the DDM was discussed and adopted by Cabinet, the 2019 Presidential Coordinating Council (PCC), the March 2020 extended PCC and various MINMECs.

The President in the 2019 Presidency Budget Speech (2019) identified the “pattern of operating in silos” as a challenge which led to “to lack of coherence in planning and implementation and has made monitoring and oversight of government’s programme difficult”. The consequence has been non optimal delivery of services and diminished impact on the triple challenges of poverty, inequality, and employment.

The President further called for the rolling out of a new integrated district-based approach to addressing our service delivery challenges, localised procurement and job creation, that promotes and supports local businesses, and that involves communities. Such an approach will require that “National departments that have district-level delivery capacity together with the provinces ... provide implementation plans in line with priorities identified in the State of the Nation address”.

The DDM consists of a process by which joint and collaborative planning is undertaken at local, district and metropolitan by all three spheres of governance resulting in a single strategically focussed One Plan for each of the 44 districts and 8 metropolitan geographic spaces in the country, wherein the district is seen as the ‘landing strip’.

The DDM builds on the White Paper on Local Government (1998), which seeks to ensure that “local government is capacitated and transformed to play a developmental role”. The White Paper says 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”.

To this end, developmental local government is seen as having four interrelated characteristics of “maximising social development and economic growth; integrating and coordinating; democratising development; and leading and learning”. In order for local government to advance this, the Constitution calls on “national and provincial governments to support and strengthen the capacity of municipalities to manage their own affairs”. Therefore, the model is a practical Intergovernmental Relations (IGR) mechanism to enable all three spheres of government to work together, with communities and stakeholders, to plan, budget and implement in unison.

In so doing the vexing service delivery challenges can also be turned into local level development opportunities, through localised procurement and job creation which “promotes and supports local businesses, and that involves communities...” This will also require national and provincial departments provide implementation plans and budgets which address local challenges and developmental opportunities whilst aligning with national, regional, continental and global goals and objectives.

The objectives of the DDM are to:

- Coordinate a government response to challenges of poverty, unemployment and inequality particularly amongst women, youth and people living with disabilities.
- Ensure inclusivity by gender budgeting based on the needs and aspirations of our people and communities at a local level.
- Narrow the distance between people and government by strengthening the coordination role and capacities at the District and City levels.
- Foster a practical intergovernmental relations mechanism to plan, budget and implement jointly in order to provide a coherent government for the people in the Republic; (solve silo’s, duplication and fragmentation) maximise impact and align plans and resources at our disposal through the development of “One District, One Plan and One Budget”.
- Build government capacity to support to municipalities.
- Strengthen monitoring and evaluation at district and local levels.

- Implement a balanced approach towards development between urban and rural areas.
- Exercise oversight over budgets and projects in an accountable and transparent manner.

The DDM is an operational model for improving Cooperative Governance aimed at building a capable, ethical Developmental State. It embodies an approach by which the three spheres of government and state entities work in unison in an impact-oriented way, and where there is higher performance and accountability for coherent service delivery and development outcomes. It is a method of government operating in unison focusing on the municipal district and metropolitan spaces as the impact areas of joint planning, budgeting, and implementation.

This model refers to all three spheres of government, sector departments and state entities operating like a single unit in relation to achieving developmental objectives and outcomes in these district and metropolitan spaces over a multiyear period and over multi-term electoral cycles.

Although each sphere, sector or entity has its distinct constitutional powers, functions, and responsibilities, they cooperate and undertake collaborative planning, budgeting and implementation processes converging efforts at the district/metropolitan level. This joint work is expressed through the formulation and implementation of a "One Plan" which is a long-term strategic framework guiding investment and delivery in each district and metropolitan space.

According to the implementation review, the DDM is widely known and supported by the pilot sites, the provincial government, and the national government. The DDM concept is well regarded as a reform catalyst for an "all-of-government approach." There is a need to collaborate with universities and T-Vet colleges to educate provincial heads, Director-Generals, and other departmental heads of the benefits of the DDM and the One-Plans.

3. Institutional policies and strategies governing the five-year planning period

Since the beginning of the sixth administration in 2019, the DCOG finalised various pieces of legislation such as the-

- Local Government: Municipal Structures Amendment Act No. 3 of 2021.
- Local Government: Municipal Systems Amendment Act No. 3 of 2022.
- Local Government: Municipal Staff Regulations

The amendments introduced through the above pieces of legislation will strengthen governance in municipalities generally and will also go a long way towards ensuring a professionalising and competent workforce in municipalities.

In 2021, the DCOG finalised the *Smart Cities Framework for South Africa Cities* and issued various Circulars to guide and manage the transition relating to prior and post the local government elections.

The Municipal Staff Regulations were operationalised with effect from 1 July 2022, and the Code of Conduct Regulations for Councillors were developed in the 2022/23 financial year. These interventions collectively are meant to strengthen governance and to thereby provide a conducive environment for municipalities to perform their functions. However, while these policy and legislative instruments are positive developments for the sector, its desired impact can only be achieved if there is political stability.

The DCOG introduced the Independent Municipal Demarcation Authority (IMDA) Bill into Parliament during June 2022, and is planning to also finalise the Intergovernmental, Monitoring, Support and Intervention Bill during the 2023/24 financial year. The IMDA Bill will repeal the existing Municipal Demarcation No. 27 of 1998 and will introduce provisions to, amongst others, deal with the following:

- ensure that major demarcation, which affects the movement of more than one whole ward in a municipality, may be done only after every ten years;
- deviate from the present norm of 15% to 30%, when delimiting wards, but within strict conditions to avoid the splitting of communities;
- provide for the establishment of the Demarcation Appeals Authority to deal with appeals;

- provide for more extensive public participation and stakeholder consultation for any demarcation or delimitation;
- set timeframes for boundary redeterminations and ward delimitation after considering the programme of the Independent Electoral Commission (“IEC”);
- require the Authority to undertake municipal capacity assessments; and
- migrate the functions of the current Municipal Demarcation Board as contained in the Municipal Structures Act to ensure that such functions are provided for under this Bill.

As part of its intervention response to distressed municipalities, including the perennial under performers on the MIG, DCOG in consultation with the National Treasury may retain MIG allocations (in full or in part) and implement infrastructure projects on behalf of Municipalities. The creation of an indirect component in the MIG Framework (schedule 6B) is one of the interventions outlined in the State of Local Government (SoLG) Report, to address service delivery challenges and to ensure that an immediate intervention commences through the in-year conversion targeting the 2022/23 FY and beyond. This could focus on addressing water and sanitation infrastructure challenges requiring urgent repairs and refurbishment as identified through the directives issued by the Department of Water and Sanitation to these underperforming municipalities.

4. Relevant court rulings

Since 2020, the Department has experienced an increase in litigation related to the declaration of states of disaster (COVID-19 and the electricity crisis) and the issuing of regulations in terms of the National Disaster Management Act. We have also noted an increase in litigation related to service delivery at municipal level, in particular the provision of water.

While the outcomes of litigation in relation to the declaration of disasters and related regulations have predominately been in favour of government, the possible impact of such litigation on the ability of the Department to fulfil its mandate should not be discounted, due to the impact (both in terms of cost and time) on our limited resources.

Our resolve to strengthen IGR structures and institutionalise the DDM approach will over the medium term restore confidence in government and mitigate the risks of communities governing through litigation.

Part B: Our Strategic Focus

5. Situational Analysis: External Environment

Environmental scanning is the ongoing tracking of trends and occurrences in an organization's internal and external environment that bear on its success, currently and in the future. The results are extremely useful in shaping goals and strategies. To achieve this, the PESTEL technique is used below. A PESTLE analysis studies the key external factors (Political, Economic, Sociological, Technological, Legal and Environmental) that influence an organisation. Our analysis is prefaced by a detailed overview of the state of local government.

5.1. The state of local government

Municipalities across the country have made significant progress in delivering water, electricity, sanitation and refuse removal. Yet, despite these achievements, much still needs to be done to improve performance of Local Government. The Local Government sphere is still characterised by high level of instability, poor financial management and audit outcomes, poor delivery of basic services, poor maintenance of infrastructure, lack of skills, inadequate funding and systemic challenges of non-viability and inadequate allocation and distribution of powers and functions. This has an impact on society, and we continue to see high levels of poverty, unemployment and inequality.

The implementation of government programmes in many areas continues to be fragmented, disjointed and uncoordinated. Our government has been working in silos and our people have been suffering the effects of this approach. Planning and investment spending of all three spheres of government is often mis-aligned, inadequately targeted spatially and not coordinated sufficiently to optimize service delivery results and integrated development outcomes.

5.1.1. Locating governance and the developmental local state

The Constitution introduced a major shift from the historical provincial control of local government, as it empowers local government to manage their own affairs, subject to national and provincial legislation. These affairs include developmental functions, especially prioritization of the basic needs of communities and promotion of social and economic development in a sustainable way.

The Constitution directs other spheres not to impede municipalities when exercising powers or performing functions. Critically important, in this regard, is the legal capacity to enable local government to assert itself in the face of unjustifiable intrusion. This was intended to prevent protracted and resource draining legal disputes.

The drafters of the Constitution seem to have anticipated that there may be instances where some municipalities in the country would not be able to exercise their powers or to perform their functions. This is implicit in sections 154 and 139 of the Constitution. Section 154 directs the provincial and national spheres of government to support local government and section 139 allows other spheres to intervene where municipalities are unable to fulfil their obligations.

When section 154 support is provided, there must be some minimum capacity that must exist at local level for the support to yield positive results. Reality is that many municipalities do not have requisite capacity for section 154 support to succeed. Clear guidelines are required to prevent wastage of public resources on initiatives that will not affect the required change. These should explain what is to be done in situations where systemic or structural issues, beyond a municipality's control, cause the municipality's inability to function.

Moreover, many municipalities have been placed under administration in terms of section 139 due to their failure or inability to perform functions. In respect of a sizable number, interventions were invoked multiple times. This can be attributed to various factors, including incorrect diagnosis and indecisiveness in dealing with the root causes of dysfunctionality, lack of resources and capacity, as well as incorrect application of relevant legislative provisions. In some cases, section 139(b) is invoked in situations where the root causes are political instead of dissolving the municipality in terms

of section 139(c). National government recently started intervening in terms of section 139(7) when provinces failed to intervene where conditions for intervention existed.

Given South Africa's history, the 1996 Constitution enjoins "all spheres of government and all organs of state to cooperate with one another in mutual trust and good faith" to amongst others "improve the quality of life of all citizens and free the potential of each person".

This outlook is consistent with many views of the developmental state which refer to a state whose political leadership adopts a developmental philosophy or which uses the state as an instrument of industrialization.¹ Marwala takes a similar approach in defining a developmental state, as he says it is 'a state where government is intimately involved in the macro- and micro-economic planning in order to grow the economy.'² Marwala goes on to state that "developmental states strike a strategic alliance between the state, labour and industry in order to increase critical measures such as productivity, job security and industrial expansion."³

The design of the new local government system implemented in 2000 aimed to address the issue of delivering services to the majority and therefore introduced the concept of "developmental local government". The institutional transformation of local government entailed a rationalization process through which municipalities were reduced from over 1200 to 843, then to 283 and finally in 2016 to 257.

5.1.2. The capacity of the developmental state

A developmental state ought to be in possession of the requisite capacity to exercise its powers and to function effectively and efficiently. Capacity encompasses the aptitudes, resources, relationships, and facilitating conditions that are necessary to act effectively to achieve intended purpose.⁴ In the case of developmental states, the ability of the state to drive economic development depends on the capacity of the state to intervene strategically.⁵

The concept of state capacity may either be narrowed or broadened. Narrowing the concept is necessary for developing a more grounded and operational way of assessing and managing capacity issues. However, the concept must, in some cases, be broadened to encapsulate some inherent complexities.⁶

Narrowly defined, state capacity means power and force of the state to enforce laws. Broadly speaking, state capacity includes qualified, skilled and experienced political leadership, management, administration as well as the strong systems and processes that enable the state to exercise powers and perform functions effectively and efficiently. These institutional systems and processes can also assist to prevent the weakening of state capacity and the state itself.

The provision of household infrastructure and services is an essential component of social and economic development. These include services such as water, sanitation, local roads, storm water drainage, refuse collection and electricity, which are essential to enable people to support family life, find employment, develop their skills or establish their own small businesses.

The creation of liveable, integrated cities, towns and rural areas, is essential to reverse the adverse effects of Apartheid spatial planning. In the urban context this entails the integration of towns and townships, through (a) affordable mobility between work, home and recreation; (b) combating crime, pollution and congestion; and (c) structuring the built environment to facilitate the participation of disadvantaged groups in the social and economic life of the city and/or town. This will require amongst others that local governments promote mixed use and mixed income developments. In the

¹ Dele Olowu "Rethinking Governance in Africa" at 3

² Tshilidzi Marwala (2006) "Foundations for a developmental state: A case for technical education" at p.1.

³ Marwala at p.2

⁴ Brinkerhoff, Derick "Capacity Development in fragile states", Discussion Paper No.58D, European Centre for Development Policy Management, May 2007, at p. 3

⁵ Macozoma, Saki "From a theory of revolution to the management of the fragile state" 11 – 30 at 20

⁶ Peters, S. and van Nieuwenhuizen, H. "Understanding the dynamics of the capacity challenge at local government level" Submission of the Financial and Fiscal Commission for the 2013/2014 Division of Revenue, 271 - 300 at 277

rural setting this implies the securing of access to land and services for the rural poor, which also requires sustainable economic bases. In both settings there should be environmental considerations which should be addressed through long term strategic action plans or a local Agenda 21 plan that addresses priority sustainable development concerns.

Local Economic Development focusses on the promotion of job creation and the boosting of the local economy. This can be achieved by (a) enhancing existing policies and procedures which should favour the procurement of local suppliers and labour-intensive methods; (b) spatial frameworks which speed up rezoning and customer friendly billing; and (c) providing special economic services which include marketing and investment support, small business support, research, development & technology, and training & placement services.

5.1.3. State of Local Government report 2022

The inability of municipalities to deliver adequate services has resulted in a weak local government system that is characterised by maladministration and corruption, has frustrated the significant efforts of many dedicated professional and political practitioners working in local government, and ironically has still allowed corruption and maladministration to flourish. Political instability has had a deleterious effect on administrative performance, and political interference in administrative appointments and procurement is one of the primary drivers of corruption in local government. In this regard, training and capacity building seldom results in addressing deliberate corruptive activities.

The White Paper on LG envisioned a strong District government with responsibility for district-wide integrated development planning, infrastructural development, the provision of technical assistance to category (B) municipalities, and the direct provision of some municipal services in areas where category (B) municipalities lack the capacity to perform all municipal functions. However, because of the highly differentiated socio-economic realities in South Africa except for less than half the districts being Water Authorities and water service providers, most districts are fairly weak and do not emulate the White Paper vision.

There are many support programmes currently operating, but these are poorly coordinated, often leading to duplication and confusion. There are only a few support programmes providing support in terms of large contractors, capital budget systems and operation and maintenance. Most programmes focus more on general municipal institutional development. For local municipalities, where support needs are greatest, support is least available (B2 to B4 municipalities).

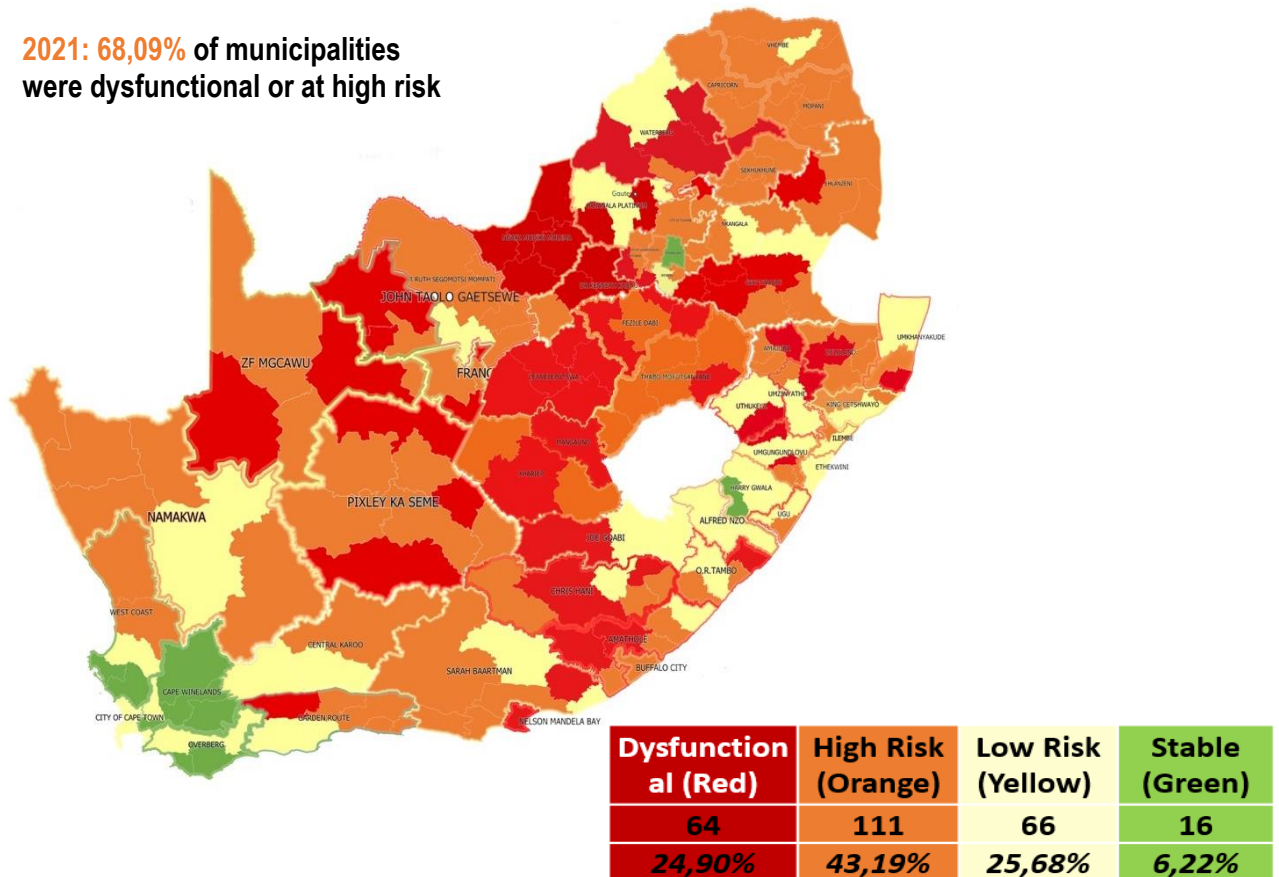
A Cabinet Lekgotla meeting on Local Government was held from 5 – 6 September 2022 and focused on an ideal municipality. To get to the ideal state municipalities, we must work with and in partnership with communities and all stakeholders, thus they must maintain dynamic communications so that everything is citizen centric, and locally driven. Thus, its systems must be fully operational and responsive, to be in service to the people 24/7.

Intergovernmental collaboration and coordination have been elevated through the design and application of the DDM approach. The DDM approach have in its short existence demonstrated its relevance as a response mechanism to practically address the well documented challenges experienced with the application of the legislated system of cooperative governance and the complexities regarding the intergovernmental relations system.

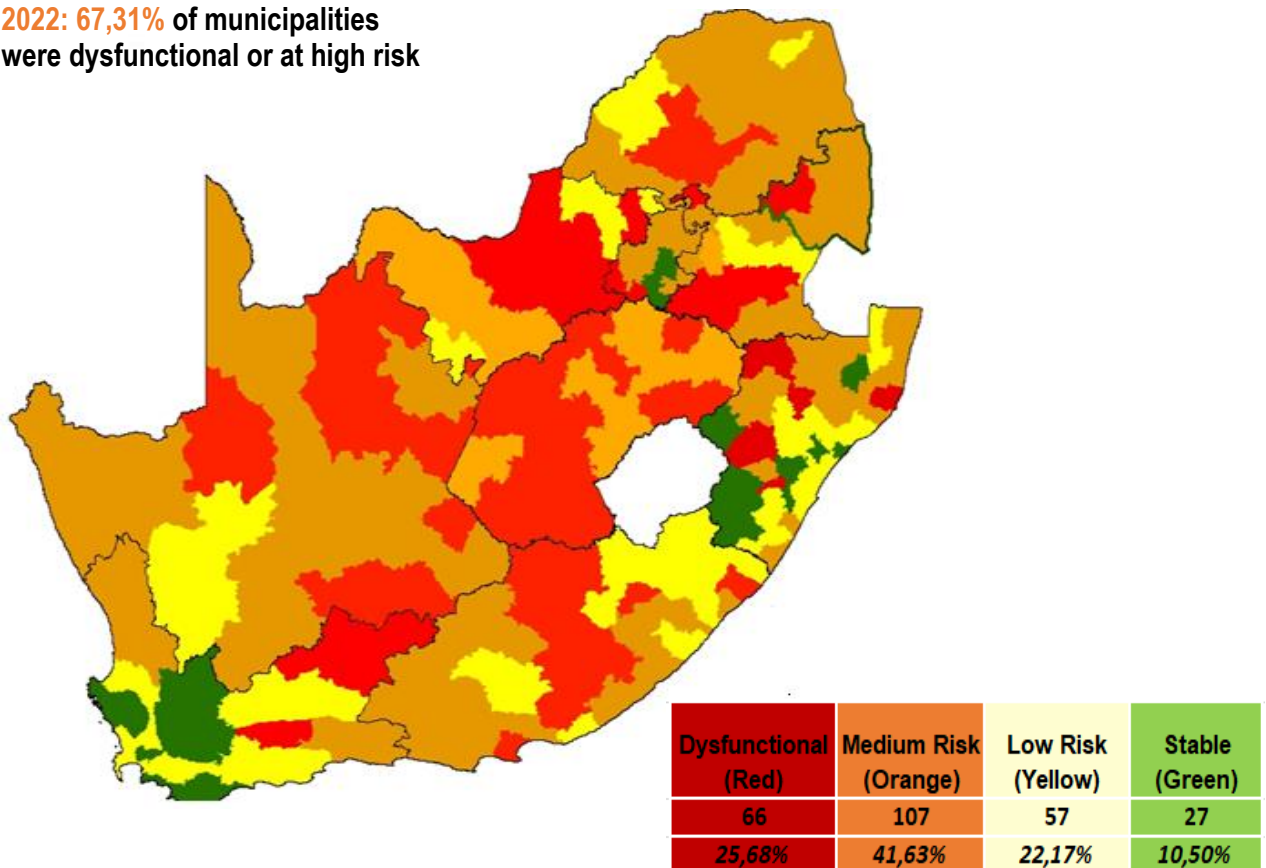
It was agreed to implement Municipal Support and Intervention Plans (MSIPs) using the DDM approach. A joint approach was adopted between NT and CoGTA, provincial COGTAs and Provincial Treasuries to support distressed municipalities. MSIPs are intergovernmental support plans to address the short and medium-term challenges in the key local government performance areas. MSIPs have been developed for distressed municipalities and for municipalities placed under mandatory intervention in terms of Section 139(5), Financial Recovery Plans (FRP's) have been developed.

Figure 1: State of local government map

2021: 68,09% of municipalities were dysfunctional or at high risk



2022: 67,31% of municipalities were dysfunctional or at high risk



5.1.4. Local Government Summit - 2022

Our resolve to improve the state of local government was further emboldened by the support received during the two-day local government summit on 27 and 28 September 2022. The table below summarises the commitments emanating from the Summit:

Table 2: Local Government Summit Commitments

FOCUS AREAS	RESOLUTION
1. Deepening the implementation of the District Development Model	<ul style="list-style-type: none"> (1) Jointly finalize the updated and revised One Plans per District/metros. (2) Incorporate climate change related issues into One Plans. (3) Undertake DDM izimbizo. (4) A shared services approach be explored, using the DDM and the Private sector to improve delivery capacity. (5) Consider the synchronisation and alignment of government budget cycles across all spheres. (6) A sustainable model to support municipalities (including Public Private Partnerships) be established. (7) Ensure greater collaboration of the other spheres and political champions of municipalities, and provide monthly reports indicating support provided to municipalities, as per section 154 of the Constitution. (8) Strengthen understanding and utilisation of cooperatives and provide support to newly created cooperatives. (9) Ensure a culture of performance by ensuring that Integrated Development Plan (IDP) is funded.
2. Promoting local economic development, sustainable development and investment to fight poverty, inequality and unemployment	<ul style="list-style-type: none"> (1) InvestRural Master Plan linked to LEDs be developed and linked to all local and district plans. (2) Assist in facilitating investment and development funding opportunities between local government and investment agencies (DBSA, IDC and local and international private equity partners). (3) Provide equitable attention and support to identify and attract opportunities for anchor businesses, and with value-chain opportunities for SMMEs. (4) Support municipalities in geo-referencing economic activities and correlating it with community migratory patterns and trends. (5) LED Units in municipalities to incorporate private sector business plans into municipal plans. (6) Explore the Introduction of a special grant on LED. (7) A special summit on LED be convened – to report on the district spaces in relation to development initiatives/programs undertaken and those that are underway, including those that are planned. (8) Prioritise and support small and medium towns to operationalise the Small-Town Regeneration Strategy (STR). (9) Incentives for water harvesting be introduced in communities. (10) Engage the Chinese Embassy for support to eradicate / alleviate poverty.
3. Promoting Cooperative Governance between Institutions of Traditional Leadership and LG	<ul style="list-style-type: none"> (1) Resuscitate Memorandum of Understanding (MOU) with traditional leaders and SALGA. (2) Improve collaboration between Municipal Councils and Traditional Leaders with regards to land development.
4. Strengthening Governance Structures and the Fight Against Crime and Corruption	<ul style="list-style-type: none"> (1) Consider simplifying, integrating and revising regulation requirement for local government (i.e., review indicators and reduce reporting requirements). (2) Practical implementation of the protection of whistle-blowers must be ensured, since the Protected Disclosures Act, 2000 (Act No. 26 of 2000) is not effective. (3) A legislative provision be promulgated to empower investigators to implement the finding/outcomes of their investigation (such as Section 106 investigations). (4) MPACs to be strengthened. (5) Utilise Section 12 of the Municipal Structures Act (MSA) to establish collective executive system or develop legislation to manage coalition governments.

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	<p>(6) Members of Parliament, Members of Provincial Legislatures and Councillors to jointly provide feedback to communities in respect of services provided by each sphere of government such as roads, health, education.</p> <p>(7) Ensure appointment of capable and suitably qualified officials in municipalities.</p> <p>(8) Skills audit to be conducted in all municipalities.</p>
5. Strengthening Financial Systems and Capacities at Local Sphere	<p>(1) Explore relaxation of the provisions of the MFMA on land donations (avail land for industrial development).</p> <p>(2) To improve the efficiency and quality of local government through better funding, Equitable Share formula / financial model be reviewed.</p> <p>(3) A governance system to regulate spending by municipalities be developed.</p> <p>(4) Consider MoU / Structured Functional relationship with Institutions of Higher Learning and Climate Change Agencies with the objective to use technology such as Climate GIS mapping analysis to highlight the vulnerability caused by climate changes in high-risk locations and other areas.</p> <p>(5) Enhance Municipal Revenue, Water Boards and ESKOM to remain with bulk supply and reticulation be the responsibility of municipalities.</p>
6. Celebrating Excellence and facilitating for Peer Learning and Development	<p>(1) Local Government summit to be convened annually.</p> <p>(2) An annual awards platform be established for best performing municipalities, and an incentive system for such municipalities.</p>

5.1.5 21 Year Review of Local Government

The Department finalised a 21-year review of local government during 2022. A wide range of stakeholders and role players were consulted for inputs, including:

- Department of Traditional Affairs and key national departments;
- Provincial COGTAs and MISA;
- All municipalities;
- SALGA;
- South African Cities Network;
- Community based organisations, NGOs and private sector organisations; and
- Individual experts and practitioners.

The first 21 years of democratic local government has seen major development and transformation across the country. Millions of households have been provided services where none existed previously; free and fair elections have been held regularly; and municipal councils have been transformed in their racial and gender breakdowns. However, massive challenges remain. There are high levels of dysfunctional municipalities, economic development remains low and the quality of services in some areas is declining. Spatial inequality remains a challenge, poverty levels are high and there are increasing levels of unemployment – all of which have been exacerbated by the COVID-19 pandemic.

This 21-year review of local government examined the progress over the last 21 years and provides detailed proposals and solutions going forward, in the quest to achieve ideal municipalities. This requires a concerted all-of-government and all-of-society commitment and effort to truly achieve the developmental local government envisaged in the White Paper and Constitution.

The following are some of the key findings:

- Whilst the number of households receiving basic services is increasing, municipalities in rapidly growing urban areas are finding it difficult to keep up with the population growth. This is particularly the case in unplanned informal settlements or areas with a growth of backyard dwellings where the bulk infrastructure cannot support the increase in the number of households. In remote rural areas with low densities, the cost of providing bulk infrastructure and connecting households to the grid is considerable.
- Inadequate maintenance of infrastructure and increasing demand has led to a wide variety of service delivery challenges.

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- Despite several initiatives to improve intergovernmental planning there is still a lack of alignment between the plans of different spheres and sectors with the NDP. Planning must aim to actively break down the isolation and lack of access for many of the poor to economic and other opportunities.
- There is a lack of alignment between the activities of different spheres of government in how to build and support economic growth. Many municipalities have not developed local economic strategies or have outdated plans.
- Despite some initiatives, there is a lack of gender mainstreaming and the empowerment of women in local government. Similarly, youth continue to be the group most affected by imbalances in relation to education, unemployment, health and poverty.
- In many instances, citizens are not given adequate time and opportunity to engage and make their voices heard. In many municipalities there is a deficit in trust between communities and councils which inhibits meaningful community participation initiatives.
- There is convoluted division of powers and functions, complicating accountability, as well as significant differentiation between and within the local governments in terms of service delivery, quality of leadership and capabilities.
- A reduced election of women councillors has led to over 70% of the ward committees being chaired by male councillors.
- Coalition councils have become increasingly common, these have resulted in significant instability in municipal councils.
- There are a variety of serious staffing issues, including a high proportion of vacancies, absence of suitably competent senior managers and CFOs, and bloated organisational structures that take up most of the budgeted expenditure. The lack of appropriate skills levels and high levels of vacancies for technical directors, is a material problem in all the municipalities.
- Signs of financial strain amongst municipalities grew after the 2008 financial crisis and have further intensified as a result of COVID-19. 64% of municipalities were identified by National Treasury as being in financial distress.

Table 3: 21-Year Review Key Findings

Focus area	Key Findings
Governance	<ul style="list-style-type: none"> • Ineffective two-tier system of LG • Weak Oversight by Councils • Factionalism • Continuous weak performance of audits • Community participation inadequate, resulting in protests • Skills and continuity of councillors • Fraud and corruption
Service Delivery	<ul style="list-style-type: none"> • Inadequate maintenance • Infrastructure theft and vandalism • Poor quality of services • Moving targets in urban areas (in-migration) • Poor infrastructure carrying capacity • Lack of coherence to plan, budget & implement remains • Infrastructure connectivity & mobility • Households recorded as receiving Free Basic Services is a lot smaller than indigent or poor households
Local Economic Development	<ul style="list-style-type: none"> • Apartheid spatial patterns remain • Many LED initiatives ineffective • Poor alignment between areas of economic growth and municipal planning • LED and other developmental agencies not successful • The focus on expanding/ retaining existing businesses and attracting new ones has not been widespread
Municipal Finances	<ul style="list-style-type: none"> • High proportion of municipalities in financial distress • Growing consumer debtors and debts owed to ESKOM (electricity) and Water Boards • Declining Municipal Revenue base (increasing poverty) • Municipal Revenue collection effort not great • Increasing cost of service delivery
Institutional Capacity	<ul style="list-style-type: none"> • High vacancy rates in critical areas • Senior management instability & victimization • Political interference in administrations

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	<ul style="list-style-type: none"> • Loss of experienced and professional staff • Lack of scarce skills • Lack of skills development programmes or committed training • Bloated organisational structures
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The review proposed actions in the below-mentioned areas to address the shortcomings of local government and to build on areas of success:

Table 4: 21-Year Review Proposed Actions

Developmental local government	
Services and Infrastructure	There is a need for a fully planned and funded ongoing maintenance system for all infrastructure with multi-year budgets provided and regular oversight. This must prioritise areas of the municipality which have high usage, are key to economic growth or are most in need. For example, prioritising road maintenance on public transport and commuter routes is far more effective than giving equal attention to all roads, irrespective of roads density.
Planning	<p>There is a need to ensure continuity of long-term infrastructural plans and other long-term plans in local government across election cycles, such as through long-term contracts as conditions for CAPEX funding, commitments for portions of the equitable share to go to maintenance etc., legislative mechanisms to bind future councils on long term issues.</p> <p>Sectoral planning should look to future growth scenarios and anticipate how the demands over the short, medium and long term can be met. For example, every WSA should complete a five-year water conservation and demand management plan.</p>
Economic Growth and Development	Growing the national economy requires building, supporting and economic growth from a local level upwards. This requires all spheres of government, civil society, business and all role players working together towards a common goal. The actions of all these role players are closely interlinked and inclusive economic growth is greater than the sum of the actions of the individual role players.
Climate change	There is a need to focus on building resilience, ensuring infrastructure is adequately climate change safe, to deal with at least some of the most critical hazards increasingly facing municipalities: flash/surface flooding, heat waves, rainstorms, extreme heat and drought. In developing such action plans, municipalities should engage activist organisations across the social and environmental divide if an environmental justice framework is to emerge
Democratising development, responsive government and the empowerment of women and youth	<p>Municipalities should strive to build awareness among all municipal officials and councillors about the significance of gender equality and ensure gender representation within the municipality. Clear strategies are needed to ensure gender mainstreaming in budgeting, planning and the delivery of services.</p> <p>More broadly, women must be empowered economically and through improved access to economic opportunities, land and human settlements. All aspects of municipal operations should prioritise the needs of women and children. In addition, municipalities should recognise that gender-based violence is a local matter, from-the-home, to the neighbourhood, community and locality and it requires that local government plays an effective part in developing mechanisms to address it.</p>
Cooperative governance	The DDM aims to address many of the identified intergovernmental failings but has become overly administrative and has not achieved the effective participation of all spheres of government. The IGRFA regulations on the DDM should be urgently finalised ensuring the primary aim is to enhance cooperative and developmental governance. In addition, DDM processes must be simplified to ensure they become a truly all-of-government approach, focused on solving real issues and ensuring implementation of service delivery.
Institutional systems	
Demarcation	<p>A number of changes are required to ensure that the demarcation and categorisation system of municipalities allows for greater flexibility and a more developmental process.</p> <p>The demarcation and categorisation of municipalities should include a review of the powers and functions, especially between categories B and C municipalities to ensure greater efficiency and effectiveness in service delivery. There is also a need for a review of the requirements for Category A municipalities (Section 2 of MSA) as these are currently very narrow and do not allow for flexibility.</p>
Traditional Leadership	There is a need to increase the representation and participation of traditional leaders in governance and in municipal functions, including through representation of traditional councils on

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	<p>ward committees, municipal councils and committees (such as Municipal Planning Tribunals) and intergovernmental structures.</p> <p>Engagements and research should be undertaken on how this can be done in a manner which empowers residents in traditional areas, the traditional leaders and the municipality. This should also address the issue of greater tenure rights for residents on traditional land.</p>
Political and administrative systems	
Elections	<p>The Municipal Structures Act should be amended to make provision for more Collective Executive type arrangements, for instances where hung municipality coalitions collapse. In addition, election thresholds should be reconsidered so that parties should not get PR Council seats unless they get at least 1% or 2% or 5% of the PR vote.</p> <p>In order to ensure more capable councillors, it is proposed that councillors without an NQF level 6 qualification are given lower pay levels and initiatives are undertaken to build capacity and capability amongst councillors.</p>
Accountability	<p>An important component of building greater trust for local government is in ensuring that councillors and administrations are held accountable for their action and that consequences are faced where codes of conduct are transgressed.</p> <p>The accountability system must focus on wastage, unaccounted, irregular, fruitless and wasteful expenditure as well as budget under expenditure.</p>
Capacity Building	<p>Municipal consultation and participation in the design of support programmes is vital in order to ensure that it meets the diverse requirements of municipalities. This should include the introduction of municipal-to-municipal learning mechanisms to facilitate the transfer of skills from well-resourced municipalities to under-resourced municipalities.</p> <p>The capacities and competencies of provincial treasuries and COGTA departments need to be reviewed to ensure they have the requisite experience to monitor, support and, where necessary, manage interventions in municipalities.</p>
Financial management and municipal finances	
Audits	<p>In many municipalities the focus on financial compliance completely overshadows the need for a developmental agenda. There are a number of areas in which this problem should be addressed, but a key area is in delinking and separating financial audits from performance audits with the latter being undertaken by independent professionals who measure the degree to which the developmental challenges are being met by municipalities.</p>
Financial framework	<p>All municipalities must ensure that they develop and implement infrastructure asset management plans. The provisions of the Systems Act can be used to create joint intergovernmental teams to fast-track repairs and maintenance of water infrastructure, sanitation, repair of potholes, energising streetlights, attending to sewer spillages. In particular, there is a need to prioritise the regeneration of Wastewater Treatment Works.</p> <p>The FFC supported by National Treasury, CoGTA and SALGA should finalise this review of the Local Government Equitable Share vertical formula and its underlying assumptions, including addressing all fiscal gaps, recognising also that this is not a clear-cut application of a formula. Such review of the fiscal split must also clarify powers and functions and who takes responsibility for what and how the “unfunded” and “underfunded” mandates should be dealt with. This work may require a strengthening of assignment and distribution of powers and functions processes through legislative amendments and issuing of Regulations especially in accordance with the Local Government: Municipal Structures Act</p>
Financial Management	<p>Rooting out corruption in local government should be the major focus for municipalities and all related role-players. This requires a diverse range of actions including greater transparency in the workings of a municipality – particularly in all areas related to supply chain management and procurement.</p> <p>Fraud should be reported separately from fruitless and wasteful expenditure. The definition of specifically irregular expenditure could be revised to link irregular expenditure only to instances where a financial loss was suffered.</p>

5.2. Political Analysis

The establishment of a democracy in South Africa in 1994 gave millions of formerly marginalized people hope. The new administration reformed the public sector by establishing and passing laws to achieve justice and equality in service delivery. However, despite all the advances witnessed, government's inability to effectively satisfy the demands of communities has resulted in a number of service delivery demonstrations, some peaceful while others violent. In fact, violence related with service delivery demonstrations has increased in recent years, resulting in the loss of life and damage to property. Unemployment, housing, water and sanitation, energy, corruption, health, and crime have all been mentioned as elements in these protests. This perception of relative impoverishment and inequality within an urban setting is critical to understanding why demonstrations occur, especially for DCOG to assist municipalities avert such.

Among the key obstacles confronting local government are significant issues of institutional capability, mishandling of finances, high levels of corruption, and a lack of public involvement. These are major difficulties that impede local government functioning and lead to service delivery protests and demonstrations. Corruption is a major concern in the country's bureaucratic culture, political development, and social history. As a result of pervasive corruption which poses a dangerous threat to the Constitution. Even more worrisome is instances of high-ranking municipal authorities being accused of corrupt behaviour. To add to the problem, many rural municipalities lack the competence to establish local fiscal tools, such as revenue collection strategies. Thus, it is necessary to reconsider how the equitable share system is administered in order to make allocation to rural-based municipalities more equal.

The current administration of government saw the 5th local government elections in the country held in 2021 to elect councils for all the metropolitan, district, and local municipalities in each of the country's nine provinces. The outcomes of the elections were somewhat diluted, with a high number of hung councils observed, thus leading to various coalition formations. It should be noted that "hung" councils do not necessarily have to have coalition agreements to function, given that legislation allows for both Mayoral Executive and a Mayoral Committee type of local government. Nonetheless, in both instances, where a coalition or a collective executive system had been formed, there has been a number of challenges that affect the delivery of services in one form or another, largely due to the following issues (PARI: 2022):

- Political Culture of Patronage: Coalition government partners struggle to co-operate and to agree on policy-issues jointly but concentrate on allocating executive portfolios between them, with each side's MMCs acting as partisan 'barons' in their departments (According to Gamson's Law, the allocation of cabinet portfolios in parliamentary democracies is proportional to the legislative seat shares of the governing parties. However, portfolio allocation by coalition partners departs systematically from perfect proportionality in South Africa).
- Lack of transparency to the public and electorate declared deals and deal breakers, including in designing coalition agreements that can guide parties on how to govern in coalition governments
- Weak Party Discipline: porous group loyalty compromises conduct of councillors and their loyalty to the party group and larger coalitions group agreement when it comes to voting and lobbying
- Inexperienced Oversight Skills: high turnover amongst councillors makes council vulnerable to incumbents that have very little sectoral experience serving as committee chairs
- Canonization of kingmakers: manipulation of council processes and horse trading, compromise smaller opposition parties from exercising scrutiny while scrambling for power when the political balance is fine

This highlights the need for government, led by DCOG, to strengthen guidance on the formation and management of coalition councils and collective executive councils. DCOG must achieve this working with all key stakeholders, such as the South African Local Government Association (SALGA).

On the other hand, it must be noted that as a country we have managed to establish a stable, coherent, and functional structure of governance, which is a remarkable achievement. An impressive and comprehensive legislative and policy framework for local government exist as a platform for

establishing municipal systems and processes and strengthening overall institutional capability. Furthermore, there is a base for accountable, transparent, and participatory local government with overall free and fair elections and general acceptance of electoral outcomes. Notwithstanding this record, top-down laws on a national scale either do not tangibly and equitably create change or take years to bear fruit.

The President of the Republic of South Africa in the Presidency Budget Speech (2019) directed that:

“For the effective implementation of our seven priorities, the structures of government will need to function with maximum coordination and cooperation as it is envisaged in our Constitution. The truth is that lack of coordination between national and provincial governments, between departments and particularly at local government level, has not served us. We have slid into a pattern of operating in silos. This has led to lack of coherence in planning and implementation and has made monitoring and oversight of government’s programme difficult. It has become a significant deterrent to investment as businesspeople have had to move from pillar to post in search of support and services in what are essentially the same sectors. At the heart of most service delivery protests is fragmented planning on our part as well as poor communication. As the 6th Administration we are going to do away with this fragmented approach to development.”

The political environment in which we operate in must have an overarching vision and an all-encompassing plan such as the National Development Plan: 2030. For the state to be effective at the lowest common societal denominator (the household), the state must also have an effective local governance system. Such a system is central in accelerating social and economic transformation, which requires capacitated delivery mechanisms and institutions, including local government. To this end, the NDP makes it clear that:

“meeting our transformation agenda requires a much higher and more focused intergovernmental commitment towards functional municipalities and a capable machinery at a local level that can create safe and healthy and economically sustainable areas where citizens and people can work, live and socialize.”

An established stable, coherent, and functional structure of governance is a remarkable achievement in this democratic government. An impressive and comprehensive legislative and policy framework for local government exist as a platform for establishing municipal systems and processes and strengthening overall institutional capability. Furthermore, there is a base for accountable, transparent, and participatory local government with overall free and fair elections and general acceptance of electoral outcomes. Notwithstanding this record, top-down laws on a national scale either do not tangibly and equitably create change or take years to bear fruit.

Analysis of South Africa's Political landscape	
Current strengths	Current challenges
<ul style="list-style-type: none"> • Democratic setup conducive for flourishing foreign relations and trade. • Political stability 	<ul style="list-style-type: none"> • Underutilised legislative prescripts • Poor governance, Corruption, Rule of law • Political administrative interface • National-provincial-local relations (IGR) • Economic development vs social justice
Prospects	Future risks
<ul style="list-style-type: none"> • Capitalize on international relations to unlock district economic potential (natural endowment) through DDM • Full implementation of all legislative prescripts on LG • Good governance and financial health in LG • Stable political climate and smooth steering of IGR for improved citizen trust • Existence of sustainable policy frameworks • SA has provided bench-marking platforms 	<ul style="list-style-type: none"> • Deteriorating delivery of services due to unstable coalitions resulting in diminishing public trust in government • Perpetual flouting of regulations and persistent corruption • Political instability at local level • Deteriorating bilateral relationships & trade agreements

5.3. Economic analysis

South Africa's economic outlook is highly uncertain and heavily influenced by global trends. The detrimental impact of the recent conflict in Ukraine on South Africa's economy is a case in point. Economic growth is expected to remain insufficient to support the developmental agenda over the short to medium term. The COVID-19 pandemic, credit rating downgrades, insipient and erratic electricity supply and weak investor confidence have resulted in severe fiscal constraints. South Africa's global competitiveness in a post-pandemic world will require a new social compact and determined implementation of reforms that improve the structure of the economy. The implementation of economic reforms over the next 12 months will determine the growth trajectory over the next several years.

Recent research suggests that South Africa may soon reach a tipping point, at which, due to the combination of rising electricity tariffs and falling costs of other generation technologies, many industrial, commercial, and household customers could leave the national electricity grid. This would threaten the financial sustainability of many municipalities, which rely on electricity sales as a major source of revenue. For Eskom, it would accelerate a vicious cycle, where it would have to share costs among a steadily declining pool of customers.

Forging a new economy in a changed global reality will require a social partnership between business, labour, communities, and government. Mapping out the future strategy of DCOG requires consideration of these economic trends, especially with the envisaged DDM development trajectory.

The 2018 – 2028 LED Framework states as follows:

"LED will seek to create competitive, sustainable, diverse, innovation-driven and inclusive local economies that are vibrant places in which to live, invest, work, innovate, maximise local opportunities, address local needs, and contribute to South Africa's national development objectives, including sustainable ways of utilising local resources and expand learning capabilities."

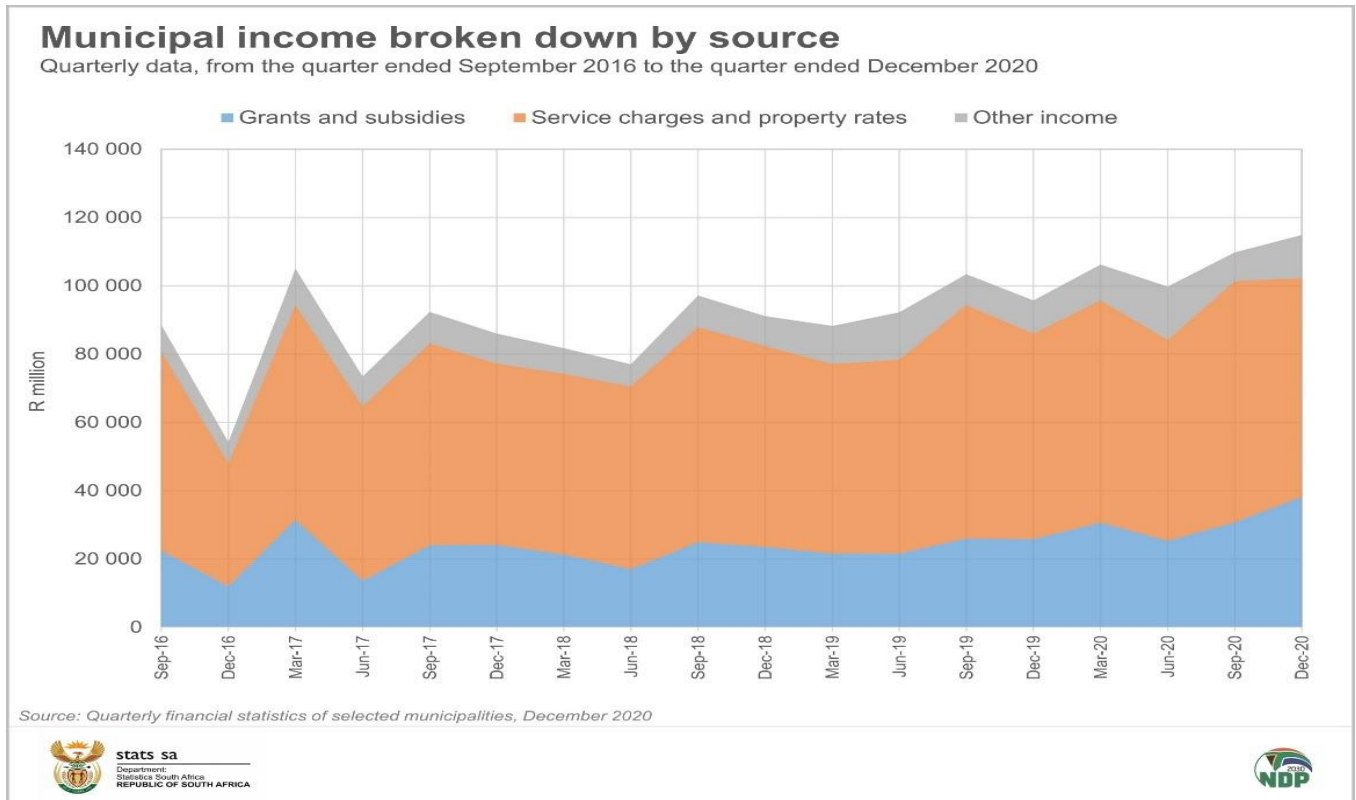
The definition further enhances this vision:

"LED is an adaptive and responsive process by which government, public sector entities, citizens, business and non-governmental sector partners work collectively to create better conditions for innovation-driven inclusive economic development that is characterised by knowledge transfer and competence building; employment generation; capacity development; investment attraction and retention; image enhancement and revenue generation in a local area in order to improve its economic future and the quality of life for all."

South Africa's 257 municipalities are tasked with ensuring that communities across the country receive a variety of services, including sewerage and sanitation, water, electricity and refuse removal. Such a wide-ranging system requires a great deal of financial resources. Generally, local government receives the bulk of its money from two main sources. First, from national and provincial government who transfer money to municipalities on a regular basis (referred to as grants and subsidies or transfers). Secondly, from homeowners, businesses and industries who pay service charges and property rates.

Stats SA's Quarterly financial statistics of selected municipalities report provides regular updates on the state of municipal finances, covering data from the largest 130 municipalities. The area chart below shows municipal income over time, broken down into grants and subsidies (blue), service charges and property rates (orange) and other income (grey). The first thing that stands out in the chart is that service charges and property rates form the biggest income item, followed by grants and subsidies.

Figure 2: Municipal income by source



Source: StatsSA, 2022

At first, this might seem to indicate that municipalities are in a good financial position, that they are able to generate the bulk of revenue themselves. However, as with all complex systems, there is some detail that needs to be unpacked. The local government landscape is dominated by eight large metropolitan municipalities who, as a group, contribute about 60% to total municipal income. As urban centres, these cities (together with smaller, secondary cities) are able to generate the bulk of their income from service charges and property rates. Due to their collective size, they have a large influence on the trend reflected in national aggregates. The much smaller, rural municipalities are typically more dependent on grants and subsidies than they are on other income sources. This is also shown in data from Stats SA's annual financial census report that covers all municipalities.

The second aspect that stands out are the peaks and troughs. These bumps in the data represent seasonal patterns in municipal income. The biggest source of income in the service charges and property rates category is sales of electricity, which contributes about a quarter of total municipal income. When sales of electricity rises and falls, it has a noticeable effect on total income. Many municipalities act as intermediaries in the South African electricity sector by buying power from Eskom and reselling it to consumers. Electricity demand is seasonal, rising in winter and mellowing out over the summer months. Municipalities typically see a peak in sales of electricity in the quarter ending September. Not only does the colder weather play a role in this quarter, but municipalities also implement annual tariff increases in July each year. This was both a result of a jump in grants and subsidies and a rise in electricity sales.

With regards to unemployment, depending on the breadth of one's definition, unemployment in South Africa at the end of the third quarter of 2022 stood anywhere between 32.5% and 42.6%. In comparison, the 2022 global average for unemployment which is roughly 6.5%, the unemployment rate in the country is very high. While this problem is felt by the country as a whole, some of the municipalities in the country bear a larger burden. To broaden economic participation and reverse SA's unemployment trend, it is necessary to strengthen municipal finances and investment, while good municipal governance is a prerequisite. Intermediate city municipalities have an important role

to play, because urban development is critical for growth and investment. It may also reduce the pressure caused by urbanisation to metros. Municipalities need to:

- provide democratic and accountable governance for local communities
- ensure the provision of services in a sustainable way
- promote social and economic development as well as a safe and healthy environment
- encourage the involvement of communities in matters of local government.
- Current outcomes suggest that South Africa's municipalities are failing in many of these respects.

The consequences for the country are dire and widespread. Municipal failure not only affects large businesses. It also has an impact on households, small, medium and micro-enterprises and other investors in local economies. Economic growth, job creation and local economic development initiatives depend on municipal finances. They become constrained when local governments don't function well. Households directly suffer the consequences when basic service delivery is poor. But the problems extend beyond the household level. Municipalities need to provide the infrastructure and basic services that support a favourable investment climate. Without this investment, deepening unemployment and poverty may follow. This has the further effect of eroding the local tax base, increasing municipal dependence on fiscal transfers and worsening South Africa's already constrained fiscal environment.

Analysis of South Africa's Economic landscape	
Current strengths	Current challenges
<ul style="list-style-type: none"> • Regional economic and political power with a large, young population • Rich in natural resources (gold, platinum, coal, chromium, rare metals, etc.) • Developed services and financial markets • Floating exchange rate regime, central bank independence • External credit situation • Package of economic reforms that will improve productivity • SA has international attraction- many are willing to collaborate with SA 	<ul style="list-style-type: none"> • Stagnant economic environment • Poverty, growing inequality, high unemployment (especially among young people), sources of social risk (crime, strikes and demonstrations) • Skill shortages, labour market rigidity • Low efficiency of public spending, corruption • Scarcity of foreign direct investment, hindering the development of the extractive sector. • Fragility of public accounts and public enterprises • Dependence on volatile foreign capital flows, erosion of foreign exchange reserves • Ageing infrastructure (transport, energy) with frequent power cuts • Deindustrialization, large share of minerals in exports.
Prospects	Future risks
<ul style="list-style-type: none"> • Promising growth rates (country, region, world) • Removing the barriers to long-term investments, both domestic and foreign • Moving towards lowering the cost of doing business, reducing red tape and improving access to development finance for SMMEs • Support for sectors with high job creation potential. • Facilitating regional trade • Reducing the skills deficit by undertaking a range of capacity building initiatives 	<ul style="list-style-type: none"> • Continued volatility in global financial markets, • Reliability of electricity supply and water shortage, • Commitments to fund financially distressed state-owned companies • Policy uncertainty and concerns about government's commitment.

5.4. Social analysis

With all the great strides that South Africa has made in building peaceful and harmonious communities, the element of violence, accompanied by institutionalised racism, sexism, exclusion, structural violence and other factors have continued to undermine human development and positive social cohesion.

The 2021 Global Peace Index revealed that South Africa is one of the most violent places in the world, ranked 38 out of 163; with one of the highest murder rates found globally outside of a war zone. The 2022 Victims of Crime Survey reports revealed an increase in crime levels for 2020/ 2021,

as compared to 2019/2020. In addition, the levels of vulnerability to violence for women has been gradually coming into particular sharp focus over the past years, as all living in South Africa were inundated daily by media and police reports of some form of violence against women and children in homes and communities. In addition, women, particularly black, poor and rural women, bear the brunt of poverty, unemployment and inequality, while carrying the responsibility of taking care of the emotional, physical and financial needs of children.

According to the Department of Women, Youth and Persons with Disabilities (DWYPD) in their National Strategic Plan on GBV, South Africa has increasingly acknowledged the crisis of GBVF and its profound impact on the lives and well-being of survivors, children, families, communities and society as a whole. Thus, there is increasing recognition that this context demands a whole of society approach in understanding, responding, preventing and ultimately eliminating GBVF. Furthermore, it is recognised that the role and duty of the state, inclusive of local government, to fulfil its constitutional obligation, is paramount.

The rate of femicide in South Africa continues to be amongst the highest globally, with three women reportedly killed each day by their intimate partners. The extent of GBVF continues to render it a national crisis that destroys the very fabric of our society and undermines our constitutional democracy.

Sexual offences continue to increase, with a reported 14% increase from 50,108 in April to March of 2017/18 to 52,694 in the same period in 2021/22. Gender-based violence and femicide in South Africa continues to be a national pandemic as declared by the President of the Republic of South Africa. This is caused by continuous widespread discrimination, political, economic, and social structural dynamics, and intersectional power inequalities in the country. The pandemic of GBVF has continued to deeply impact the lives and well-being of survivors, families, communities, and the broader society in South Africa.

The COVID-19 pandemic dramatically increased economic and social hardships among communities, leading to a reversal of gains across the socio-economic spectrum. There is therefore, an urgent need to build on the ethos of embracing a whole-of-society approach inclusive of civil society, government, and other stakeholders to collaboratively end GBVF.

South Africa is amongst the most unequal countries in the world. Poverty and inequality exacerbated by unemployment are the country's foremost challenges. While there have been significant gains made in social equity and in reducing extreme poverty, unemployment levels and inequality remains South Africa's most pressing problem. Close to two thirds of government spending is allocated to the social wage, and such expenditure has more than doubled in real terms in the past decade.

Almost thirty years since democracy and the end of Apartheid, South Africa is yet to emerge as a socially cohesive nation. South Africans still live apart, geographically and socially, except within a few groups where the constituents share common identities such as race, ethnicity and class. Moreover, inequality continues to provoke tension, between the rich and the poor, between racial groups, between the urban metropolises and former homelands, and between farm owners and their workers. Economic growth, to the extent it has occurred, has not brought with it greater equality and cohesion in South Africa, the essential ingredient of inclusive growth.

According to StatsSA, despite a decline in poverty between 2006 and 2011, poverty levels have risen again and there has been no significant reduction in overall inequality in post-apartheid South Africa. Half of the country's health-care spending goes to the private sector, which according to Stats SA General Household Survey 2021, covers only 16.1 % of the population, moreover, the health care system fails to deliver affordable quality services. The COVID-19 pandemic highlighted the unequal distribution of health care services between public and private health providers.

Social grant programmes (old age, child support and disability) are reaching over 18 million beneficiaries and 11 million people are receiving the Social Relief of Distress Grant. Together this represents nearly half of the South African population of 60.6 million. Social grants are the main

government instrument to reduce poverty and inequality and remedy the long-lasting effects of the apartheid era. According to research conducted by the South African Centre for Inequality Studies and the World Inequality Lab, for the period 1993-2017, the top 10% of the population own 86% of aggregate wealth and the top 0.1% close to one third. The top 0.01% of the distribution (3,500 individuals) concentrate 15% of household net worth, more than the bottom 90%.

According to the Edelman Trust Barometer 2020, South Africa ranked the lowest in terms of trust in all four categories government, business, NGOs and media. This is caused by growing inequality and government's inability to tackle persistent corruption.

Analysis of South Africa's Social Landscape	
Current strengths	Current challenges
<ul style="list-style-type: none"> South Africa's HDI value increased from 0.627 in 2004 to 0.709 in 2020 Social security system 	<ul style="list-style-type: none"> Absence of access to a fair distribution of resources reflects an unjust political economy Subordinated groups suffer "both maldistribution and misrecognition "
Prospects	Future risks
<ul style="list-style-type: none"> Government can increase public trust by demonstrably tackling corruption Built quality institutions 	<ul style="list-style-type: none"> Public protests Continued breakdown of public confidence in government

5.5. Technological analysis

The NDP identifies science, technology and innovation as primary drivers of economic growth, job creation and socio-economic reform. Central to this identification is the emphasis of the 2019 White Paper on Science, Technology, and Innovation on the themes of inclusivity, transformation, and partnerships.

The 2021 National Survey of Research and Experimental Development released by the HSRC, indicates that South Africa's research and development (R&D) spending as a proportion of gross domestic product declined marginally at 0,61% in 2020/21 compared to 0.62% in 2019/20. This is well below the 1,5% target set by government. A skewed distribution of R&D is not helping the advancement of technology. About 43.9% was spent in Gauteng, 25% in the Western Cape, 9.8% in KwaZulu-Natal, 6% in the Eastern Cape and 4% or below in the remaining five provinces.

This slow pace of technological advancement is affecting the ability government to transition society in the fourth industrial revolution (4IR). The decoupling of intergovernmental relations from government programme planning and implementation across most sectors remains a challenge.

Lessons learnt from the COVID-19 with respect to the use of internet, communication infrastructure and engagement platforms can be leveraged and built upon. Capacity and capability challenges at local government level should be tackled parallel to all government technological initiatives.

The magnitude of the importance of 4IR was highlighted when President Cyril Ramaphosa announced the Presidential Commission on the Fourth Industrial Revolution (PC4IR), emphasising the country's willingness to transition to a more industrialised state. Despite the commission's formation, implementation remains a major challenge, associated with local government service delivery and administration. For example, the City of Johannesburg has started making use of mobile applications to report potholes. The Pothole Patrol App allows users to report potholes using a GPS location and adding an image. The app also allows users to follow up on the status of their report.

This can also be seen to apply to the need for greater incorporation of ICT in municipal strategy at all levels to better involve citizens in decision-making on local issues and ensure effective service delivery by local government. Given the advances in service delivery by municipal government, there remains the need for the effective and efficient implementation of technological advances, related to the 4IR strategy that will impact on better municipal service delivery outcomes. The current municipal governance architecture and frameworks alone does not address these challenges and threats as

demonstrated by the increasing challenges in South Africa in accessing these basic needs. This is due to the fact that prior to the Covid 19 pandemic, municipalities and their service delivery strategy were more traditionally oriented and focused predominantly on face-to-face or on-site services, without an integrated hybrid model with integrated technologies for improved local government.

Analysis of South Africa's Technological landscape	
Current strengths	Current challenges
R&D spending has increased in the higher education sector	The overall decline in funding is likely to continue
Prospects	Future risks
Generous R&D incentives	Weak intellectual property rights regime

5.6. Legal analysis

The new system of local public administration and human resources for local government requires an efficient, effective, and transparent local public administration that conforms to values and principles of public administration as enshrined in section 195 of the Constitution. This new system is governed in terms of the Municipal Systems Act, and the various regulations emanating therefrom.

The main objective of the Municipal Performance Regulations of 2006 is to set out uniform standards to facilitate a culture of performance and accountability among senior managers, while the main objective of the competency framework for senior managers is to guide the senior managers on the core and lead competencies that are required to enhance leadership that guarantees service delivery impact and those competencies that drive long term sustainable and measurable service delivery performance results.

The Municipal Staff Regulations and guidelines of 2021 sets sector-wide norms and standards for municipal staff systems and procedures for staff below the management echelon. These regulations set uniform standards and procedures for municipal staff establishment, recruitment, selection and appointments, performance management, transfers, including other career incidents of municipal employees below senior management echelon in fulfilment of the powers conferred upon the Minister in terms of section 154 of the Constitution, read in conjunction with section 72 of the Municipal Systems Act.

These regulations incorporate the competency framework for staff members below the senior management echelon, and its main objective is to strengthen the capacity of municipalities to perform their functions through the setting of uniform norms and standards for, *inter alia*, recruitment and appointment of suitably qualified and competent persons. These regulations must be seen as a direct response to government's resolve to professionalise local public administration and build a capable local public administration and human resources.

The implementation of competency assessments in local government has contributed to the realisation of the ideals of the National Development Plan (building a capable state) and has ensured that municipalities comply with the minimum competency requirements in filling senior manager posts (Outcome 9, sub-outcome 3 of the Medium-Term Strategic Framework), and government's resolve to build resilient institutional systems (Back to Basics Programme). It has also strengthened the credibility and confidence in the recruitment and selection process of senior managers in local government.

The Local Government: Municipal Systems Amendment Act No. 3 of 2022 introduced, amongst others, the following interventions:

- Procedures and competency criteria for senior manager appointments, including consequences for appointments made otherwise than in accordance with such procedures and criteria;
- Procedures for performance evaluation;
- Limits the political rights of all municipal staff members from holding political office in a political party;

- Regulates the re-employment of municipal staff members who have been dismissed for misconduct;
- Provides organisational development metrics and the procedures for determining municipal staff establishments;
- Prohibits the bloating of municipal administration;
- Provides mandating procedures to be adhered to by organised local government before it embarks on wage negotiations in the bargaining council designated for municipalities; and
- Empowers the Minister to investigate maladministration, fraud, corruption or any other serious malpractice in municipalities, if the MEC fails to conduct such investigations.

The introduction of the above-mentioned interventions as well those provided through the Local Government: Municipal Structures Amendment Act No. 3 of 2021 will go a long way to ensure competent and professional municipal administrations, as well as to strengthen good governance and oversight in municipalities.

To upscale our efforts to fight corruption and support efforts to build an ethical state, on 20 September 2022 the Minister of Cooperative Governance and Traditional Affairs launched the Local Government Anti-Corruption Forum (LGACF) and the Local Government Ethical Leadership Initiative (LGELI). The LGACF was established in October 2020 under the chairpersonship of the Special Investigating Unit (SIU) and supported by the DCOG as the Secretariat. The Forum was formed with the intention to foster collaboration and coordination amongst the various stakeholders at the local government level on anti-corruption matters. Key stakeholders that form part of the forum include representation from government (including law enforcement agencies), business and civil society.

To date, the forum has, amongst others, achieved improved collaboration between DCOG, provinces and law enforcement agencies in relation to municipal investigations; targeted joint anti-corruption communication and awareness between government and civil society stakeholders. The LGELI project aims to facilitate a national dialogue on ethical leadership in municipalities, culminating in the development of a Code for Ethical Governance for Municipalities that sets out the principles and practices for ethical governance and leadership in local government. The Department is also collaborating with the DPSA to ensure the continuous implementation of lifestyle audits and the extension of this requirement to local government.

The Disaster Management Act 57 of 2002 (DMA) has an impact on all sectors of government and civil society. The DMA provides for both a reaction to disasters and for a developmental approach to reduce the risk of disasters (by avoiding them and by limiting their impact). A state of disaster, and the regulatory regime that this unlocks, only materialises if such risk reduction measures were not successful.

If the DMA were used only as a tool to respond to disasters, it would fail as a legislative instrument, because its purpose is to promote development initiatives that reduce the risk of occurrences becoming 'disasters'. If, on the other hand, the Act was properly implemented and used to reduce the risk of disaster, the focus would shift to vulnerable communities and to the development of plans to reduce their vulnerability. Should a disaster then occur, its impact would be less severe; this would, in turn, reduce the need for invasive post-disaster interventions.

It is therefore crucial to understand the legislative scheme of the DMA and what it seeks to achieve. As noted, the DMA not only provides for a reaction to disasters already underway. With the policy framework, it also lays the groundwork for a developmental approach to reduce the risk of disasters and so avoid or limit the impact of occurrences classified as disasters. The DMA therefore calls for all organs of state to develop disaster management plans.

The DCOG is currently reviewing legislation and is developing regulations and frameworks to strengthen legislation. Having due regard to the challenges identified above, in the next financial year the DCOG will develop a framework to deal with municipal councils in coalition arrangements,

as well as develop a report to inform the review of legislation that impacts negatively on local government.

Recently, South Africa has seen an increase in the number of court cases in which communities seek relief or the protection of one or more socio-economic related rights, with some judgements going in the favour of communities, while others in the favour of government. DCOG, together with the local sphere of government have been on the receiving end of quite a number of these cases, hence it is important to highlight and understand the complexity of the relationship between justiciable socio-economic rights, the functions and roles of the courts and the responsibilities for implementing court orders.

The dynamics and complexities of the relationships are underpinned and informed by the imperative of the transformation of society. There is also broad agreement that the courts should play a role in constitutional transformation; but courts cannot implement their own judgments, they rely on the legislature and the executive to comply with their (mostly transformational) orders. However, assessing transformation through the adjudication of socio-economic rights (SERs) represents a narrow, yet important, understanding of transformation as social justice. As rights are interdependent, it is necessary to also consider the ways in which the adjudication of civil, political and cultural rights has contributed to transformation.

Generally, as the executive is responsible for the development, choice and implementation of policy, it bears primary responsibility for the realisation of socio-economic rights, and hence social transformation. We further need to heighten the sensitivity to the fact that democratic imperatives of the separation of powers doctrine that the courts are not well-placed to make policy, or even prescribe to government as to how it should make its policy choices. Given the realities of service delivery challenges, the courts could become more interventionist by, for instance, adopting innovative remedies such as structural interdicts and 'meaningful engagement', which enable judicial supervision to ensure that government departments implement and deliver on court orders.

Section 154(1) of the Constitution provides that 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.

Support to Municipalities have been fragmented and uncoordinated and had very insignificant impact on their performance. Cabinet, having noted this disjuncture, resolved that a coherent National Support Plan for Municipalities must be developed to improve their performance. The Department is required to lead the implementation of proactive measures of support with other sector Departments to prevent Municipalities performance to deteriorate any further.

The recent acts of defiance to the provincial and national interventions by the leadership of Ditsobotla Local Municipality and Enoch Mgijima Local Municipality respectively, requires a review of the section 139 legislation to ensure that the mandatory interventions are strengthened to empower either provincial or national government to enjoy statutory and executive powers during the intervention period.

The 90 days limitation provided in the Constitution to constitute a new council after the dissolution of a Municipality does not afford the Administrator sufficient time to gain traction to restore good governance, sound financial management and efficient service delivery. There is a need to review this limitation to ensure a reasonable time for the Administrator to execute his duties of restoration of good governance and service delivery.

Analysis of South Africa's Legal landscape	
Current strengths	Current challenges
<ul style="list-style-type: none"> - The DCOG introduced amendments to the Municipal Structures and Municipal Systems Acts during 2021 and 2022, respectively. - Legislative amendments seek to strengthen 	<ul style="list-style-type: none"> - Unqualified persons being employed in municipalities. - Killing of Councillors. - Increase in the number of dysfunctional municipalities.

governance and promotes separation of the political administrative interface. <ul style="list-style-type: none"> Professionalisation and competence requirements are also institutionalised in municipalities. Regulations being finalised to promote decorum during council meetings and general conduct of Councillors. 	<ul style="list-style-type: none"> Poor audit outcomes of municipalities.
Prospects	Future risks
Positive environment created for a professional and ethical local government.	Instability in municipal councils, brought about by political in-fighting and coalition arrangements.

5.7. Environmental Analysis

South Africa, like the rest of the African continent, has been experiencing the negative impacts of Climate Change for decades. The IPCC WG II report concludes that we are already at +1.2°C above pre-industrial levels and that every incremental increase in the global average temperatures has a negative impact across many domains. Extreme weather events have had monumental impacts worldwide in the form of high-energy destructive storms, floods, droughts, heatwaves, and wildfires. All of these have manifested in the Southern African region and in South Africa as a country.

South Africa has emerged from a prolonged multi-year drought (2015-2018) beginning in the summer rainfall areas of the country affecting every sector severely with a large metropole, Cape Town, coming close to 'Day Zero'. Other parts of the country still experience drought conditions.

Evidence shows that climate change is increasing the intensity and frequency of storm systems worldwide. The Intergovernmental Panel on Climate Change (IPCC) recently assessed that an upward trend in extreme rainfall events can already be detected in Southern Africa's eastern parts. Flood events continue with the regularity and intensity that have been predicted in the IPCC report on Adaptation and Vulnerability.

The 2022 flooding events that affected KwaZulu-Natal, Eastern Cape and other provinces during the past year, have had a disproportionate impact on poor and historically disadvantaged households, underlining the importance of building higher levels of climate and disaster resilience. Flooding is a frequent, annual and well-known hazard in South Africa. Further rises in intense rainfall events are projected in the region due to natural climate variability and for as long as the world continues to warm. More weather disasters together with surging informal settlements, poor land use and inadequate infrastructure is likely to cause significant losses.

The 2022 flood events are a stark reminder of how vulnerable many parts of the country is to heavy rains. Many communities live below flood lines along riverbanks and on steep slopes. Population growth, unregulated informal housing growth, a lack of land use zoning enforcement and inadequate stormwater systems all contribute to growing flood risks.

Local, provincial and national government need to be more proactive in planning and building resilience, and the current early-warning systems and flood mitigation measures need to improve given the high levels of current vulnerabilities. South Africa needs to urgently invest in smart early-warning systems and start climate-proofing its infrastructure.

Risk warnings in informal settings are further complicated by residents who, despite being aware of the dangers, are often overwhelmed by the new nature and magnitude of these threats. Many communities are uninformed about climate risks, and the lack of alternative dwellings means they may resist warnings and refuse to move when offered substitute locations.

Municipalities must be urged to develop contingency plans that include the relocation and evacuation of thousands of people in days. Municipal facilities should be ready to serve as emergency shelters during flooding and other disasters.

Alongside climate change, South Africa faces the growing exposure of vulnerable communities. Cities are proliferating and 24 million more people will be living in urban areas by 2050. Much of this growth will be informal, unregulated and likely on unsafe, high-risk vacant land. Uncontrolled urbanisation and a lack of land-use zoning enforcement are compounding climate risks. Every second city and town is projected to experience increased flooding by mid-century.

Systemic vulnerabilities must also be reduced through climate change adaptation and disaster risk reduction initiatives. High-risk land exposed to natural hazards must be identified and indicated on land-use schemes. Zones designated unsuitable for development must be adhered to and enforced. Local governments should guide development onto safe and well-located land. High-risk communities must be consulted and educated about the risks and alternative housing sites provided for relocation.

At-risk infrastructure must be identified and protected through flood control mechanisms. New infrastructure investments should consider extreme rainfall events and climate adaptation needs in the planning, design and construction phases.

South Africa is no stranger to the devastating impacts of weather-related hazards such as floods, wildfires, storms and droughts. These events have wreaked havoc on infrastructure and communities, causing devastating economic and social losses. Without urgent risk reduction and adaptation measures, South African cities and towns will be hard hit, leaving millions exposed and vulnerable to climate change.

The Sendai Framework for Disaster Risk Reduction 2015-2030 (Sendai Framework) advocates for the substantial reduction of disaster risk and losses in lives, livelihoods, and health and in the economic, physical, social, cultural, and environmental assets of persons, businesses, communities and countries.

Disaster risk reduction (DRR) is already a central focus of the Disaster Management Act 57 of 2002 and the National Disaster Management Centre, together with those centres established at the provincial and municipal level, is assuming the role of coordinating, promoting and facilitating DRR. All sectors and spheres of government and all of society must be involved in these responses directed towards measures that reduce risks and increase communities' resilience. Without the necessary action, flooding and other hazards will continue to cause widespread devastation

The White Paper on Fire Services was approved by Cabinet in May 2020. The White Paper seeks to prioritise fire risk reduction as a core element of the proposed fire brigade services legislation. While fire-fighting services are provided in both municipalities and districts at local government level, the White Paper also clearly outlines the roles and responsibilities that national and provincial governments must execute in support of municipalities and other stakeholders involved in fire services across the country.

Analysis of impact of climate change in South Africa	
Current strengths	Current challenges
<ul style="list-style-type: none"> · legislative and policy framework in place to deal with impact of climate change and disasters · Coordination and institutional structures established · Grant funding mechanisms in place for disaster response · Increasing levels of understanding disaster risk and climate change impact · Impact based early warning systems available 	<ul style="list-style-type: none"> · Lack of human resource capacity to implement legislation and deal with disaster management across the spheres of government · Sector departments not committed to fully take up their roles and responsibilities in terms of disaster management legislation · Do not have a national disaster loss database – losses are not measured and quantified to establish trends and inform DRR and adaptation projects.
Prospects	Future risks
<ul style="list-style-type: none"> · Effective implementation of DDM to identify risks and include DRR and adaptation measures in One Plan of Each District 	<ul style="list-style-type: none"> · Service delivery failures treated as disasters · Deterioration of local government – not addressing factors contributing to vulnerability to climate change

<ul style="list-style-type: none"> • Identification of key contributing factors that increased the flood risks to inform future planning • Establishing a national disaster loss database • Reviewed disaster management framework • Organs of state have disaster management plans, including contingency arrangements in place • Early warning that leads to early action for increased preparedness of communities at risk • More effective funding models for DRR and Disaster Responses 	<ul style="list-style-type: none"> • Not investing in DRR and Climate change adaptation measures • Lack of capacity to implement DRR and CCA across all sectors • Increased losses of lives, livelihoods, property, devastation
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5.8. The ideal municipality

The State of Local Government Report and the 21-Year review of Local Government resulted in the framing of what an ideal municipality should look like

Figure 3: The ideal municipality

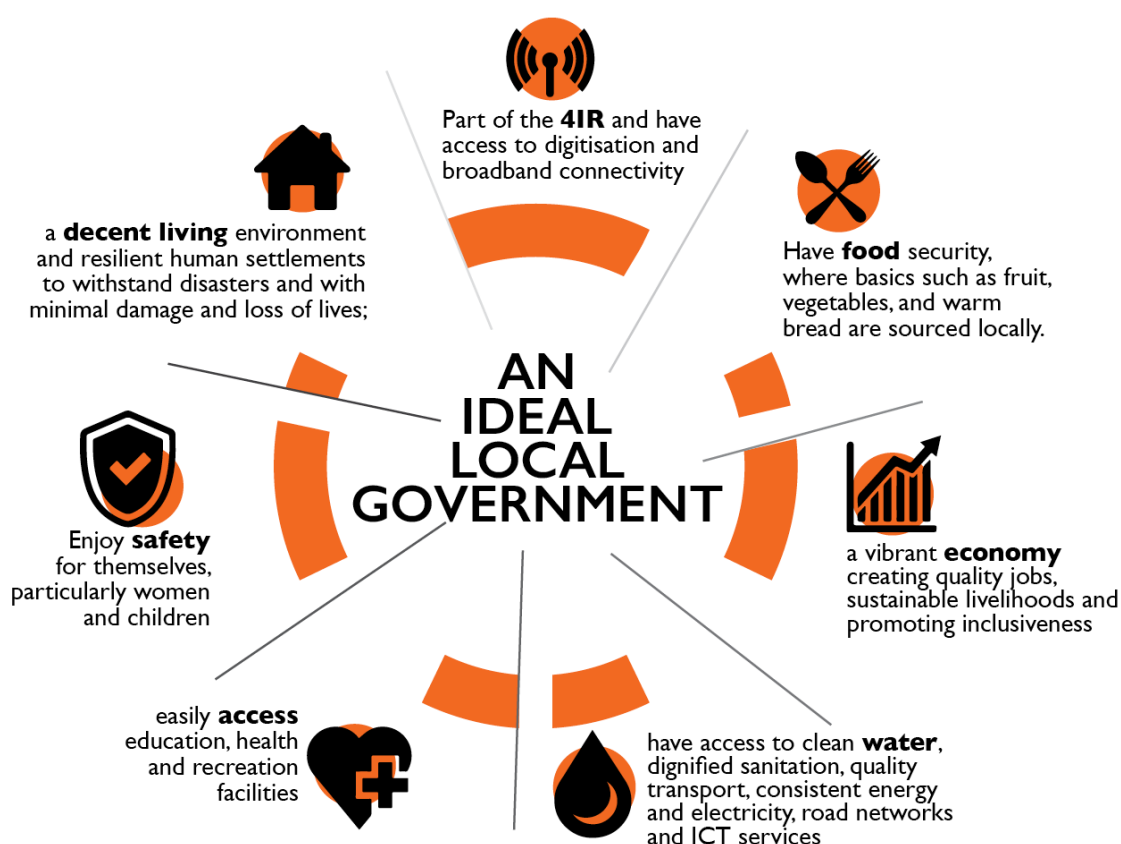


Table 5: Realising the ideal municipality

What we want to see	What needs to be done
Good Financial and Administrative Management <ul style="list-style-type: none"> • The resources and finances entrusted to the leadership and administration should be effectively and efficiently managed. • Approved budgets to be fully funded with adequate provisions for repairs and maintenance for infrastructure as well as effective application of credit control and debt collection policies. • Revenue collection should be between 80 and 100%. • Corruption is also absent and the prescribed procurement procedures are followed, without business interests and political interference. 	<ul style="list-style-type: none"> • The Department will assess their data management practices guided by municipal revenue related policies and local government legislation, to identify key anomalies that require correction, develop implementation plans and assist municipalities with the implementation. • Government has allowed up to 5% of the Municipal Infrastructure Grant (MIG) to be used for asset management planning, this has been in place since 2020/21. • Decentralisation and providing various options of payment, including technology and the systems used in the billing system should produce credible statements for consumers to regain trust.

Department of Cooperative Governance Strategic Plan 2020 to 2025 (Revised)

What we want to see	What needs to be done
<p>Local Economic Development</p> <p>Local economic development aims to build the local municipal economy and grow employment. The country also has a dysfunctional and inequitable settlement pattern. The challenges are that:</p> <ul style="list-style-type: none"> • Many people still live in poverty traps, including the former homelands, where less than 30 percent of adults are employed (compared with 55% in the cities). • One in two households depends on social grants or remittances, one in six in cities. • Logistics and comms lines are long because of sheer scale, making infrastructure maintenance difficult and movement of goods and people costly. <p>Local government must promote economic development and must "structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community."</p>	<p>Each province should identify integrative existing mega projects such as the Eastern Seaboard Development and the Vaal Water City project.</p>
<p>Stability in Municipal Councils</p> <p>The greatest challenge that is being faced in many municipalities is the instability brought about by the changing of political leadership. The 2021 local government elections saw an unprecedented 70 so-called "hung councils" resulting in protracted negotiations between political parties after the elections.</p> <p>Competent Leadership at Political and Administrative Level</p> <p>Prior to 2014, there was no requirement for senior managers to have prescribed qualifications for specific jobs in municipalities. On average Councillors have Grade 12/Senior certificates, and senior managers have national diplomas/advanced certificates.</p>	<ul style="list-style-type: none"> • Political parties must ensure that they prioritise the needs of citizens, stay true to their election manifestos, ensure delinquent Councillors are replaced with those able and competent. • Regulations (Jan 2014) prescribe minimum relevant qualifications for the municipal manager and other senior managers reporting to the municipal manager. • The Municipal Systems Amendment Act No. 3 of 2022 was assented-to by the President, will extend competency requirements to other employees across the municipality. This will contribute to a competent work environment and building capability and capacity over time. • Training of councillors, human resource practitioners, and senior managers on the implementation of the Municipal Staff Regulations and Guidelines will be conducted in a period of 36 months in the 2022/23 financial year. • A performance monitoring and management system should be introduced for Councillors, for accountability & improved service delivery.
<p>Clear Delineation between the Political and Administrative Leadership</p> <p>Both the executive and the legislature have important, although distinct, roles to play in enhancing local democracy and accountability and steering the municipality toward achieving developmental outcomes</p>	<p>Addressed in the Municipal Structures Amendment Act of 2021, as follows:</p> <ul style="list-style-type: none"> • Role of the Speaker strengthened; • Establishment of the office of the Whip; • Removal from office for a breach of the Code and not being eligible to return as a councillor for a period of 2 years. <p>The Department is finalising Regulations to augment the implementation of the Code of Conduct for Councillors, and specifically proposing that walkouts will constitute a Breach of the Code – as this may result in a 2-year ban from being elected into municipal office. The Regulations will be published for public comments early in 2023</p>
<p>Functional council and oversight structures (meeting regularly)</p> <p>Good governance is a key component to hold the executive accountable. Section 79 committees can be established by the council from among its members, and the council determines the functions of these committees and may also delegate powers and duties to them.</p>	<ul style="list-style-type: none"> • The Structures Amendment Act No. 3 of 2021 made it mandatory for councils to establish Municipal Public Accounts Committees (MPAC). The MPAC, on its own initiative, subject to the direction of the municipal council, be able to investigate and report to the municipal council on any matter affecting the municipality. • The intervention, will ensure greater oversight is exercised in municipalities and will assist in decreasing unauthorized, irregular, fruitless and wasteful expenditure.

What we want to see	What needs to be done
<p>Regular citizen engagement</p> <p>Ward committees provide a vital link between ward councillors, the community, and the municipality. In 2021, 98% of municipal wards had established ward committees. However, not all were fully functional, and 11% of ward committees were reported to be non-functional.</p>	<ul style="list-style-type: none"> • In the 2022/23 FY, DCOG to support 9 Provinces to capacitate municipalities to maintain functional ward committees. • DCOG will continue through its operations to support the mainstreaming of the GBVF National Strategic Plan in public participation activities of Provinces and municipalities through capacity building initiatives as well as sustained awareness programmes and campaigns. • A Gender-based Violence and Femicide (GBVF) reporting feature was also introduced on the GovChat App. The number of distinct reporters has grown from 126 in December 2022 to 162 by March 2022. Through a collaboration with the Department of Women, Youth and Persons with Disabilities, provincial engagements on mainstreaming GBVF into IDPs have been conducted in all 9 provinces. This must be maintained and upscaled.

The DCOG endeavours to realise the above through the various policy and legislative interventions that it has formulated which are expressed in the various projects that have been identified for execution in the next financial year, as well as the section 154 support that it will continue to provide to municipalities.

5.9. International considerations

5.9.1. 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.

The global goals aim to be of relevance to all community levels, from global to local. Therefore, localisation of the SDG through the DDM assures the development-driven decentralization but also considers local development as an endogenous open process, for which the local government takes primary responsibility and mobilises local resources. This is seen as both complementary and supplementary to national development and further promotes local development as additional benefit in a positive sum game.

Localising the SDGs to promote a bottom-up approach to the development agenda can develop robust institutions while simultaneously having profound impacts on local communities. It is an opportune time to moving from central to local development, a process of decentralisation which suggests moving closer to the people. This is done in the context of moving government decision-making closer to people (decentralization) on the grounds of efficiency, accountability, and responsiveness.

5.9.2. Africa Agenda 2063 - The Africa we want

In order to achieve the vision of the African Union “An Integrated, Prosperous and Peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena”. This vision 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.

As a blueprint and masterplan for the transformation of Africa, the Agenda 2063 has key transformational outcomes which will require the department to localise in municipalities through the planning, budgeting, implementation, monitoring and evaluation systems. These key transformational outcomes includes amongst others: improvement of the living standards; transformed, inclusive and sustainable economy, empowered women, youth and children; and a well governed , peaceful and cultural centric Africa in a global context.

Integrating the priorities of the NDP, Agenda 2063 and the Sustainable Development Goal through the DDM approach will not only ensure better coordination and implementation of these policy imperatives but also make it easy for South Africa to report at regional, continental and global levels.

5.9.3. Paris Accord on Climate Change and Sendai Framework for Disaster Risk Reduction

The Paris Agreement on Climate Change is the agreement on the global response to climate change; adaptation, mitigation and finance whereas the Sendai Framework for Disaster Risk Reduction is the Global framework to guide multi-hazard management of disaster risk.

Countries are faced with the growing challenge of managing increasing risks from climate change and climate variability, putting development and the achievement of the Sustainable Development Goals at risk. The adoption in 2015 of the Sendai Framework for Disaster Risk Reduction and the Paris Agreement on climate change provides a clear mandate for increased coherence in countries' approaches to climate and disaster risk reduction. South Africa recognises the benefits of improved coherence between the two policy areas, either by developing joint strategies or put in place processes that facilitate co-ordination across levels of government and sectors.

Together with stakeholders, DCOG needs to support efforts to further enhance coherence between the two policy areas to reduce disaster risk and address climate change in SA. This accord calls for zero net anthropogenic greenhouse gas emissions by the second half of the 21st 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.

5.9.4. Habitat III

The United Nations Human Settlements Programme ("UN-Habitat") is the coordinating agency within the United Nations System for human settlement activities and in collaboration with governments is responsible for promoting and consolidating collaboration with all partners, including local authorities, private and non-governmental organizations in the implementation of the Sustainable Development Goals (SDGs), in particular, Goal 11 of "Making cities and human settlements inclusive, safe, resilient and sustainable", as well as the task manager of the human settlements chapter of Agenda 21 and focal point for the monitoring, evaluation and implementation of the New Urban Agenda.

DCOG is responsible for local government and is committed to the implementation of the New Urban Agenda and the 2030 Agenda for Sustainable Development Goals through the Integrated Urban Development Framework (IUDF).

5.10. Summary of PESTEL analysis

Table 6: Summary of PESTEL Analysis

Political	Economic	Social
<ul style="list-style-type: none"> Coalitions Protests Unstable councils Political interference to Public Administration Elections 	<ul style="list-style-type: none"> Unemployment, poverty, and inequality Inclusion of women, youth and persons with disability to the economy Financially unviable municipalities Rising interest rates and inflation Loadshedding Poor infrastructure maintenance 	<ul style="list-style-type: none"> GBV Social cohesion Lack of critical skills Urbanisation (impact on infrastructure, health, education, social mobility) Crime
Technological	Environmental	Legal
<ul style="list-style-type: none"> Technological awareness Non-availability of technological tools and ICT solution Lack of investment to ICT innovation 	<ul style="list-style-type: none"> Climate change Disasters Unpredictable weather Pollution 	<ul style="list-style-type: none"> Increasing legal challenges Court rulings against the department and municipalities Pressure from local and international NGO's

6. Situational Analysis: Internal environment

6.1. Strategic Review

During 2022 the Department concluded a comprehensive strategic review process which informed our revised strategy, operating model and organisational structure. The intention of the review was to refocus the Department on its core legislative and policy mandate.

The Department in 2022 also introduced a zero-based budgeting approach. Projects, programmes, and activities were evaluated to determine their viability and merits and whether they will contribute to the Department's strategic objectives for the next financial year, or whether a reasonable alternative may be available.

In zero based budgeting, each cost is thoroughly considered with the aim of eliminating unnecessary expenditure and to ensure that the Department's resources are allocated to activities that are most relevant and useful to its current strategic objectives, while avoiding the unnecessary costs associated with activities that are not aligned to its core mandate.

Table 7: DCOG Swot analysis

Strengths	Opportunities
<ul style="list-style-type: none"> Existing legislation that enables the Department and Government to address system challenges at municipalities DCOG has a comparative advantage in identifying cross cutting opportunities (wholistic picture) DCOG is a repository of information Local Government knowledge Department's ability to support municipalities with limited resources Versatility in integrating new government reforms Lead role in the sector Ability to attract resources Strengthened governance and departmental stability 	<ul style="list-style-type: none"> DDM places us a central department to leverage the effectiveness of IGR Structures Department's mandate provides authority to realise available opportunities Operating model and structure provides opportunity to be closer to local government Leading future disaster responses (value chain)
Weaknesses	Threats
<ul style="list-style-type: none"> Operating model not entrenched and silo approach Insufficient capacity in critical speciality areas Lack of knowledge management and learning culture and systems Performance for outcomes and impact lacking at senior level Slow pace of change, susceptibility for change Core leadership skills to drive excellence Spheres of government especially district municipalities as a weak link 	<ul style="list-style-type: none"> Insufficient budget for the Department to fulfil its mandate. Instability arising from political interference in administrative matters within municipalities. Increasing governance and financial management challenges in municipalities: National is not 100% in control of municipal performance and audit outcomes Lack of productivity and performance of municipalities Inadequate early warning systems due to intervention after the province has failed Red tape around performance management and culture

6.2. Strengthening the institution

The revised organisational structure of the Department focusses our human capital on the current legislative and policy mandate of the Department. Our future operating model aims to eliminate silos to ensure that we maximise the impact of our limited resources on poverty, inequality and unemployment in a legislative context where our responsibilities often exceeds our authority to direct (as is evident from the rise in litigation related to service delivery).

Our primary focus in future will be on providing support, as envisaged in Section 154 of the Constitution to build capacity and resilience in municipalities. We have adopted a new approach to learning and knowledge management that will enable the Department to base decisions and

recommendation on evidence and to focus on the root causes of the challenges we experience in the local government sphere. Internally in the Department, we are also developing new skills development and leadership training programmes and improving our performance management systems.

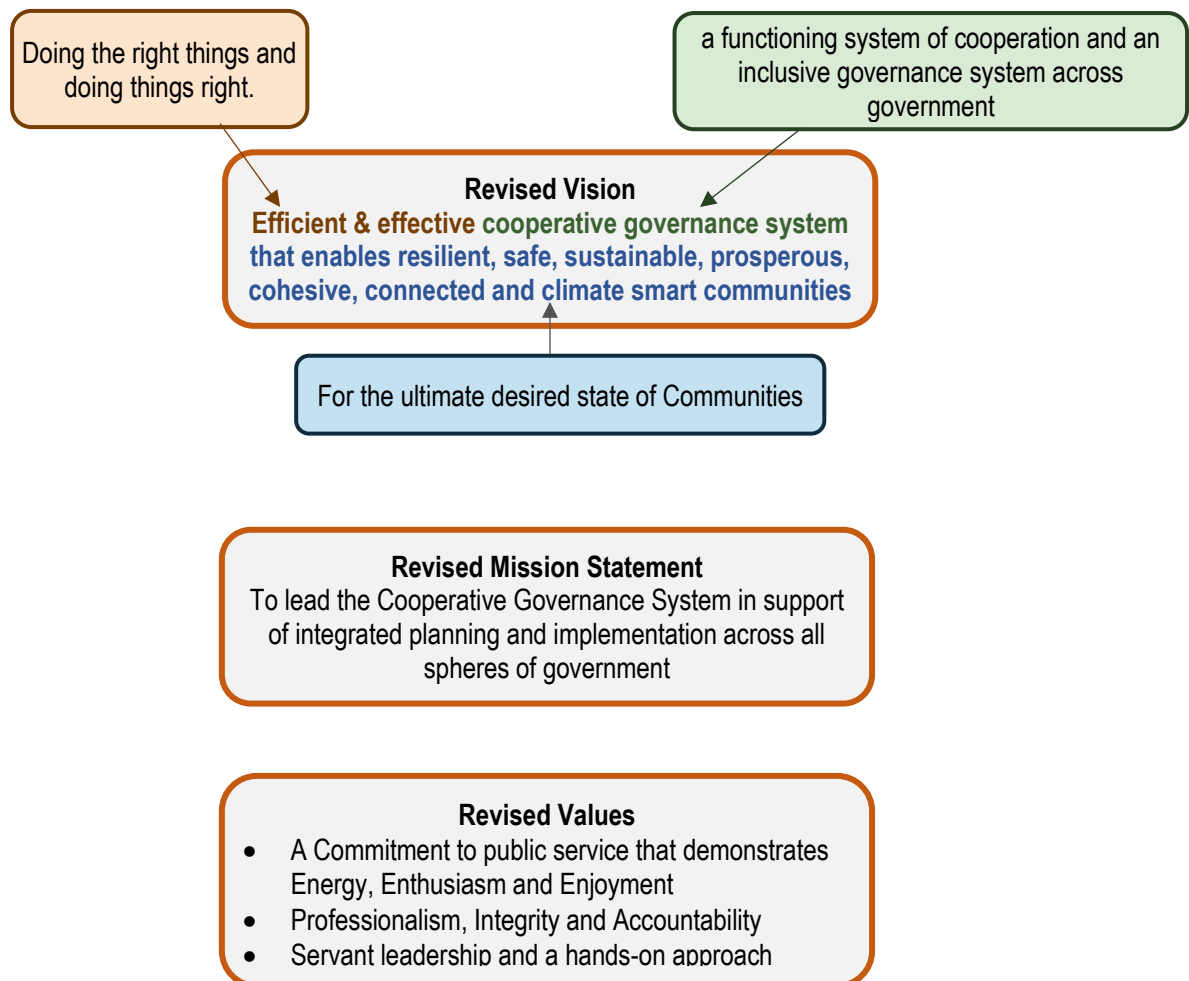
6.3. Vision, Mission and Values

The vision statement of DCOG presents our future ambition and describes our long-term goals and aspiration for the sphere of local government.

The mission of DCOG is to lead the local sphere of government by supporting municipalities to deliver services to the right quality and standard, by promoting good governance, building institutional resilience and administrative capability. This is to be done in a way that creates a more sustainable future that makes a difference in people's lives, communities and our planet.

Our values focus on three areas namely: Commitment, integrity and leadership and we ensure this happens with Energy, Enthusiasm and Enjoyment

Figure 4: Vision, Mission and Values



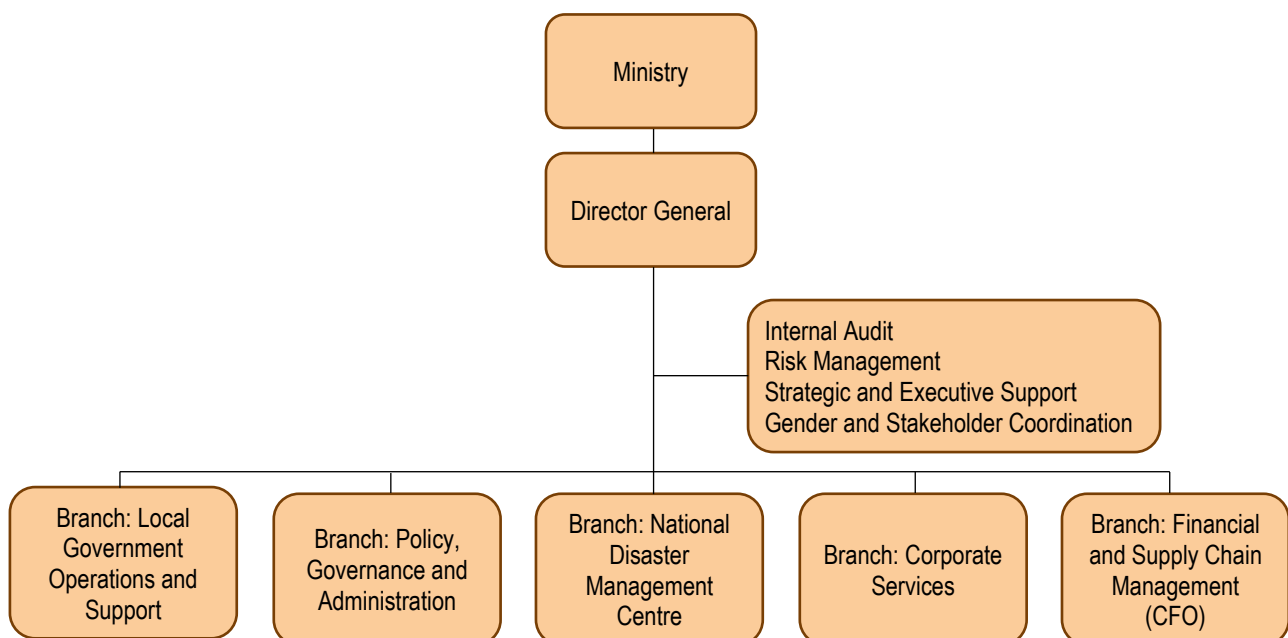
6.4. Organisational Structure

Following the conclusion of the Department's strategic review process in 2022, the Department adopted a new operating model and organisational structure. A key feature of the new organisational structure is a clear distinction between the policy work and the implementation support required in terms of the Department's mandate.

The new Local Government Operations and Support Branch, consisting of a Chief Directorate for each province, was established to be the point of entry and focal point of our interactions with provinces, districts, municipalities and communities. This includes implementation of the Community Work Programme, which was previously a standalone branch. The new Branch is primarily responsible for entrenching the DDM approach across all spheres of government. The Branch is responsible for both Budget programmes 2 and 5.

The new Policy, Governance and Administration Branch will focus on providing policy support and will focus primarily on legislative review and improvement, administering the local government equitable share, local government capacity building programmes, development planning as well as integrated knowledge systems and effective monitoring and evaluation tools.

Figure 5: High-level Organisational Structure



Part C: Institutional performance information

7. Strategic Focus

7.1. Impact statement

Resilient, safe, sustainable, prosperous, cohesive, connected and climate smart communities

Our impact statement is derived from our vision and envisages the communities we live in to be:

- **Resilient:** Able to respond to change.
- **Safe:** Free from gender-based violence, crime and corruption.
- **Sustainable:** Free from the legacy of apartheid spatial planning and focusing on those things we can do best in each district
- **Prosperous:** Free from poverty, inequality and unemployment.
- **Cohesive:** Working together and free from all forms of discrimination.
- **Connected:** Embracing the connected world and the 4th industrial revolution.
- **Climate Smart:** Reducing our carbon footprint and prepared for climate change.

DDM in action interventions are key to the institutionalisation and implementation of the strategic plan as we scale and align our programmes and support across all spheres.

Our analysis of the legal and policy mandate of the Department resulted in the identification of 14 specific areas that the Department is required to focus on. These 14 areas were consolidated into five strategic focus areas and six outcomes and were linked to the DDM approach, as indicated in the table below.

Table 8: Mandate, Strategic Focus and DDM

Legal / Policy Mandate	Strategic Focus Areas	DDM Links
Legislation / IMSI Bill	1. Legislation and Policy	Enable DDM institutionalisation
Cooperative governance	2. Cooperative and Participatory government	DDM Governance Structures
Participatory government		
Basic Services / Service delivery models	3. Integrated planning and implementation	Infrastructure engineering Spatial restructuring Economic positioning Integrated service provisioning
Funding of priorities		
Economic development and recovery		
Municipal infrastructure		
New City / Smart Cities		
Climate change		
Disaster Management		
GBVF / Mainstream Women & Youth priorities		
Government institutional capacity	4. Institutional capacity, governance & accountability	Enable institutionalisation of DDM
Governance and Accountability		
Integrated Monitoring System	5. Integrated knowledge management	Demographic & district profiling

These five strategic focus areas ensure that we direct our resources and activities towards achieving outcomes and impact. The indicators and targets in the APP and operational plans of the various programmes in the Department are derived from our strategic focus areas and outcomes.

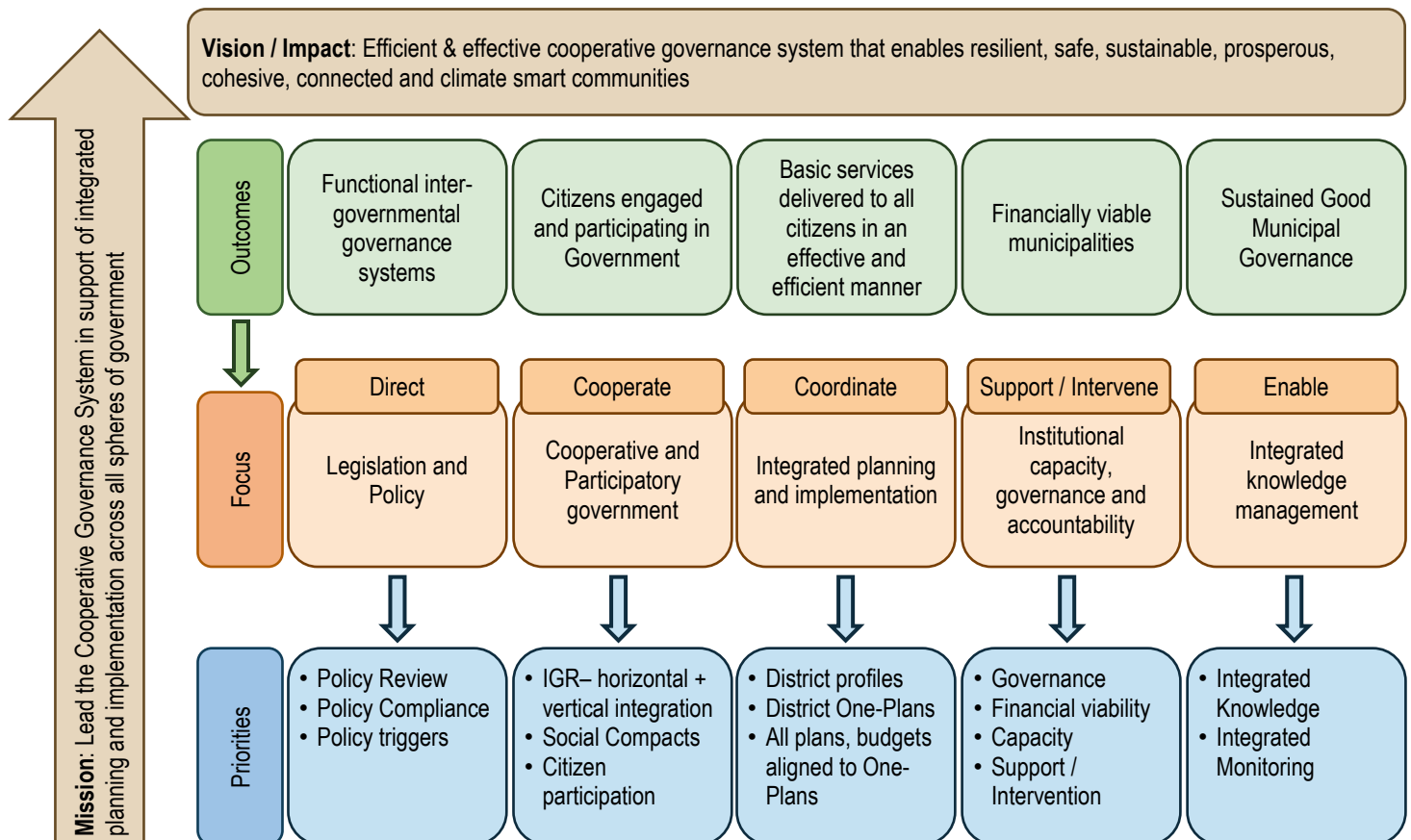
Table 9: Strategic Focus

Strategic focus areas	What we focus on	
1 - Legislation and Policy	Legislation and policy are used to direct and influence intergovernmental relations and structures towards achieving outcomes and impact	Direct
2 - Cooperative and Participatory government	Adopt a cooperative approach, recognising that our developmental agenda requires participation and involvement of citizens, all three spheres of government, and the private sector	Cooperate
3 - Integrated planning and implementation	Eliminating fragmented plans and direct our resources and efforts at those priority areas that will contribute most to achieving outcomes and impact.	Coordinate
4 - Institutional capacity, governance and accountability	Resilient institutions that are able to plan and implement, underpinned by a culture of accountability and good governance, are essential in achieving sustainable development.	Support
5 - Integrated knowledge management	Knowing where we are (district profiles). Basing our plans on evidence. Monitoring progress. Evaluating whether what we do is moving us to the desired outcomes and impact.	Enable

7.2. Delivery value chain

The figure below describes the value chain or theory of change from vision through outcomes, strategic focus areas to priorities. Specific targets and indicators related to these outcomes and priorities are contained in the Annual Performance Plan of the Department.

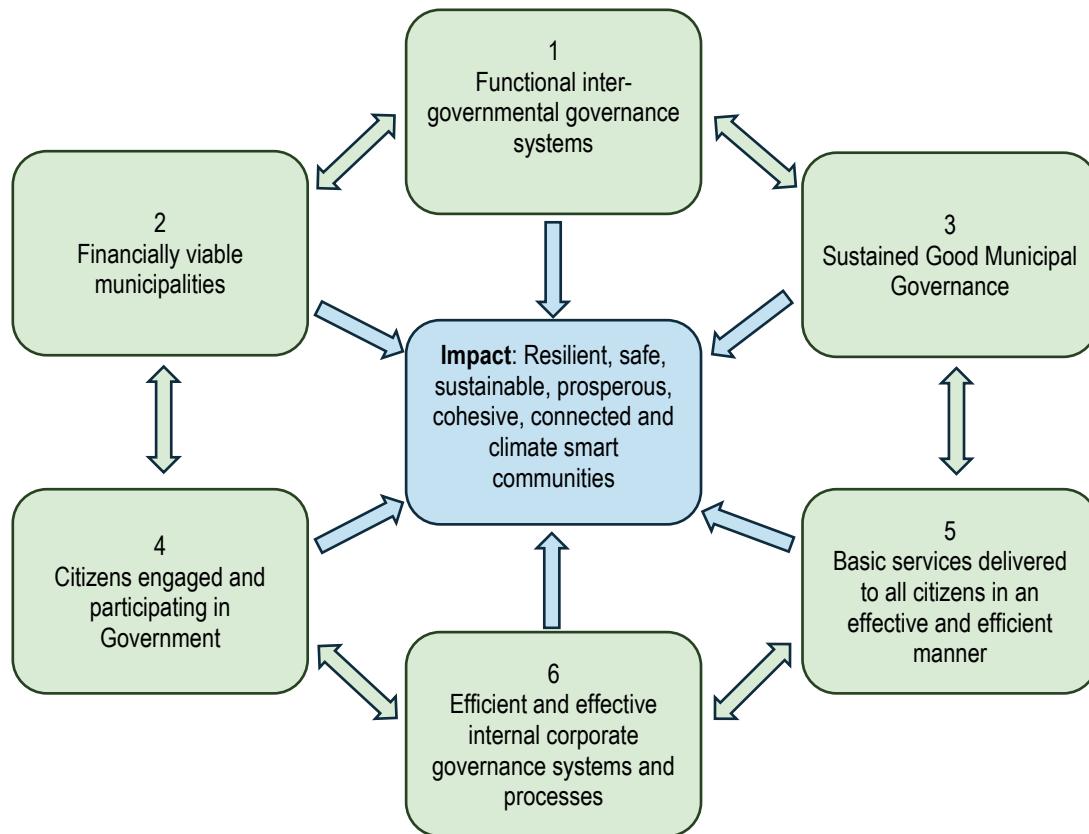
Figure 6: Delivery Value Chain – Theory of change



7.3. Outcomes

The figure below depicts the 6 high-level outcomes that intend to focus the work of the Department on realising its vision.

Figure 7: Outcomes



The 6 high-level outcomes focus primarily on MTSF Priorities 1, 5 and 6 as summarised in the table below:

Table 10: Outcomes and MTSF priorities

Outcome	Outcome Indicator	2022 Baseline	2025 target
Priority 1: A capable, ethical and developmental state			
Functional inter-governmental governance systems	Legislation reviewed	Existing legislation developed and administered by the Department, and other sectoral Departments	All legislation reviewed and aligned
	IGR structures aligned to DDM approach	IGR Structures not aligned to DDM approach	IGR Structures in place and functioning
Financially viable municipalities	Reduction in Percentage financially distressed municipalities	68% (175 of the 257 municipalities) are deemed to be in financial distress	30%
Sustained Good Municipal Governance	Reduction in the percentage of municipalities that are dysfunctional or at high risk	67.3% (173 of the 257 municipalities) are deemed to be at high risk or dysfunctional	30%
Efficient and effective internal corporate governance systems and processes	Percentage implementation of corporate services and financial management improvement plans	90%	90%
Priority 1: A capable, ethical and developmental state			
Priority 6: Social cohesion and safe communities			
Citizens engaged and participating in Government	Number of Departmental projects that directly engage citizens	1 per year	3 per year.
Priority 1: A capable, ethical and developmental state			
Priority 5: Spatial integration, human settlements and local government			
Basic services delivered to all citizens in an effective and efficient manner	Percentage of population with access to basic services (water, sanitation, electricity)	Water: 89% Sanitation: 83% Electricity: 90%	Water: 95% Sanitation: 95% Electricity: 95%

7.4. Explanation of planned performance over the five-year planning period

The primary focus of the Department is to improve service delivery at local level and to contribute to the reduction of poverty, inequality and unemployment. The indicators and targets included in the Annual Performance Plan of the Department focus our activities on those key drivers of service delivery.

7.4.1. Strengthening the IGR system - Functional inter-governmental systems

The Department will play a more central coordinating role to direct and influence intergovernmental relations, structures and operations towards achieving outcomes and impact. In order give impetus to the institutionalisation of the DDM approach and framework, the Department will finalise regulations in terms of Section 47 of the Intergovernmental Relations Framework Act. This will require sector Departments to ensure that their strategic intent and master plans form part of IDPs and District One Plans.

The institutionalisation of long-term planning in the form of the DDM 25-year strategy is a critical governance arrangement that embeds a joint up government approach towards developmental local government and a capable state. This long-term planning will guide coordination of efforts towards implementation around the 5 pillars of DDM which are Governance and Financial Management, Integrated Services Provisioning, Infrastructure Engineering, Spatial Restructuring, and Economic Positioning. This process is rooted in the development of long term one plans for districts and metros following a vigorous process of diagnostic studies, trend, and scenario analysis for purposes of mapping the desired future for each district and metro by formulating long term strategies with concrete outputs and outcomes achieved through joint up implementation. The Eastern Seaboard Development is one example of DDM in action where all stakeholders converge to achieve the objective of creating a region that embraces local and external opportunities to eradicate poverty, inequality and unemployment.

Key to the success of long-term plans is the creation of enabling governance platforms, adherence to the rule of law, tackling corruption and creating quality institutions that can deliver on the needs of the communities as expressed in the government priorities. The Department will ensure that the Monitoring Support and Interventions Bill is tabled in Parliament. The Bill will enhance targeted support to municipalities before interventions are introduced and will further clarify roles and responsibilities where interventions become necessary.

One of the key blockages in executing our mandate was insufficient appreciation of the spectrum of powers and functions of the Department within the constitutional provisions and related legislative mandate. The Department subsequently developed a comprehensive legal and policy toolkit that entailed the analysis of existing reports and jurisprudence, environmental scan, and literature review of local government challenges in consultation with provinces, municipalities, and sector departments to gather policy impediments, identification, and elevation of interim policy/legislative levers for immediate review and implementation this will enable the updating of policy frameworks, regulations, guidelines and reporting protocols.

The proposals and recommendations emanating from the 2022 local government summit and 21-Year review will be translated into a program of action which will include the review of policy and legislation through a consultative process with our stakeholders.

Disaster Management plans are assessed in terms of the guidelines provided by the National Disaster Management Centre (NDMC). Organs of state are advised and guided to improve their Disaster Management Plans to enhance the likelihood of the municipality / sector to reduce risks, mitigate impact, improve response etc. This also enhance the likelihood that the Disaster Management Plans are improved and integrated into the IDPs and SDBIPs in the case of municipalities. The NDMC will continue to provide support to municipalities on measures to prevent, prepare for and mitigate disaster risks through applicable disaster management plans and to support to sector departments in the implementation of disaster funding arrangements. The NDMC will further update the NDMF to better reflect on several aspects contained in legislation and regional, continental, and international frameworks to strengthen the ongoing institutionalisation of Disaster Management across the sectors and spheres of government.

The CWP programme will from the 2023/24 financial year differentiate between two pathways for implementation. Pathway 1 aims to provide sustainable and predictable income to participants works up to 8 days per month and 100 days per year. Pathway 2 will be introduced with the specific aim improving the economic agency of participants, through useful work and relevant training, to allow them to exit the programme after 2 years. Pathway 1 will be implemented through the traditional model of implementing agents while Pathway 2 will focus on specific projects developed and implemented in cooperation with implementing partners such as other government departments and agencies, higher learning institutions sector training and education authorities, non-profit or community-based organisations and the private sector.

7.4.2. Financially viable municipalities

The Department will upscale its oversight, support and monitoring to municipalities through the MPAC forum that has been established. The Department will further support municipalities to comply with the Municipal Property Rates Act. Part of the work done by the MPAC forum is to guide the reduction of unauthorised, fruitless and wasteful and irregular expenditure.

The Local Government Summit 2022 emphasised local economic development as one of the key drivers of financially viable municipalities. This can only be achieved if all role players, in particular the private sector, are engaged in the One-Plan and IDP processes. Local Economic Development summit and draft Local Economic Development prioritisation framework envisaged for 2023 will inform this process.

Our work in relation to the development and implementation of Municipal Support and Intervention Plans (MSIPs) will contribute to an increase in the number of financially viable municipalities. The

National Disaster Management centre will continue to support sector departments (national and provincial) to develop and implement innovative disaster mitigation and response plans.

DCOG together with National Treasury, provinces, and municipalities, will facilitate initiatives to improve financial sustainability, revenue management and audit outcomes for Local Government. Attention will be dedicated to the reduction of qualified audits through elimination of irregular, wasteful and fruitless expenditure. The responsibility to ensure that municipalities are financially viable is a joint responsibility of the National Treasury, DCOG, provincial CoGTAs, provincial Treasuries, and SALGA. The poor response from consumers (residents, national and provincial government departments) with regard to the payment for services provided by municipalities and insufficient budget allocations by organs of state to service current and historic debt is the prime reason why municipalities are struggling to meet their own payment obligations to Eskom and water boards.

7.4.3. Sustained Good Municipal Governance

The Department plays a leading role in supporting the improvement of governance at municipal level. This includes activities such as the development and implementation of Municipal Support and Intervention Plans, monitoring the development and implementation of post-audit action plans by municipalities.

Political stability and interference in the operations of municipalities have a significant impact on service delivery. The Department is finalising Regulations to augment the implementation of the Code of Conduct for Councillors, and specifically proposing that walkouts will constitute a Breach of the Code – as this may result in a 2-year ban from being elected to municipal office. The Regulations have been published for public comment and will be implemented in 2023. Noting the challenges experienced by many municipalities with coalition arrangements, the Department will be conducting a consultative process to develop a framework to guide coalitions. This process will also facilitate discussions on the possible introduction of minimum thresholds to be eligible for allocation of a seat.

Implementing the local government capacity building strategy and plan and amending regulations in relation to the appointment of senior managers in municipalities will contribute to improving the capacity at local level. Supporting sector departments and municipalities to improve their disaster management plans will reduce the impact of future disasters on the lives and economies of communities. The Integrated Local Government Capacity-Building Strategy has been developed and will be implemented in identified municipalities over the next 5 years with the aim of ensuring that municipalities improve their governance responsibilities.

The Department in collaboration with National Treasury, AGSA, SALGA and provinces will provide targeted capacity building interventions to municipalities. This will include the roll-out of the MPAC Guideline and Toolkit developed by National Treasury in collaboration with stakeholders and finalised during 2018. Specific amendments were also introduced through the Local Government: Municipal Structures Amendment Act No. 3 of 2021 which makes it mandatory for all municipalities to establish MPACs.

7.4.4. Citizens engaged and participating in Government

We need to find more innovative ways to deliver on MTSF targets related to the share of municipalities engaging citizens and improvement in satisfaction in service delivery (MTSF Priority 1) as well as number of provinces implementing the GovChat programme for community engagement and service delivery improvement and provinces supported to maintain effective community engagement structures, systems and processes within their respective municipalities (MTSF priority 6).

There is currently no system in place to measure general service delivery satisfaction, with initiatives such as GovChat, the Presidential Hotline and others serving primarily as complaints management systems. The Department, in cooperation with the GCIS and Department of Communications, will endeavour to develop systems to measure service delivery satisfaction.

The Department will contribute to the achievement of the above mentioned MTSF targets through monitoring and reporting on the functioning of ward committees, an annual anti-corruption and ethics awareness campaign as well as hazard specific action plans and campaigns.

Disaster risk reduction can only be realised when communities are informed of the different hazards in their localities and how such hazards must be managed to prevent them turning into disasters. To this effect, the NDMC has developed multi-hazard public awareness programmes and conducts awareness campaigns to educate communities about the need to promote disaster risk reduction. These programmes are implemented in municipalities in collaboration with stakeholders involved in disaster risk management such as sector department, Non-Governmental Organisations, and Provincial Disaster Management Centres. During these campaigns, communities are provided with advisories such as preventing eruption of fires through proper handling of paraffin stoves and usage of gas stoves, preventing flooding by avoiding build houses next to the rivers and along flood lines, avoiding throwing debris in storm water drainage pipes and to rather clean such drainage pipes before the rainy season starts.

We will further enhance the role of the Community Work Programme in engaging citizens. As part of Government's campaign to increase municipal revenue and reduce municipal debt, the Department will work jointly with provinces, and municipalities to encourage clients and citizens to pay for services based on the 'user pay principle'.

7.4.5. Basic services delivered to all citizens in an effective and efficient manner

Our role in improving the delivery of basic services finds expression in our joint efforts with the Municipal Infrastructure Support Agent (MISA) in the administration of the Municipal Infrastructure Grant (MIG) and the review of infrastructure projects and IDPs.

The Department will improve support and interventions mechanisms in line with Sections 154 and 139 of the constitution. This ultimately impact on the delivery of services and the economic sustainability of communities.

DCOG and sector departments through the DDM will support municipalities to improve their disaster management plans integration in the IDPs and the One Plans. This support includes providing technical capacity, planning guidance, templates, conducting workshops and benchmarking.

DCOG further supports municipalities through disaster grant funding allocations focussing on infrastructure projects to mitigate and recover from disasters.

The Community Work Programme will continue to play a role in maintaining public infrastructure.

7.4.6. Gender, youth and persons with disabilities

The Department will continue to support the localisation of the global, continental, regional and national policy imperatives for gender, youth and persons with disabilities through the following initiatives:

- Finalise the IDP guidelines on integrating safety and GBVF in the IDP. This will ensure institutionalisation and accountability on GBVF planning and implementation at municipal level, including strengthening technical and financial resourcing for implementation of the NSP on GBVF;
- Ensure that the current municipal key performance indicators (Section 43 of the MSA) include issues of gender, youth and persons with disabilities so as to monitor and report implementation of the relevant policy imperatives.
- Roll out of a national response to GBVF through establishment of provincial and local structures with optimal institutional arrangements and resources across government, private sector, media, NGOs, CSOs religious and cultural institutions with a specific focus on prevention and psycho-socio-economic support; (support of women through LED, Gender responsive budgeting, CWP, MISA and DTA programmes)

- Coordinate the establishment of the Rapid Response Structures at community level / local platforms in place and harnessed to readily respond to the GBVF crisis;
- Coordinate the training and support community capacity to deliver GBVF prevention interventions with support DWYPD and Presidency; and
- Strengthening of the local level coordination to address current fragmentation and build cooperative relationships of trust between government stakeholders, civil society organisations and communities in responding to GBVF.
- Expand the 100-day challenge programme as an innovative approach to accelerate the implementation of the NSP on GBVF and address key service delivery issues.
- Amplify programmes that build the agency of girls and young women as well as men and boys as a prevention mechanism on GBVF.
- Strengthen partnerships between municipalities and communities and research actors such as local academia, civil society organisations, and private sectors to contribute towards research in line with the set national agenda.

These efforts will focus on the establishment and strengthening the current key institutional structures and partnerships to enable implementation and accountability. Lastly, the Department places its stakeholders at the apex of its strategic thinking and to effectively support the Department to successfully achieve the collective vision and mission with specific focus on local government. The collaboration will also include a focus on relations with aligned Government functions, and regional, continental and global imperatives. In addition, working in partnerships with private sector and civil society will ensure the socio-economic inclusion all these vulnerable groups.

7.4.7. Efficient and effective internal corporate governance systems and processes

The Department develops annual Corporate Services and Financial Management improvement plans that focus on priority areas that will enhance our internal capacity and ability to support the achievement of strategic priorities. We will also ensure that we support the economic empowerment of women, youth and persons with disabilities through our recruitment and procurement processes.

7.5. Key risks

Strategic Outcomes	Related Risk	Risk Mitigation Measures
Functional inter-governmental governance systems	Fragmented IGR systems does not result in effective policy implementation	Regulations in terms of the Intergovernmental Relations Framework Act (IGRFA) gazetted. Effective agenda setting and coordination in IGR structures through the DDM approach.
Financially viable municipalities	Insufficient economic base	Develop local economic development prioritisation framework
Sustained Good Municipal Governance	Political instability and interference in the operations of municipalities	Develop framework to guide coalition arrangements Implementation of the code of conduct for councillors implemented
	Non-compliance with existing laws and regulations	Implement capacity building strategy and ensure effective advocacy and monitoring mechanisms
Citizens engaged and participating in Government	Insufficient or ineffective citizen engagement platforms and structures	Embrace technology to bring government closer to people on the ground
Basic services delivered to all citizens in an effective and efficient manner	Sector departments, provinces and municipalities do not develop and implement coherent plans	Ensure effective development, implementation and monitoring of DDM One Plans. Develop and implemented IDP assessment framework.
Effective and Efficient Internal Corporate Governance Systems	Insufficient skills to deliver on the mandate of the Department	Comprehensive skills audit and training / capacity building programme

8. Public entities

Name of the public entity	Mandate	Outcomes
Municipal Infrastructure Support Agent (MISA)	<p>As a government component within the Cooperative Governance and Traditional Affairs portfolio, MISA derives its mandate from section 154(1) of the Constitution of the Republic of South Africa, 1996. The provisions of this section of the Constitution places the responsibility on both national and provincial governments to support and strengthen, by legislative and other measures, the capacity of municipalities to manage their own affairs, exercise their powers and perform their functions.</p> <p>MISA was established to serve as an agent of DCOG to drive the provision of technical support to municipalities with the view to strengthening their capacity for planning, delivery, as well as operation and maintenance of infrastructure for municipal services provision.</p>	<ul style="list-style-type: none"> Improved governance, administrative support system and ethical practises. Effective water management system for the benefit of all Efficiency in infrastructure management Long term municipal Infrastructure investment Enhanced inter-governmental and inter-departmental coordination through the implementation of the District Development Model A spatially just and transformed national space economy that enables equal access to social services and economic opportunities in cities, regions and rural areas Increased access to climate change mitigation and adaptation funds by municipalities Improved municipal capacity to deliver basic services, quality infrastructure and integrated public transport to increase household access to basic services
South African Local Government Association (SALGA)	SALGA was established in terms of the Organised Local Government Act, 1998 to serve as a representative voice of member municipalities on matters such as legislative processes affecting member municipalities, and is listed in Schedule 3A of the Public Finance Management Act, 1999 of the PFMA. The mandate and functions of SALGA are divided into advice and support, representation, employer body and strategic profiling of municipalities.	<ul style="list-style-type: none"> An Agile Force of Influence Customised innovative solutions Capable and reputable local government Effective Networks and IGR Inclusive socioeconomic return Developmental growth for global competitiveness
Municipal Demarcation Board (MDB)	The Municipal Demarcation Act, 1998 (Act 27 of 1998) establishes the MDB as an independent authority to determine and re-determine municipal boundaries and to render advisory services on matters provided for in the Act, and other legislation enacted in terms of Chapter 7 of the Constitution when so requested	<ul style="list-style-type: none"> Organisational excellence Well-defined municipal spaces Improved access to research and spatial information Improved public and stakeholder participation
SA Cities Network	The South African Cities Network was established as a network aimed at sharing best practices and information on urban development and management by the Department of Cooperative Governance, the nine largest cities and the South African Local Government Association (SALGA).	<ul style="list-style-type: none"> Optimise the company's financial management and sustainability Instill and sustain a well-governed environment at the South African Cities Network Enable SACN to achieve its objectives through effective and efficient strategic HR delivery Collect, collate, analyse, disseminate and apply the experience of large city government in a South African context (promote shared learning) Improve communications and public perception of the organisation

Part D: Technical Indicator Descriptions

Indicator title	1. Legislation reviewed
Definition	Ensures that implementation of the DDM is enabled and strengthened through appropriate legislation and regulations
Source of data	DCOG
Method of calculation or assessment	Quantitative
Assumptions	Approval processes through Cabinet and Parliament will not be delayed
Disaggregation of beneficiaries (where applicable)	Will be considered where applicable
Spatial transformation (where applicable)	Will be considered where applicable
Desired performance	All legislation reviewed
Indicator responsibility	DDG: LGOS, DDG: PGA, Head: NDMC, and DDG: CS (Legal Services)

Indicator title	2. IGR structures aligned to DDM approach
Definition	Ensures that IGR structures engage on DDM approach
Source of data	DCOG
Method of calculation or assessment	Qualitative
Assumptions	Cooperation from sector departments, provinces and municipalities
Disaggregation of beneficiaries (where applicable)	N/a
Spatial transformation (where applicable)	N/a
Desired performance	All IGR structures aligned to DDM approach
Indicator responsibility	DDG: LGOS and Head: NDMC

Indicator title	3. Reduction in Percentage financially distressed municipalities
Definition	Measures the percentage of municipalities in financial distress
Source of data	State of Local Government Report - DCOG
Method of calculation or assessment	Quantitative – number of municipalities in financial distress divided by total number of municipalities, expressed as a percentage
Assumptions	Data received from provinces and municipalities on time
Disaggregation of beneficiaries (where applicable)	Indicators in SOLG report are disaggregated where applicable
Spatial transformation (where applicable)	Disaggregated to municipal level
Desired performance	No municipality in financial distress
Indicator responsibility	DDG: LGOS, DDG: PGA and Head: NDMC

Indicator title	4. Reduction in the percentage of municipalities that are dysfunctional or at high risk
Definition	Measures the percentage of municipalities in that are deemed to be dysfunctional or at high risk
Source of data	State of Local Government Report - DCOG
Method of calculation or assessment	Quantitative – number of municipalities that are rated as dysfunctional or at high risk divided by total number of municipalities, expressed and a percentage
Assumptions	Data received from provinces and municipalities on time
Disaggregation of beneficiaries (where applicable)	Indicators in SOLG report are disaggregated where applicable
Spatial transformation (where applicable)	Disaggregated to municipal level
Desired performance	All municipalities are functional
Indicator responsibility	DDG: LGOS, DDG: PGA and Head: NDMC

Indicator title	5. Percentage implementation of corporate services and financial management improvement plans
Definition	Measures the implementation of approved corporate services and financial services improvement plans
Source of data	Exco minutes and reports by Corporate Services and Financial Services Branches

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Method of calculation or assessment	Quantitative - Percentage of targets achieved (See APP)
Assumptions	Sufficient human and financial resources
Disaggregation of beneficiaries (where applicable)	N/a
Spatial transformation (where applicable)	N/a
Desired performance	At least 90% implemented each year
Indicator responsibility	DDG: CS and DDG: Financial and Supply Chain Management (CFO)

Indicator title	6. Number of Departmental projects that directly engage citizens
Definition	Measures the number of APP projects focussed on direct citizen engagement
Source of data	Quantitative – simple count
Method of calculation or assessment	Count the number of APP projects per year
Assumptions	Sufficient capacity
Disaggregation of beneficiaries (where applicable)	Will be done per project in APP
Spatial transformation (where applicable)	N/a
Desired performance	At least three projects per year
Indicator responsibility	DDG: LGOS, DDG: PGA and Head: NDMC

Indicator title	7. Percentage of population with access to basic services (water, sanitation, electricity)
Definition	Measures the percentage of people with access to basic services as an impact indicator
Source of data	Statistics South Africa census and survey data
Method of calculation or assessment	Quantitative – obtained directly from StatsSA
Assumptions	Data available
Disaggregation of beneficiaries (where applicable)	Will be done where applicable
Spatial transformation (where applicable)	Will be done where applicable
Desired performance	At least 95% by 2024
Indicator responsibility	DDG: LGOS, DDG: PGA and Head: NDMC

Annexure A: District Development Model

Status of completion of District One-Plans as at 28 February 2023

Province	Total districts / metros	One plans under development	Draft one plans completed	One Plans Approved
KwaZulu-Natal	11	7	4	-
Eastern Cape	8	8	0	-
Northern Cape	5	5	0	-
Western Cape	6	1	5	-
Limpopo	5	5	0	-
Free State	5	3	2	-
North West	4	4	0	-
Mpumalanga	3	3	0	-
Gauteng	5	5	0	-
TOTAL	52	41	11	-

Annexure B: MTSF Analysis

Priority 1: A capable, ethical and developmental state				
Outcome	Intervention	Indicator	Target	Role
Improved leadership, governance and accountability	Enable leadership in national and provincial departments to build capacity and also intervene to resolve blockages in government bodies and administrations	Intergovernmental Monitoring, Support and Intervention Bill approved by Parliament	Bill approved by Parliament by November 2022	Lead
		Implementation of monitoring coordination and capacity building mechanism for interventions	Piloting of the monitoring coordination and capacity building mechanism by March 2022	Contribute
Functional, Efficient and Integrated Government	Enhance productivity and functionality of public sector institutions in supporting people-centred service delivery	% improvement in productivity and functionality of public sector institutions in supporting people-centred service delivery	Organisational Functionality Assessment Framework implemented to ensure a 22% improvement in productivity by 2022	Contribute
	Improve financial management capability in the public sector	Improved asset management and reporting in the public sector	Programme to strengthen asset management and reporting in the public sector developed by 2022	Contribute
	Measures taken to eliminate wasteful, fruitless and irregular expenditure in the public sector	Reduction of wasteful and fruitless expenditure in public sector institutions	Develop a programme to strengthen awareness, internal controls, reporting and consequence management with regard to wasteful and fruitless expenditure in the public sector by 2022	Contribute
		Reduction of irregular expenditure in public sector institutions	Develop a programme to strengthen awareness, internal controls, reporting and consequence management with regard to irregular expenditure in the public sector by 2022	Contribute
		Reduction of qualified audits in the public sector	Development of intervention and/or support strategies to address common causes for qualifications in the public sector by 2022.	Contribute
	Improve coordination between national, provincial and local government to improve service delivery	Finalisation of institutional arrangements for the District Development Model	Institutional arrangements for the District Development Model finalised by March 2022	Lead
		Monitor implementation of District Development Model plans through an Integrated Monitoring System for accountability	Bi-annual monitoring reports on District Development Model rollout and impacts	Lead
	Ensure state capacity on Disaster Management is enhanced to plan for and manage future pandemics	Disaster management frameworks reviewed	Disaster risk management framework updated and institutional capacity established	Lead
			Enhanced capacity for future pandemics	Lead
Professional, meritocratic and ethical public administration	Programme for building a professional public administration	Job Competency Framework for public sector by 2023	Job Competency Framework for public sector implemented by 2023	Contribute

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Priority 1: A capable, ethical and developmental state				
Outcome	Intervention	Indicator	Target	Role
	Institutionalise professional code of ethics in public administration	Programme to institutionalise professional code of ethics in public administration	Professional code of ethics in public administration institutionalised by 2023	Contribute
Social compact and engagement with key stakeholders	Participatory local governance mechanisms and citizen engagement to achieve the NDP goals	Share of municipalities engaging with citizens	80% of municipalities ensure citizen engagement during their planning process	Lead
		% improvement in satisfaction in service delivery	80% improvement in satisfaction in service delivery by 2024	Lead
	An informed and empowered citizenry	% Compliance with Communication Policy	50% compliance with Communication Policy by 2024	Contribute
Mainstreaming programmes on empowerment and development of women, youth and persons with disabilities	Monitor implementation of regulatory frameworks on empowerment of women, youth and persons with disabilities	Percentage of government entities implementing socio-economic empowerment programmes and projects benefitting women, youth and persons with disabilities	100% by 2024	Contribute
		Percentage of District Development Model plans which integrate priorities of women, youth and persons with disabilities	100% by 2024	Co-Lead
Implementation of Gender, Youth and Disability responsive planning, budgeting, monitoring, evaluation and auditing framework	Development and regulation of WYPD rights planning, budgeting, monitoring and evaluation framework	Percentage of national government department strategic plans which include WYPD priorities	100% by 2024	Contribute
	Ensure performance agreements of Executive Authorities and Accounting Officers that are responsive to WYPD priorities	Percentage of performance agreements of Executive Authorities and Accounting Officers that are responsive to WYPD priorities (national government)	100% by 2024	Contribute

Priority 2: Economic transformation and job creation				
Outcome	Intervention	Indicator	Target	Role
More decent jobs sustained and created, with youth, women and persons with disabilities prioritised	Support the creation of jobs through the Job Summit Commitments, Operation Phakisa, the Economic Reconstruction and Recovery Plan and other public sector employment programmes	Number of validated EPWP work opportunities reported by public bodies into the EPWP-RS	5 million work opportunities created by 2024	Contribute
Industrialisation, localisation and exports	Create a conducive environment that enables national priority sectors to support industrialisation and localisation, leading to increased exports, employment, and youth- and women-owned SMMEs and Co-operatives participation	Master Plans developed	All Master Plans developed by end of 2021	Contribute
		National priority sectors grow contribution to GDP growth of 3% and exports increase by 4%	Exports for national priority sectors increased by 4%	Contribute

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Priority 2: Economic transformation and job creation				
Outcome	Intervention	Indicator	Target	Role
	Support localisation and industrialisation through government procurement	Percentage compliance of government spend on designated products and services	100% compliance	Contribute
Reduced concentration and monopolies and expanded small business sector	Ensure inclusion of SMMEs in localisation and buy local campaigns	Localisation policy framework and Implementation Programme on SMMEs and Co-operatives developed and adopted.	Implement the SMME Focused localisation policy and ensure 100% compliance by public sector in procuring 1000 designated local products and services from SMMEs by 31 March 2024	Contribute
Increased economic participation, ownership, access to resources, opportunities and wage equality for women, youth and persons with disabilities	Develop, implement, support and monitor programmes for equitable job creation, representation and ownership by women, youth and persons with disabilities	Proportion of youth, women and persons with disabilities	Minimum targets as defined for women, youth and persons with disabilities	Contribute
	Expand government spend on women, youth and persons with disabilities through preferential procurement	Percentage preferential procurement spend by sex/gender, age and disability	Minimum 40% target for Women, 30% for Youth and 7% for persons with disabilities	Contribute

Priority 4: Consolidating the social wage through reliable and quality basic services				
Outcome	Intervention	Indicator	Target	Role
National Integrated social protection information system (NISPIIS)	Integrate the social protection information systems for better delivery of services	NISPIIS developed	NISPIIS fully operational by 2024	Contribute

Priority 5: Spatial integration, human settlements and local government				
Outcome	Intervention	Indicator	Target	Role
Functional sub-national regional development in urban and rural spaces	Institutionalise functional city region governance structures	Number of functional city regions governance and coordinating structures	Three functional city region governance and coordinating structures (one in each of the 3 city regions)	Co-Lead
	Plan for a New Coastal City	Number of Coastal Cities Planned	1 Coastal City Planned by March 2023	Lead
	Establish regional institutional collaboration structures through joint implementation protocols or related mechanisms	Number of RSDFs/Joint implementation protocols prepared in priority areas.	Two RSDFs prepared, adopted and in use by 2024 Four additional implementation protocols/ RSDFs prepared in National Spatial Action Areas by 2024	Co-Lead
	Identification of existing towns and cities for refurbishment and transformation into smart cities	Number of cities identified for redesign and refurbishment as smart cities	Three existing cities identified and plans for redesign and refurbishment as smart cities developed by March 2024	Co-Lead
Integrated service delivery, settlement transformation and inclusive growth in urban and rural places	The DDM as a tool for integrated service delivery, settlement transformation and inclusive growth	Number of One Plans in metros and districts	One plans for 44 districts and 8 metros by July 2021	Lead

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Priority 5: Spatial integration, human settlements and local government				
Outcome	Intervention	Indicator	Target	Role
GHG reduction (mitigation)	Build capacity and allocate adequate resources for implementing climate change programmes in municipalities	Number of district municipal disaster risk management plans developed/ reviewed to enhance climate protection and reduce losses (human life; livestock/crop yield; houses/shelter; infrastructure; species)	44 district municipal disaster risk management plans developed/ reviewed to enhance climate protection and reduce losses (human life; livestock/crop yield; houses/shelter)	Lead
Municipal preparedness to deal with climate change (adaptation)	Capacitation of municipalities to fund and implement climate change programmes and adaptation measures	% of municipalities with capacity to fund and implement climate change programmes and adaptation measures	50% of municipalities with capacity to fund and implement climate change programmes and adaptation measures	Contribute
	Audit on maintenance of municipal infrastructure resilience and readiness for climate change disasters	Number of district and metropolitan municipalities with infrastructure readiness plans for climate change and disasters.	44 district and eight metropolitan municipalities	Lead
State of ecological infrastructure improved	Water users in various sectors monitored for compliance with water use licenses	Percentage level of compliance	65% level of compliance	Contribute
Agrarian transformation	Livestock handling and auction facilities mapped and established	Number of live-stock handling and auction facilities	27 livestock and 60 auction facilities	Contribute
	Agri-hubs and agro-processing facilities established	Number of agri-hubs	5 agri-hubs	Contribute
		Number of agro- processing facilities	25	Contribute
Improved capacity to deliver basic services, quality infrastructure and integrated public transport to increase household access to basic services.	Implement Waste Management programs across government, private sector and society to reduce disposal by landfill	Percentage Waste diverted from the landfill sites through recycling	30% waste diverted from the landfill sites through recycling.	Contribute
	Review current Water Legislations	Amended Regulatory framework on Water Ownership and Governance	Amended Regulatory framework on Water Ownership and Governance by 2024	Contribute
Effective water management system for the benefit of all	Feasibility studies for rehabilitation vs new dams	No. of dams rehabilitated projects and new dams constructed	9 dams' rehabilitation projects. 9 Provincial plans developed and implemented in the IGR impact zones by 2024	Lead
	Plans developed to support the implementation of the Integrated Water Resource Plan by provinces and districts (IGR Impact zones) to cater for water demand and capacity requirements.	No. of provincial plans implemented in support of the Integrated Water Resource Plan implemented.	9 Provincial plans implemented by March 2024	Lead
	Alternative water sources strategy developed and implemented	No. of new water sources expansion plan for each IGR impact	52 projects implemented by 2024	Lead

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Priority 5: Spatial integration, human settlements and local government				
Outcome	Intervention	Indicator	Target	Role
Increased access to land reform, housing, safe living environment, universal access and design and safe and affordable transport and ICT services	Targeted programme to expand access to and ownership of land in both urban and rural areas, including title deeds for women, youth and persons with disabilities	Percentage share by gender, age and disability of hectares (Ha) of land acquired, for redistribution, restitution, tenure reform and access to title deeds	Minimum target as per sector equity targets	Contribute

Priority 6: Social cohesion and safe communities				
Outcome	Intervention	Indicator	Target	Role
Promoting active citizenry and leadership	Promote participation in community-based governance processes (Active citizenship bodies)	Number of provinces implementing the GovChat programme for community engagement and service delivery improvement	9 by 2024	Co-lead
		Provinces supported to maintain effective community engagement structures, systems and processes within their respective municipalities	9 annually	Co-lead