

THE EFFECT OF A SYSTEMS APPROACH IN THE STABILIZATION AND TURNAROUND FROM COLLAPSE TOWARDS SUSTAINABILITY OF KING SABATA DALINDYEBO MUNICIPALITY

21 July 2011
SARPA CONVENTION
POLOKWANE

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SYNOPSIS

- ▣ Intervention in the technical and financial aspects of a troubled local government is mostly a sound entry point, but a productive and sustained turnaround requires attention to the:
 - ▣ Social Environment
 - ▣ Business Processes and
 - ▣ Physical Reality

Problem Statement

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

Situational Analysis

- ▣ KSD was stripped of its water and sanitation powers and functions,
- ▣ Municipal debt and the limited financial base of KSD did not allow for extended services to the larger constituency.
- ▣ There was a break down in the relationship between KSD and the OR Tambo District Municipality.

Situational Analysis (Page 2)

- Weak administration in operations, maintenance and development
- Attracting professional staff was challenging.
- The revenue base was eroded with the relocation of the regional administration, and the discontinuation of industrial decentralisation incentives
- KSD defaulted on their financial commitments to the Development Bank of Southern Africa (DBSA)

COMMITMENT TO ASSIST

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

Methodology

Introduction/ broader context in 2002

Government support programmes during the transitional phase of Local Government in the Period 1994 – 2000, were either;

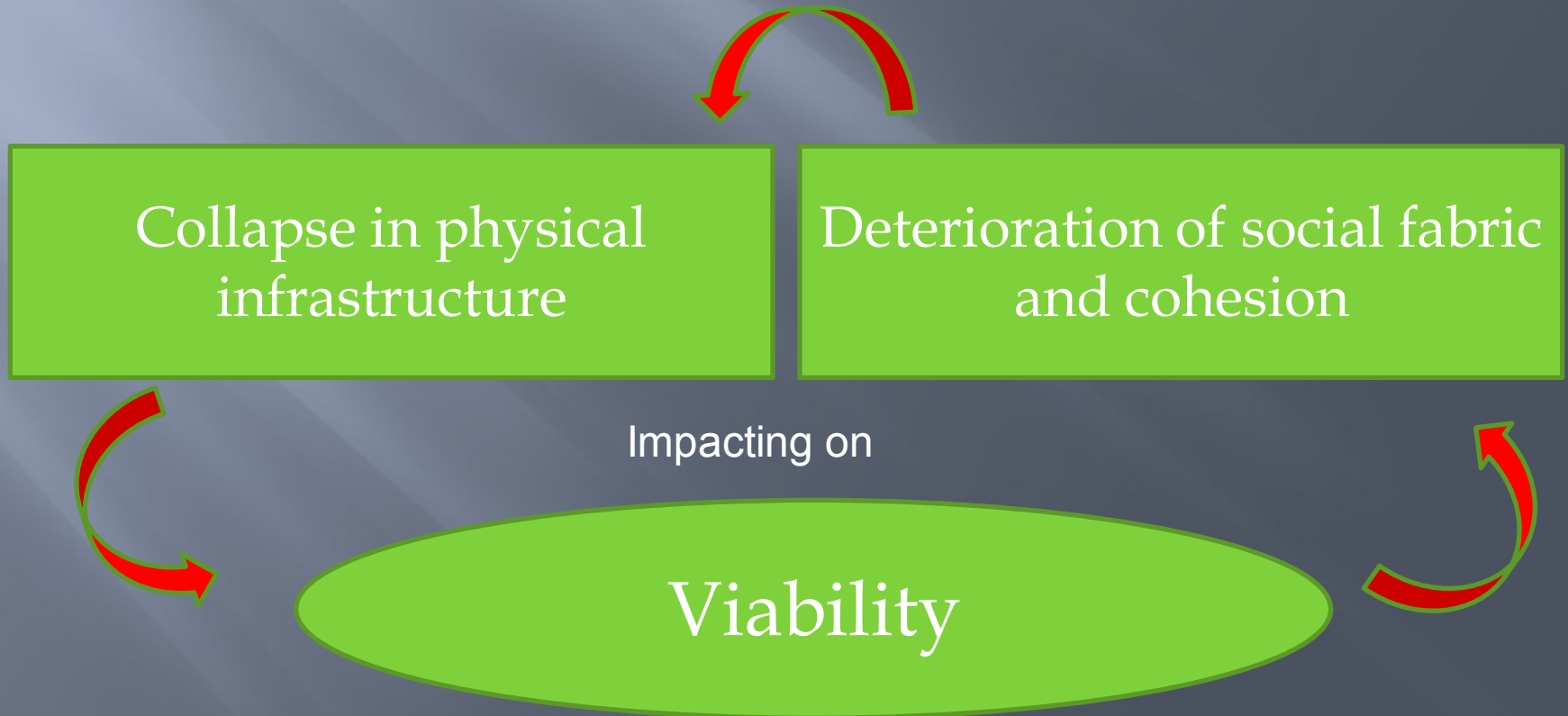
- *commodity based*
 - ICT, Financial Systems (programmes)
 - electricity reticulation, bulk water and sanitation
- *or process based*
 - analysis of processes at all levels (to the Nth degree)
 - = 'analysis paralyses'

Methodology

Change in approach

The team agreed that none of these conventional approaches will assist to solve the problem.

We recognized the correlation between:



Methodology

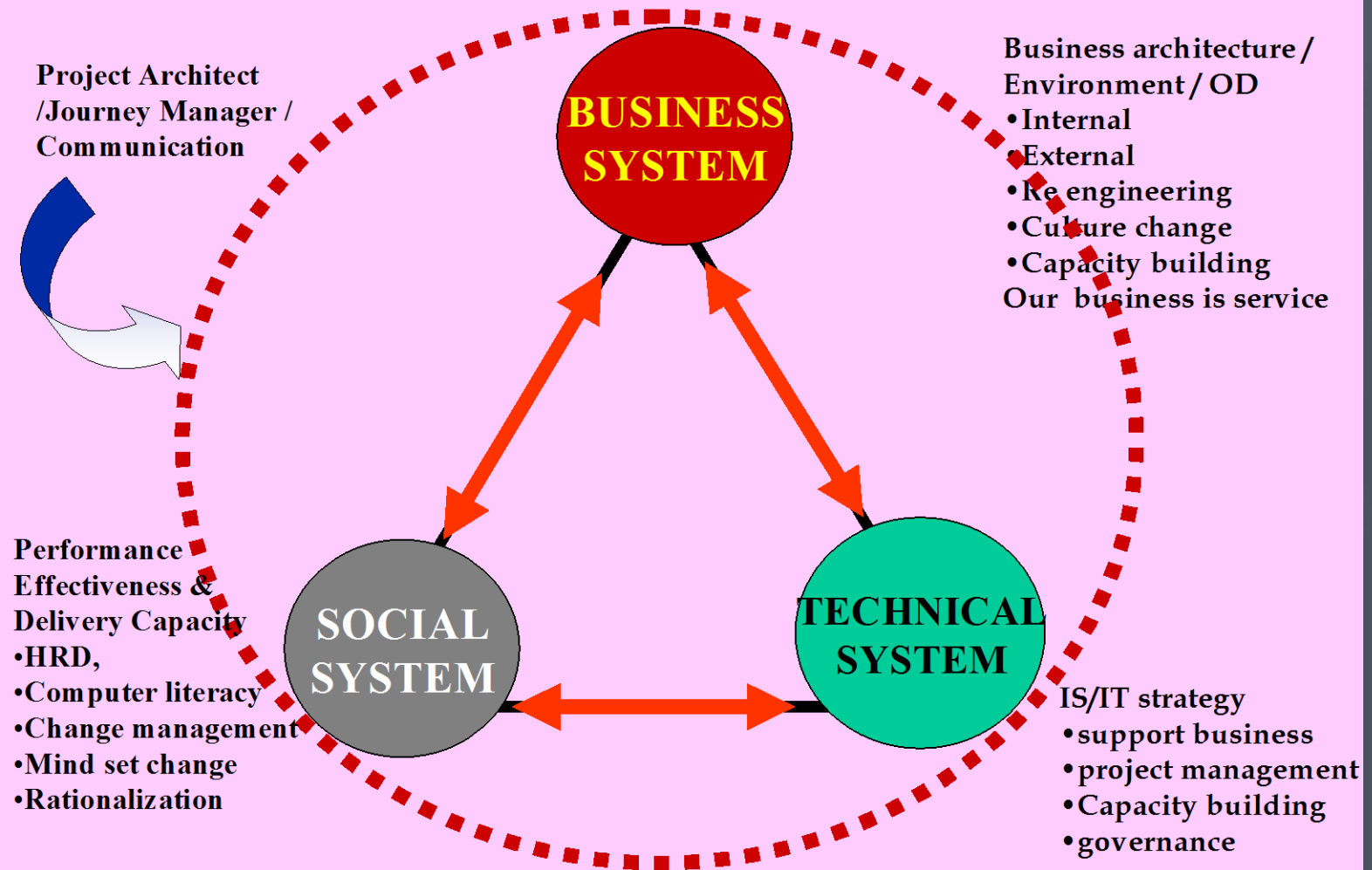
Change the logic (1)

- ▣ A 'fire fighting' strategy was not the solution.
- ▣ Working backwards from the future the option
- ▣ The 'current reality' was mapped to understand the departure point
 - understanding of the dynamics at play in KSD as well as
 - a simple mapping of the revenue value chain.
- ▣ The relationships and impacts of different organisational elements on each other were also identified as aspects to be taken into consideration.

Methodology

Change the logic (2)

What is Involved in the Process



Methodology

Change the logic (3)

Based on these interdependencies, a multi pronged strategy was unpacked into the following projects and sub projects:

- Upgrading of the existing system to meet immediate needs and to take KSD into the next few years.
- A New Administrative Structure- project
- A Political Capacity Building Project
- Implement a new Business Process & develop the capacity

Implementation

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

- ▣ **Short-term** actions of 3–9 months that were aimed at stabilising the current situation
- ▣ **Medium-term** recommendations of 9–24 months for further improvement of the municipality's performance and the creation of an integrated system,
- ▣ **Long-term** recommendations of 2–4 years to address critical issues relating to KSD and specifically Mthatha as the major regional urban entity.

Frequency

Recognizing through- put constraints

- ▣ The municipality remained responsible for all the aspects of the implementation.
- ▣ Regular, focussed work sessions assisted to re-establish communication
- ▣ A different (more positive) work culture was illustrated during the project
- ▣ The monthly structured contact limited costs, enabling the project to cover the envisaged 24 months intervention instead of the original 6 months intervention that was approved.

Results

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

- ▣ The municipality was on track with delivery.
- ▣ All departments were functioning and improving their delivery capacity.
- ▣ Actions were in line with approved directions and plans.
- ▣ Internal cooperation and the integration of service delivery were healthier.
- ▣ Interaction between portfolio committees and departments was much better

Results

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

- ▣ Improvement in debtor income –
 - from R7.5 million for the first quarter of 2004/05 to
 - R17.3 million for the first quarter of 2005/06.
- ▣ King Sabata Dalindyebo Municipality became creditworthy and published a tender for a loan of R40 million in May 2010.

(The municipality could take up R120mil but remained conservative with the R40 Mil)

Points to keep in mind

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

The Way Forward

- ▣ It was said that Mthatha (meaning King Sabata Dalindyebo Municipality) could not make the turn towards a viable municipality, but it did.
- ▣ The challenge to the professionals in the sector, officials and politicians is to commit even more, to care more and to partner with municipalities, one by one, while the focus and commitment serves an agreed outcome beyond short-term, scorecard type outputs.