

**An Appraisal of the Department of Provincial and Local Government's
Management and Coordination of Donor Assistance Programs to Local
Government in South Africa**

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Abstract

This study is a contribution to the ongoing debate concerning the role and involvement of foreign donor entities in the processes of transforming and creating viable and sustainable municipal entities in South Africa. The discussion particularly focuses on the relationship between the donor community and the Department of Provincial and Local Government (DPLG) and how this relationship has been nurtured, coordinated and managed.

The study acknowledges the challenges pertaining to local government transformation and the role and mandate assigned to the DPLG by the South African Constitution and the Presidential Coordinating Council (PCC) for it to facilitate the creation of developmental local government. In discussing this, consideration is given to capacity and resource constraints within the Department, which necessitate that it collaborates closely with other stakeholders, particularly donors, in seeking to augment its resource base and capacity. The Department's lack of capacity is further complicated by the various pieces of legislation, which have a serious bearing on how municipalities have to work – irrespective of their capacity and resources limitations.

The research also focuses on how this relationship, between the DPLG and foreign aid donors working in the local government sector, is coordinated and managed. From evidence gathered and interviews conducted, the conclusion is drawn that there is much room for the DPLG to improve and strategically focus its interaction with donors as informed by its mandate and strategic priorities. Proposals, which entail development of donor management guidelines, setting up of a donor coordination unit within DPLG, the

improvement of the understanding of donor work politics and modalities among DPLG officials, etc., are made.

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Abbreviations and Acronyms

ANC	African National Congress
AUSAID	Australian Agency for International Development
BLA	Black Local Authorities
CDE	Centre for Development Enterprise
DA	Demarcation Act
DAC	Development Assistance Committee
DC	District Council
DCR	Development Cooperation Report
DFA	Development Facilitation Act
DFID	Department For International Development
DPLG	Department of Provincial and Local Government
ECSECC	Eastern Cape Socio-Economic Coordinating Council
EU	European Union
FDI	Foreign Direct Investment
GNP	Gross National Product
GTZ	German Corporation for International Cooperation
IDC	International Development Cooperation
IDCC	International Donor Coordination Committee
IDP	Integrated Development Plan
IMLGA	Interim Measures for Local Government
LDC	Less Developed Countries
LDO	Land Development Objectives
LGNF	Local Government Negotiation Forum
LGTA	Local Government Transition Act
LGTP	Local Government Transformation Program
LGWSETA	Local Government and Water Sector Education and Training Authority
MAC	Ministerial Advisory Committee
MDC	Most Developed Countries
MFMB	Municipal Finance Management Bill
MunSA	Municipal Structures Act
MSA	Municipal Systems Act
MTEF	Medium Term Expenditure Framework
NGO	Non-governmental Organisation
NORAD	Norwegian Agency for Development Cooperation
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
PAC	Pan Africanist Congress
PCAS	Policy Coordination and Advisory Services
PCC	Presidential Coordinating Committee
PFMA	Public Finance Management Act
RDP	Reconstruction and Development Program
SA	South Africa

SACP	South African Communist Party
SAGA	South African Grantmakers Association
SALGA	South African Local Government Association
SANCO	South African National Civic Organisation
SANGOCO	South African Non-Governmental Organisations Coalition
SIDA	Swedish Agency for International Development
TDC	Transitional District Councils
TLC	Transitional Local Councils
TRC	Transitional Rural Councils
TREP	Transitional Representative Council
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WLA	White Local Authorities
WPLG	White Paper on Local Government

Glossary of Terms

Local Government	Chapter 7 of the Constitution defines local government as a sphere of government, distinctive from, yet interdependent and inter-related with, provincial and national government
Developmental local government	‘local government that has a special constitutional mandate to foster development’
Municipal capacity	The ability of a municipality to fulfil its constitutional duties and perform its powers and functions.
Development	The process of economic and social transformation within a country, that encompasses economic growth and economic development as well as improvements in human welfare, such as rising education levels, improvements in health care and life expectancy, and increases in household food consumption.
Government failure	The inability of a governmental agency or agencies in a given sphere of government to intervene optimally in a market economy to achieve allocative and productive efficiency’
‘Aid’ (used here interchangeable with donor aid; overseas developmental assistance; foreign donor aid; and donor assistance	Mostly refers to any money or resources that are transferred from one country to another without expecting full repayment. It is also used here to refer broadly to the transfer, adaptation, mobilization and utilization of services, skills, knowledge and technology by foreign donor entities to assist build capacity and transform municipal institutions in South Africa into viable entities
Impact analysis or evaluation	Finding statistically significant relationships using a systems model
Accountability	Refers to both financial and substantive accountability – answerability/liability for the management and control of resources, and for project management.

Needs assessment	Finding service delivery gaps or unmet needs to re-establish priorities
Development co-operation	The process of ODA (see Official Development Assistance). The term is used increasingly to reflect the concept of partnership between recipients and donors.
Donors	Foreign official (as opposed to private) agencies, including states and international organizations that provide ODA to South Africa.
Implementation plans	A generic term referring to subsidiary planning documentation prepared in support of technical co-operation agreements. Other terms used are business plans, work plans, annual plans, etc.
ODA co-ordination	The process of ensuring integration of ODA management with South Africa's development priorities, strategies and delivery systems. ODA co-ordination is a South African government responsibility.
ODA management system	Structures/institutional arrangements, mechanisms, processes and roles and responsibilities for the management of ODA to South Africa.
ODA programming	Process by means of which ODA resources are allocated for particular purposes (results in commitments made by donors)
Official Development Assistance (ODA)	<p>OECD DAC definition: "... (resource) flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following test: a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and b) it is concessional in character and contains a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent)".</p> <p>In this document, the concept ODA is used in a more restricted sense, referring to: Official resource flows from the international donor community to</p>

	South Africa in the form of grants, technical co-operation and financial co-operation, where the South African Government is held at least partially responsible or accountable for the management of such resources.
Recurrent cost implications	Expenditure requirements resulting from initial spending. These are mainly in the form of staffing and maintenance costs of infrastructure and continuation of initiatives kick started through ODA.
Sustainability	The ability to continue operating institutionally, or to continue with particular interventions, beyond donor support
Technical assistance	Also referred to as technical co-operation and knowledge capital. ODA in the form of technical expertise rather than actual funds.

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This report is not confidential and may be used fully by the Rhodes Investec Business School, Rhodes University.

I certify that this report is my own work and all references used are accurately reported in the bibliography.

Signed:

SIMPHIWE DZENGWA

Chapter One - Introduction

Background

The euphoria that accompanied South Africa's democratic breakthrough of 1994 has come and gone. The excitement that went along with the Madiba-magic has faded down in the face of dashed hopes and hard realities encountered. The past ten years of freedom and democracy have indeed seen quite some tremendous progress being made in terms of steering the country away from its apartheid legacy. Democratic and popular institutions have been formed and legislation enacted that seek to give meaning to the aspirations enshrined in the Constitution. Indeed, the past period since the watershed un-banning of formerly proscribed political organizations such as the African National Congress (ANC), the Pan Africanist Congress (PAC) and the South African Communist Party (SACP) in 1990 has been characterized by progressive developments in our country.

Yet, there is so much, which still needs to be done. Though the government in its Ten Year Review document (PCAS, 2003) argues that the "advances made in the first decade of freedom far supersede the weaknesses", nevertheless the same document acknowledges the challenges that still have to be dealt with. Indeed there have been some good programs and policy intentions. However, these have not always been implemented consistently and with the vigour with which they were developed.

The evidence of the limitation of some of the government's programs is perhaps, ironically reflected by the President himself when he still refers to the "two-nations" notion – one rich and powerful and the other poor and weak – which were still the harsh divide in South African society (Mbeki, 2003:6). Despite the growing affluence of the black middle class, the vast majority in the townships, rural areas and former Bantustans has not witnessed fundamental changes in their lives. This is evidenced by the levels of poverty accompanied by high levels of unemployment and crime (Statistics South Africa, 2003).

Perhaps more than at provincial and national levels, the extent of poverty and challenges that government in South Africa still has to address is more visible at local level. It is municipal leaders who, almost on a daily basis, have to deal with people who endure the harshness on their lives. It is local government that is at the critical end of governance where the challenges of under-development, skewed economy and transformation contradictions have to be dealt with. It is no wonder therefore that government has deliberately adopted a policy and program to strengthen the local sphere of government so that it is enabled to seriously and meaningfully impact on the lives of the communities served. That up to this stage there still remain critical challenges to be addressed in municipalities perhaps suffices as a commentary and pronouncement on the achievements made in the latter regard. The pockets of success increasingly and progressively being made have unfortunately not fundamentally altered the landscape of poverty and disenchantment. Hence then, alternatives and partnerships to arrest the situation are being leveraged.

It is one of these alternative strategies and partnerships that this study focuses upon. But before that discussion, it is proper to briefly sketch the context against which such partnerships are developed in the first instance. Determining the nature of the problem to be addressed requires some understanding of the political, institutional and historical context (Patton, 1990:56).

Context of Research

The South African Constitution (1996), mandates municipalities to govern, to provide services and to promote social and economic development. Section 152 of the Constitution states the objectives of local government as:

- To provide democratic and accountable government for local communities
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment

- To encourage the involvement of communities and community organisations in the matters of local government

Within the constitutional framework, the national government, subject to section 44, and the provincial governments, have the legislative and executive authority to see to the effective performance by municipalities of their functions in respect of matters listed in Schedules 4 and 5, by regulating the exercise by municipalities of their executive authority referred to in section 156 (1) (South African Constitution, 1996).

Local government in South Africa has undergone radical and almost continual transformation since 1994. The Local Government Transition Act (1993) mapped out three phases of transition:

- The pre-interim phase (1994 – 1995) which prescribed the establishment of local forums to negotiate the appointment of temporary councils to govern until the municipal elections
- The interim phase (November 1995 – December 2000) beginning with democratic municipal elections and lasting until a new local government system was designed and legislated, and
- The final phase (5 December 2000 – current) resulting in the establishment of newly demarcated municipalities and introducing developmental local government (MAC Report, 2001: 4).

Perhaps most significantly, the latter phase entailed the reduction in the number of municipalities from 843 to 284 through a far-reaching demarcation process that saw revised municipal boundaries taking effect after the local government elections of 2000.

To give substance to the mandate that municipalities have and to enhance their developmental role, the Presidential Coordinating Committee adopted a program for municipal support anchored on five themes viz:

- Building a strong local government sphere and enhancing its status within a stable co-operative governance framework
- Building stable institutional and administrative systems in local government
- Deepening local democracy and accountability
- Improving and accelerating service delivery and economic development
- Building financially viable local government (PCC, 2001:3).

The latter program was borne out of the realization that municipalities lack financial and institutional capacity, skills and experience, particularly in smaller local authorities. The limited ability of provincial and national governments to extend assistance to them to address this competence gap, has further contributed to a slowing down of service delivery (MAC Report, 2001:25).

As a key player in the local government sector and as the main government entity entrusted with the responsibility of crafting, coordinating and monitoring the success of the intergovernmental relations system, the Department of Provincial and Local Government (DPLG) plays a pivotal role in assisting municipalities. In playing this role, it is increasingly working with and leveraging other players, particularly donors, to support municipalities financially, technically and materially (DPLG, 2002: 20).

The relationship with donors however, is not based on any clear and comprehensive strategy. Having been established, the latter relationship has not been without contradictions and predicaments. For example, there is no DPLG forum presently for donors to exchange experiences and share information with departmental management (DPLG, 2002: 21).

There is also no entry point for directorates to engage donors. On the other hand, some donor projects are out of sync with DPLG strategies and priorities. Some projects have tended to develop a life of their own and are outside the scope of control and monitoring by DPLG. Besides these contradictions, all parties in this relationship appreciate the need to work more closely with each other and coordinate their endeavours (DPLG, 2002: 21).

It is within this context that this research will investigate what informs the relationship and how strategies, policies and procedures between DPLG and donors working within the local government sector could be reconciled and harmonized so as to reduce the fragmentation of support given to municipalities and to ease the considerable administrative burden that it has heretofore imposed on both parties.

Research Problem

During the 2003/2004 financial year there were no less than ten foreign donor entities working in one capacity or another with municipalities in SA. This small number excludes donors working in municipalities through national government departments other than DPLG. Over and above this, several municipalities have twinning arrangements with overseas counterparts who are not represented in SA by any major donor entity. For example the Buffalo City municipality that is twinned with municipalities in China, whereas the country does not have a major donor agency operating in SA.

Most of the donors' organisations do their work through DPLG; National Treasury; other departments; provinces or interact directly with municipalities. From this set up, DPLG has been finding itself more and more incapacitated in managing and coordinating donor work to ensure:

- Policy and strategy consistency
- Sustainability of interventions
- Pooling of knowledge and resources
- Monitoring of donors and managing the relationship
- Provision of dedicated senior managers to work with donors
- Targeting, prioritizing, sequencing and focusing the support

The inability of DPLG to attend to these issues is particularly worrisome as during financial year 2003/2004, donor funds to local government constituted about 35% of the

department's program budget. It goes without saying that without the strategic leveraging, coordination and management of the relationship, these resources may not necessarily bring about the objectives for which they are intended. Funders could easily construe absence of a clear relationship mechanism as a lack of interest or seriousness, particularly in a world context where there are many competing interests for donor funds. Already South Africa is one of the 35 countries whose aid funding has been slashed by the United States of America government in the aftermath of the war against terrorism (Business Day, 2003).

In mitigation, however, as a fairly new department (established after the 1999 elections), DPLG has had to contend with the clarification of its mandate and the building of its own capacity even before rendering its responsibility towards municipalities. Unfortunately, that this seemed to take long had a negative impact on the stakeholders that the department is supposed to be serving. Hence there were instances when its potential partners have chosen to by-pass the department and deal directly with municipalities – and thus complicating an already complex arrangement.

This situation has not been helped by the seemingly limited understanding within DPLG of politics and modalities of donor work and support. The deployment of junior officials to work with and manage important donor projects has not done the department any good in the perception of the latter (Zabala, 2003:10). Instead this had skewed the relationship towards what donors want and thus programs are implemented without full consideration by senior management of the department of their strategic and political implications. In many instances therefore, it could be argued that donors have been doing as they please because there was no strategic focussing and channelling of donor resources and programs in line with DPLG and sector priorities. As said before, the poor structural mechanisms between DPLG and donors for the coordination of the relationship had a net effect of impacting negatively on provinces and municipalities (Atkinson; Naidoo and Reitzes, 2002:34).

An exacerbating factor in the relationship is that it could be asserted that South Africa is hardly the country most in need of foreign aid. While its distribution of income and assets are among the most unequal in the world (Katzenellenbogen, 2002:1), government has far more scope than its counterparts in most other developing nations for financing its own initiatives. Yet SA continues to receive foreign aid amounting to about 2% of total government spending (Katzenellenbogen, 2002:2). For most donor nations, doling out such aid is a prerequisite to having a broader influence on the political and economic landscape of SA and the region.

Within the local government sector, donor aid has been a strategic response to the critical policy and capacity gaps raised earlier. Subsequently there has been a proliferation of donors and increasing volumes of aid from developed countries (Camay, 2001: 4).

Given the recentness of the new system of developmental local government and the limitation in national government capacity to deploy meaningful and consistent support measures, it is perhaps proper that DPLG should engage with donors in their intervention if the failure of local government is to be avoided. Dollery and Wallis (2001: 39) have observed that the peculiarities of the institutional milieu of local government make it particularly susceptible to government failure. In the South African local government case, the main failure centres largely on bureaucratic failure. Dollery and Wallis (2001: 45), define this as entailing state intervention where the administrative machinery at their disposal is fundamentally incapable of implementing policy in accordance with their intentions.

Within this context, well-designed donor assistance can support effective public institutions and good governance by helping with the experimentation, learning, dissemination, and implementation of new ideas on service provision. Thus the main rationale of donor programs could be to support reform of sector institutions and policies and demonstrate new ways of achieving development results (UNDP, 2002:15). For the DPLG to better coordinate and manage donor assistance programs, a strategic planning framework is necessary. As Simon Mizrahi (2000: 9) has observed, “the strategic

frameworks are recent, relatively ambitious initiatives aimed at improving the implementation of aid within a given country, by setting up a framework that serves as a single reference document for all development partners. It is a program that organizes the action of the various partners in order to achieve a set of precise objectives". In addition, many other governments in developing countries provide a buffering mechanism, a high-level organization that handles formal arrangements with external donors and attempts to set up routines that reconcile the differing requirements of their government and of donors (Esman, 1991: 84).

Most donor agencies have learnt that prospects for 'sustainability' – the capacity of the host government and society to carry on the activity once foreign assistance is withdrawn – are more favourable if donors work within the normal structures of the host government, in spite of the frustrations this may entail (Doombos, 1995:165).

The above examples generally reflect what has been missing in the South African equation. Despite the proliferation of donor entities and projects and the burden that this imposes on the recipient municipalities, there is currently no clear mechanism and strategy within DPLG for coordinating and managing donors (DPLG, 2002: 25).

The MAC Report (2002: 55) had recommended that the DPLG should play a much greater role in co-ordinating donor programmes for local government and regular donor conferences should be held to assess the impact of programmes. It further advised that the DPLG should also have a database of all donor programmes that reflects their current status, goals, implementation mechanisms, performance measurement and time period. This advice by MAC appears sound and reasonable. Indeed programs, including donor sponsored ones, should be evaluated to decide if they are useful. These evaluations can also identify program strengths and weaknesses so that scarce resources are not wasted. Therefore it would seem prudent for the department to consider doing both goals-based and process-based evaluations. The latter would focus on how donor programs really work while the former would consider whether overall predetermined aid objectives were being met (McNamara, 2003:4).

Research Goals

Within the parameters of what has been sketched in the above paragraphs, this research had three-fold objectives. It aims to:

- Examine and appraise the theoretical basis of the relationship between DPLG and foreign donors working within the local government sphere in South Africa. The intention is to uncover the politics that inform the policies and strategies sponsored by donors and reconcile these with the strategic objectives of the department.
- Uncover some of the constraints and contradictions that had heretofore characterized the relationship with the intention of proposing measures that could be undertaken to ameliorate the situation.
- Examine potential impact – negative or positive – of the relationship on provinces and municipalities. Proposals would be made on how guidelines could create certainty and proper management of donor aid.

Research Method - Using 'gap' and 'dependency' theories as analytical frames of reference, this research was carried out within the evaluative/interpretive research paradigm. While the latter theories allowed for a clearer appreciation of the various disputes characterising the debate on the usefulness and intentions of donor aid, the evaluative paradigm was chosen as the most suitable method to attain the goals of the research. The main focus of the study was also on the interpretation of the key role players' perceptions and their interpretations of the relationship. The gaps that they identified were analyzed and the recommendations that they made were evaluated.

As this research approach falls within the qualitative method of research, the following data gathering tools were utilized:

- **Document analysis** - this focused on analyzing documents available within DPLG, donor agencies and other sources. The analysis and evaluation was done against the background of literature on the subject matter.

- **Semi-structured interviews** – in order to complement the documentation and for the purpose of seeking more clarity and elaboration on some salient points identified in the documents, open-ended semi-structured interviews with twenty-seven selected key players in the relationship were conducted (Annexure 1A, B and C).
- **Personal observation** - of the dynamics underpinning the relationship was also factored into the analysis and interpretation of information received through the two approaches mentioned.

Through using the three mentioned approaches, issues of data validity, reliability and usefulness has been carefully considered. On the issue of validity for example, data collected through document analysis has been cross-checked for consistency against information provided by the interviewees and vice versa. As such, to a great degree, the information summarised in this research is presented with a degree of confidence due to limitation of research errors. Serious consideration has further been given to both internal validity and external validity issues to ensure that the research is credible, its findings are transferable, the approaches taken are dependable and the results could be confirmed by other research. The triangulation and inter-subjectivity approaches taken also enhanced the research's credibility in that information deficiencies encountered in one method were counter balanced against data gathered through other methods.

In terms of reliability issues, the wide spectrum of the research population covering the key role players and agencies ensured that data collected could be verified and cross-checked among these entities. Particularly with the interviews, the reliability of the information gathered was relatively easy to maintain as the data gathering process considered issues of comparability across interviews and an atmosphere was created for more openness during private interviews, especially on controversial topics. The selection of people to be interviewed also took the reliability issue into consideration hence a great effort was made to concentrate and interview mainly those interviewees that were going to provide the most meaningful information.

Lastly, the research focused not only on attaining ontological, epistemological, internal and scientific rigour, but also on attaining a level of usefulness. An effort was made not only to identify and explain the subject matter. The appraisal of the relationship was extended to include recommendations on how the relationship could be restructured and what issues were to be reconsidered in ameliorating the situation. In this way, solutions to some of the critical issues identified in the research problem are proposed.

Summary of Findings

The process of undertaking the study was an interesting one. A number of issues identified in literature review came up from the interviewees, though they were not necessarily aware of their theoretical foundations. The interaction with the research population also highlighted some key issues pertaining to how some questions were formulated. It became clear during the process that formulating questions is as important as answering them.

Throughout the research process, the interviews proved to be the best method for the evaluation. It proved a point made by Mohr (1988:22) that documents and questionnaires do not capture "the story," and that the story is usually the most powerful depiction of the benefits or otherwise of programs. The research also particularly benefited in not just focussing on the success stories. Much insight was drawn about the donor aid dynamic through examining and seeking also to understand its failures, dropouts, etc.

One negative aspect however was that often the people whose programs were being evaluated were not thrilled at the prospect. For some, an independent evaluation appeared to threaten the survival of their programs and perhaps even their jobs. Related to this is the observation that it is often appropriate and important to measure aspects of the context within which the experiment is conducted. Some of these variables could be external to the research itself, yet they affect it.

Summary

This research study entails some important aspects, which the Department and its donor partners may want to attend to. These have a critical bearing on the continued

involvement by donors within the local government sphere in South Africa. The financial, human and material resources that are deployed could all easily be wasted were some drastic corrective measure as proposed not heeded to. In the end however, it remains the onus of the Department to take a leading initiative, convene other stakeholders, and make certain that a common program to deal with the deficiencies thus far identified are addressed. The future of local government transformation might hinge on this matter.

The study also makes proposals for the Department to take action also around the following areas:

- Develop a common theoretical understanding within local government sector of foreign donor assistance (ODA)
- Develop guidelines for the sector to guide provinces and municipalities in their interaction with donors
- Attend to structural/institutional mechanisms for donor management and coordination and build capacity accordingly
- Strategically align donor programs with strategic priorities and programs of the sector
- Create forums to monitor and assess the impact of donor programs
- Take a leadership position in making policy inputs related to donor work
- Create a mechanism to sanction donor programs

It is these measures, among others, which will determine whether the relationship is strategically managed and coordinated or is an expensive waste of time and resources, expended dutifully but without meeting any objectives. The whole agenda to transform and create viable and sustainable local government structures, and by extension a transformed and viable South Africa, may depend on what DPLG does in improving this critical area of its work.

Chapter Two - Local Government Transformation in South Africa

Background on Local Government Transformation

Until less than a decade ago, the system of local government in South Africa (SA) was closely related to, if not an integral part of, the system of racial and social segregation. For the majority of South Africans, local government under Apartheid was the expression of segregation, of landlessness, of inferior services and infrastructure, of undemocratic decision-making, disenfranchisement and a lack of development.

In 1982, Black Local Authorities (BLA), that were similar to White Local Authorities (WLA), were created to administer urban townships. The BLA's, controlled by Provincial Administrators, were plagued by difficulties from their inception (Naude, 2002: 2). The extent of the powers and authority of the WLA and BLA was greatly skewed such that the latter was seen as toothless entities meant to serve their Apartheid masters and to justify the system of separate development while bringing no tangible benefits to the communities they were meant to serve (Tsenoli, 1997:3). On the other side, the WLAs were geared to provide limited services to their White constituency and as such, their role was narrowly defined and in no way developmental and transformatory in scope.

The inequality between the WLAs and BLAs increased even further since 1982 because WLAs generated income (primarily through property taxes and service charges), while BLAs in the townships had an inadequate revenue base to serve the needs of their residents (Naude, 2002:3). Ownership of houses and land was restricted (making property taxes of little value) and most retail and industrial development was not allowed in BLAs (making service charges to large consumers of electricity, such as businesses, of little value). A further consequence of the latter was that the residents of BLAs spent most of their money in white areas. The tax base of BLAs was thus limited and they relied mostly on rents from state-owned housing and financial transfers from central government (Tsenoli, 1997:3).

Importantly for regional development, many rural areas were in effect left without any form of elected or representative local government. In predominantly rural provinces, such as the North West, Limpopo and Eastern Cape, where 60% of the population is classified as rural, the challenge for newly elected local governments after 1994 to redress imbalances and backlogs was significant (Ndlela, 2001: 2).

Naude (2002:3) argues that councillors and administrations of WLAs had no economic development mandate. Rather their focus was on providing municipal services to segregated white areas, enforcing the segregation of townships as well as a myriad of municipal by-laws that impinged on the economic freedoms of residents. If this system did lead to economic development, it was seen as a fortunate by-product (Naude, 2002: 3).

Even though the powers and functions devolved to BLA's increased over the years, the lack of financial viability and political illegitimacy of these bodies resulted in ill-functioning structures. This sparked the infamous township rejection of these structures and the accompanying boycotts of payment for services and rent in the 1980's and 1990's (Tsenoli, 1997:5).

In 1991 the Interim Measures for Local Government Act (IMLGA) was released to allow for integrated local government, but was rejected by the majority of political parties outside government at the time (ECSECC, 1997: 2). A more acceptable framework for local government was negotiated years later at a national level.

The Local Government Negotiating Forum (LGNF) was launched in 1993 and constituted of a statutory and non-statutory component. The statutory component was made up of existing local government associations, and the non-statutory side fell under the banner of the South African National Civics Organization (Tsenoli, 1997: 6).

In 1994, with the establishment of new (transitional) local authorities, civic organizations as well as traditional leaders had to hand over responsibility to elected representatives

(Tsenoli, 1997: 6). After 1994, the local government transition process was given a very strong legal driving force through three pieces of legislations. The most important was probably the Local Government Transition Act (LGTA) Act 209 of 1993 that provided for transitional local government as well as for a clearly defined transition process. The others were the Development Facilitation Act (DFA) Act 67 of 1995, which attempted to address the “mindset” of local governments and to steer them in the direction of being more participative, and the Demarcation Act (DA) Act 27 of 1998 that allowed for the reconsideration of the geographical areas of jurisdiction of municipalities, and to ensure that every area of South Africa falls under democratically elected councils – the so called “wall-to-wall” local government (ECSECC, 1997: 4).

The LGTA explicitly mapped out three phases of transition for local government in South Africa:

- **The pre-interim phase, 1993 – 1995:** In the pre-interim phase, the key change driver was local negotiations. Negotiations were conducted between representatives of existing statutory bodies and non-statutory delegates from community organizations and the African National Congress (ANC). The negotiations led to the establishment of pre-interim councils. These councils took the stopgap decisions necessary to sustain governance and service delivery. More importantly, they laid the foundation for the first local elections by agreeing on which areas would be included in the new transitional local councils (Tsenoli, 1997: 8). Although the pre-interim phase paved the way for further transformation and created conditions for the amalgamation of white and black local authorities, real change in local government was extremely limited. This phase was more about democratization of local government than it was about its transformation.
- **The interim phase, 1995 – 2000:** During the interim phase three important developments shaped the transformation of local government. First, the form and structure of the new system of democratically elected transitional councils was tested in practice. The second major development was the design of a new policy

framework for local government. This policy process was initiated by the 1996 Constitution (Act 108). Chapter 7 of the Constitution redefined local government as a sphere of government, distinctive from, yet interdependent and inter-related with, provincial and national government. With this new status, the Constitution gave local government a new development mandate (Naude, 2002: 10). The third development was the promulgation of new laws to implement the Local Government White Paper, and the re-demarcation of local government boundaries to prepare for the second local government elections to be held in terms of this legislation.

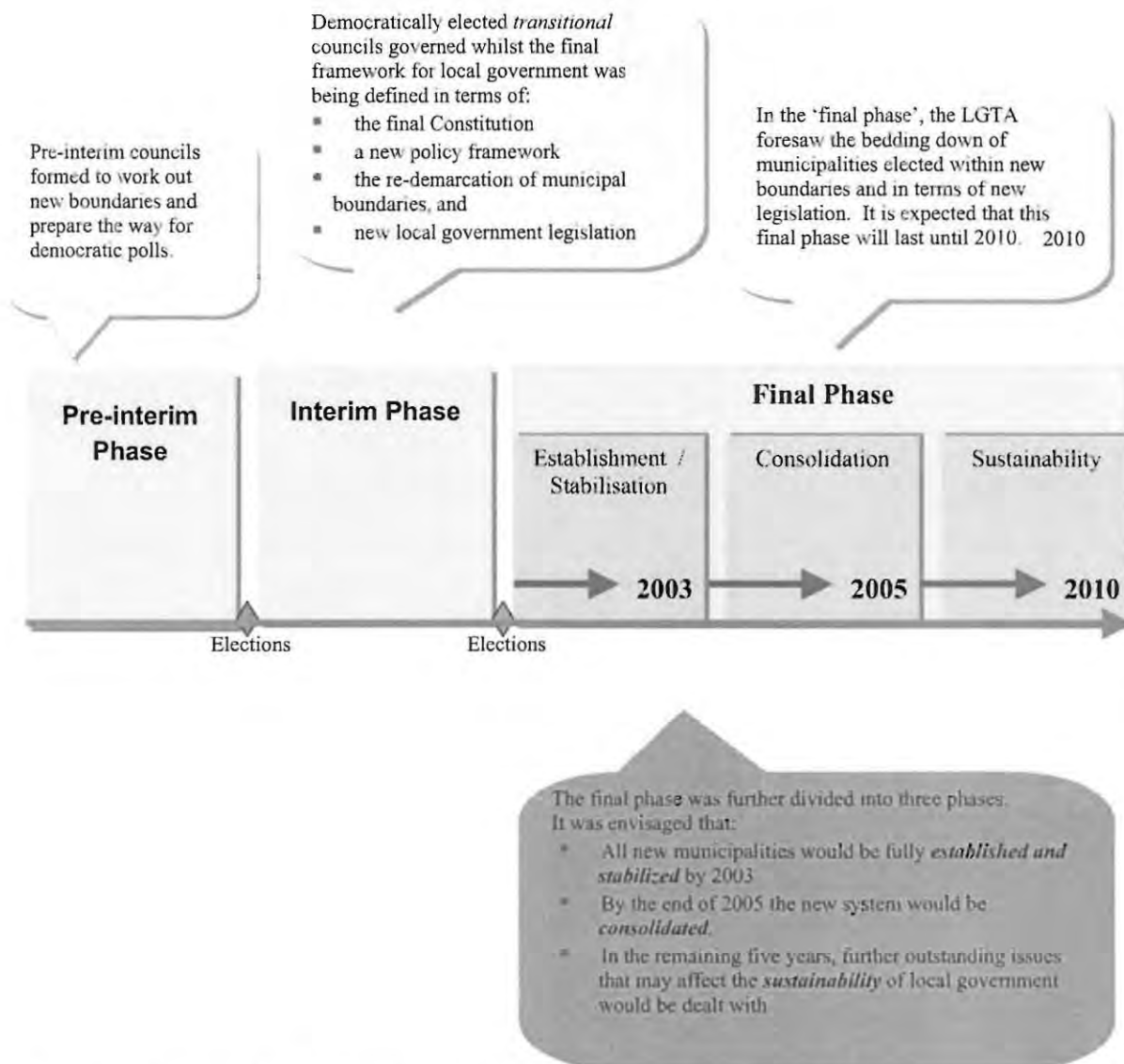
- **The final phase, 5 December 2000 onwards:** The interim phase was characterized by the testing of transitional arrangements, by policy development which took account of the weaknesses in these arrangements, and finally by the re-establishment of local government in new structures and boundaries drawn in line with this policy. In the final phase of the transition, helping municipalities to transform themselves within new boundaries, and assisting them to fulfil their developmental mandate has been geared to promote further local government changes (MAC, 2001: 10).

These changes were mapped out to happen over three sub-phases with key focus being on:

- **Establishment and stabilization** (January 2001 to December 2002) – where new municipalities were to be capacitated to ensure that they were fully operational as institutional entities
- **Consolidation** (January 2003 to December 2005) – during which issues of efficiency and effectiveness are to be focused upon, and service delivery
- **Sustainability** (January 2006 to December 2010) – a stage whereby the key focal point would be on dealing with all outstanding issues, legislative and procedural, that have a bearing on the sustainability of the reforms (DPLG 2003a)

These phases of municipal transformation are schematically depicted in chart 1.

Chart 1: Phases of Municipal Transformation



Source: DPLG 2003b– Municipal Capacity Building Framework Document

The LGTA provided the background for the functions of municipalities until transition was completed. Within the interim measures of the LGTA, the structures of local government consisted of 843 municipal institutions, which differed according to the

location of local government. In metropolitan areas, a two-tiered system of metropolitan government was established. In non-metropolitan areas, cities and towns were governed by Transitional Local Councils (TLCs) and in rural areas Transitional Rural Councils (TRCs) and Transitional Representative Councils (TREPC) were created. Furthermore, in non-metropolitan and rural areas District Councils (DCs) were established as a higher administrative level of different local councils.

The Development Facilitation Act (DFA) together with the LGTA, was the second piece of legislation that steered South Africa's local government transition. The DFA coined the term "developmental local government" to indicate the required break with the past. Developmental local government was thus defined as 'local government that has a special constitutional mandate to foster development' (Development Facilitation Act of 1995). The crucial contribution of the Act was to make it obligatory for all local governments to become "developmental" local governments through compiling Land Development Objectives (LDOs) and Integrated Development Plans (IDPs). The LDOs were meant to provide a strategic framework for the area development of the community (spatially).

On the other side, the IDPs are meant to empower local authorities to prioritize and strategically focus their activities and resources according to stakeholders' needs. The idea of an IDP entails a shift from local government's role as a sole service provider to that of active involvement in development tasks, including the strategic planning for its area of jurisdiction (McCann, 2003:4). The importance of IDP is emphasized in the 2000 Municipal Systems Act (MSA). The MSA indicated that all new municipalities were to submit IDPs within one year of the local government election in December 2000. Municipalities were expected to allocate their resources and set their budgets, according to this integrated development plan.

The Demarcation Act (1998) has led to the complete change in the size of local governments in South Africa – by reducing the number of municipalities from 843 to 284. This was a serious and radical consolidation attempt if it were considered that only six years before South Africa had approximately 1, 262 municipalities which still

excluded quite a number of areas. This demarcation was driven, among other considerations, by the desire to create economies of scale and local inter-racial integration imperatives (Naude and van Rensburg, 2002: 6).

In a nutshell, this is the background against which the transformation drive, which has been happening at local government, has to be reviewed. Questions around what the local state is or should be, need to take heed of what the local state was prior to 1994. The about turn, which has occurred in the way in which the local state was conceived since 1994, is important because the change has been so fundamental, and the reorientation so ambitious (Bernstein, 2003:5).

The Legal and Organizational Environment of LG Transformation

The South African Constitution Act No. 108 adopted in 1996, rendered (for the first time) local government as a distinct governmental sphere with the executive and legislative powers. The Constitution changed local government from being an extension of the former four Apartheid provincial governments, to an independent sphere that was no longer under the control of provinces.

The reason for the existence of municipalities as 'developmental local government' is contained in section 152 of the Constitution. This section identifies as purposes of municipalities the following:

- Provide democratic and accountable government
- Ensure the provision of services in a sustainable manner
- Promote social and economic development
- Promote a safe and healthy environment
- Encourage the involvement of communities in local government

Section 229 of the Constitution gives local government the right to an equitable share of the nationally raised government revenue. In addition, sections 24 and 25 of the South African Bill of Rights has a fundamental implication for local development as it gives everyone the right to an environment that is not harmful to their health or well-being' and

that ‘every citizen of the Republic has the right to have access to sufficient food and water’.

The purpose of local government in South Africa after 1994 is, if the Constitutional purpose above is closely read, very much a development-oriented role. Local government is predominantly responsible for redressing past discrimination. In conjunction with this development-oriented role, the White Paper on Local Government (WPLG) (1998) characterizes or defines, development-oriented, local government as:

- Exercising municipal power and functions in a manner that maximizes their impact on social development and economic growth
- Playing an integrating and coordinating role to ensure alignment between public and private investment within the municipal area
- Promoting local democracy in such a way that citizens and community groups apart from being represented by councillors, are involved in the design and delivery of municipal programs
- Building social capital by providing community leadership and vision
- Seeking to empower marginalized and excluded groups within the community

To create such a development oriented local government, the White Paper resulted in the Demarcation Act, the Development Facilitation Act, the Municipal Structures Act and the Municipal Systems Act and others still being legislated. These Acts form the core of the legislation determining the development role of local government in South Africa. The purpose of the Demarcation Act and Development Facilitation Act were alluded to in the previous section. The remainder of this section will therefore define the core features of the Municipal Structures Act (117 of 1998) and the Municipal System Act (32 of 2000).

The Municipal Structures Act defined three categories of municipalities, namely category A (municipalities that have exclusive municipal executive and legislative authority in its area as demarcated – “the Metros”), category B (municipalities that share executive and legislative authority in its area with a category C municipality in whose area it falls –

“Local Municipalities”) and category C municipalities (a municipality that has executive and legislative authority in an area that includes more than one type of municipality). In South Africa there are only 6 Metropolitan Municipalities, 231 Local Municipalities and 47 District Councils.

Despite being few in number, the 6 metropolitan areas have 6.6 million voters compared to 11.7 million in the 231 local municipalities (Naude, 2002: 8). That these metropolitan areas are important development nodes in South Africa’s future regional development is further implied by the fact that a category A municipality such as Johannesburg has an annual budget almost in excess of that of the Gauteng Province in which it is located and the Executive Mayor of Johannesburg has more discretion over its expenditure than the Premier of the Province has over the province’s expenditure (Atkinson, 2003:6).

The ‘normal’ local government in South Africa is thus to be found in category B Local municipalities, meaning that most municipalities in South Africa have to share executive and legislative powers within their jurisdictional area with another municipality. These are the 47 category C District municipalities. Before 2000, these types of municipalities were known as transitional district councils (TDCs) and were primarily responsible for the provision of bulk basic services to residents in rural areas that had no local government structure under apartheid.

Within each of the categories of municipalities, the Municipal Structures Act allows for diversity in the manner in which a municipality is organized and managed. For each of the categories there are five general types of municipalities in South Africa. These types are summarized in Table 1.

Table 1: General Types of Municipalities in South Africa after 2000

Designation of Type	Description of Type
Collective Executive System	Executive authority is exercised through an executive committee in which the executive leadership of the municipality is collectively vested.
Mayoral Executive System	An executive mayor assisted by a mayoral committee exercises executive authority.
Plenary Executive System	The exercise of executive authority is limited to the municipal council itself
A Sub-Council Participatory System	This system allows for the delegation of powers to sub-councils established for parts of the municipality
Ward Participatory System	Ward committees established for each ward deal with matters of concern to the wards

Source: DPLG - Local Government Fact Book 2003

From the above can be surmised that organizational and institutional differences would contribute to different municipal capacities and capabilities. For instance, executive mayors and municipal managers of different local governments are remunerated differently depending on the size and category of the municipality that has led to larger municipalities obtaining better-qualified staff, which has exacerbated the lack of capacity and skilled staff in smaller, rural municipalities. The experience though with the inaugural Municipal Performance Excellence Awards (Vuna Awards) held on December 5 seem not to be consistent with the latter perception especially because small municipalities emerged as best performers against their more resource and capacity endowed counterparts from the metros and secondary cities.

The Municipal Systems Act was passed in December 2000 and covers the planning, performance, management, resource mobilization and organizational change aspects of a

municipality's daily functioning. The Act was geared to have an enormous impact on local economic development over five years following its promulgation through the requirement it placed on all local government to have Integrated Development Plans (IDPs). It defined integrated planning as a process through which a municipality could establish a development plan that would enable it to:

- Assess current situation, including available resources, skills and capacities
- Assess and priorities the needs of the community in order of urgency and importance
- Set goals to meet these needs
- Develop strategies to achieve the goals within a set timetable
- Develop and implement projects and programs
- Budget effectively, and
- Regularly monitor and reassess the development program

The product of this planning process, the IDP as such, permitted the incorporation of components such as land development objectives, plans for various sectors such as housing or basic infrastructure, plans for the promotion of local economic development as well as annual and medium term budgets, communication plans, institutional plans and performance monitoring. A report by DPLG (2003) on IDP review however indicates that these documents tended to be consultant driven wish lists that lack strategic vision and realism.

Furthermore, the Municipal Systems Act has had an impact on local economic development through the following requirements it placed on municipalities:

Municipalities were required to:

- Establish performance management systems
- Have clear and transparent policies on the levying of tariffs for services rendered and must take appropriate customer care in the levying of its rates
- Improve their credit control and debt collection efforts and systems; and were

- Allowed to be service authorities rather than service providers so that different mechanisms for delivery of services would be available, such as public private partnerships, municipal entities and municipal service partnerships.

The Municipal Finance Management Bill (MFMB) (not yet enacted in December 2003) intends to make the Executive Mayor the councillor responsible for financial matters and deal extensively with financial management matters. It would require municipalities to balance their annual budgets, implement strict control and accountability measures and allow for the quarterly monitoring of municipal expenditure and revenue by the National Treasury.

The consequence of the above proposed legislative framework may be that, if effectively implemented, a municipality would be operated much more like a corporate entity with bottom-lines (such as service levels and targets and budgetary control) assuming importance, and with municipalities increasingly seeking novel ways of delivering services and ensuring local development under a binding budget constraint. This would require municipalities to focus scarce resources on those factors that most significantly accelerate local economic growth. Much of these might however, be outside of the control of municipalities. Even those that are in their control will depend predominantly on the critical mix of managerial skill and leadership. Recent experience indicates that these are neither in abundance at municipal level nor is the process of developing them an easy one.

Capacity Building for the New System of Local Government

The situation outlined above indicates that government envisages a new culture of municipal governance. Municipalities are expected to be viable and sustainable local development agencies and agents of local transformation and service delivery.

Most municipalities thus far have demonstrated that they are unable to deliver on the latter expectation as they still struggle with the challenges of post-apartheid amalgamation. Consequently, they fail to focus on developmental strategies and instead

tend to focus on crisis management (Atkinson, 2002:3). These municipalities are disparate for assistance because they know their situation is poorly managed and that without technical and financial assistance they will not be able to solve these problems.

Stakeholders in the local government sector have often identified municipalities' lack of capacity as a crucial blockage in delivery. For the purposes of this study, municipal capacity is defined as the ability of a municipality to fulfil its constitutional duties and perform its powers and functions. This means that municipalities need capacity to, on their own initiative: provide democratic, accountable and participatory government; ensure provision of basic and other services; promote social and economic development; and promote a safe and healthy environment.

The current situation of local government capacities also represents a major constraint towards the implementation of the 1996 Constitution and the developmental mandate assigned to municipalities. The Constitution places an obligation on government to play a role in building local government capacity. Section 154 (1) states that both national and provincial government must, through legislative and other measures:

“... support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.”

It further states in section 155 (6) b that provincial government, by legislative and other measures, must:

“... promote the development of local government capacity to enable municipalities to perform their functions and manage their own affairs.”

The Constitution envisages municipalities being able to execute the local government affairs of their community on their own initiative, unimpeded by national or provincial government. Therefore, it is incumbent upon national and provincial government to provide support to local government until municipalities have the administrative and

financial capacity to provide the developmental objects of local government defined in the Constitution (MAC, 2001:34).

Although there is a range of factors that account for local government's inability to achieve its constitutional objectives, much of the limited capacity is largely accounted for by, among other issues, the following:

- Inadequate requisite skills in critical areas.
- Inadequate knowledge and information base within municipalities.
- Insufficient expertise to interpret and translate policies into action.
- Lack of in-house technical abilities to develop systems and support internal process.
- Insufficient strategic leadership capabilities to manage and guide the change process.
- Lack of requisite operational infrastructure and technology, and
- Low staffing levels in municipalities.

Apart from the difficulties municipalities have faced in terms of addressing amalgamation and establishment, many have also not been able to consolidate the new structures and systems of developmental local government. Whilst the institutional restructuring of local government and the reform of core organizational systems was meant to provide municipalities with greater capacity to tackle development effectively, some aspects of restructuring and reform have resulted in a net 'loss' of capacity. Even where municipalities were successfully in negotiating their way through the establishment / stabilization issues, most of them still have not consolidated their structures and core systems such as performance management systems, Integrated Development Plans, budget and accounting reforms, implementation of free basic services, review of delivery mechanisms, and so on.

If municipalities cannot rapidly acquire the capacity to negotiate the immediate demands of establishment and consolidation, there is a high risk that they will be overwhelmed by further institutional restructuring and organizational reforms due to take effect in, or

shortly after, 2004. Poorly capacitated municipalities may simply be crushed by the redistribution of powers and functions between district and local municipalities, pending budget and revenue power reforms, further decentralization of responsibilities from national and provincial government, attempts to align local planning with national and provincial requirements, the enactment of the Municipal Finance Management Bill, and other reform measures.

A clear, well-functioning framework for managing capacity development has not emerged spontaneously. In particular, the necessary institutions and procedures to support demand and supply of capacity assistance remain limited if not absent (Atkinson, 2002:10). Despite various measures put in place, national and provincial governments still have limited capability to adequately meet their constitutional obligations to provide support to local government. Whilst national and provincial government have continued to provide assistance to local government, the lack of a coherent support framework for managing capacity building has resulted in a number of weaknesses in capacity building support.

These weaknesses among others include:

- Poor co-ordination of capacity building support provided by multiple agencies such as DPLG and donors, resulting in a great deal of duplication and wasted effort
- A lack of responsiveness to municipalities own expressed needs for support
- A lack of differentiation in the support provided. On the whole, capacity building does not yet take into account the differential needs of municipalities
- Poor consolidation and coordination of capacity support provided. The residues of past capacity building programs clearly remain as long as staff and systems stay in municipalities. But capacity building resources put into municipalities do not often result in benefits that are spread to other municipalities. The outcomes are also rarely remembered, retained and built upon over time.

Since the 2000 local government elections a great deal of work has been undertaken to support municipalities to implement the new system of local government. On 14 December 2001, the President and Premiers met in a special President's Co-ordinating Council (PCC) workshop to review the transformation of local government (DPLG: 2001:1). Whilst the PCC noted considerable progress in transforming municipalities into fully capacitated entities as envisaged in the Constitution, it also identified many challenges that still needed to be addressed in order to implement the new system of local government. In recognition of the challenges still facing municipalities, the PCC directly called for:

“... the development of a national capacity building strategy which is differentiated to take account of different provincial and local government circumstances, and which would define the role of provinces in resourcing and supporting local government. The strategy needs to focus on building strong political and managerial leadership at a local level” (DPLG, 2001:9).

The DPLG recognizes that it has a clear leadership responsibility to enable its partners and stakeholders to address current local government challenges. To meet this leadership responsibility, DPLG has initiated development of a capacity building strategy for local government, to clearly define the impact that must be made on municipal capacity over the next years to 2010 and, in the light of this, to outline how support for municipalities should unfold over this period (DPLG, 2003:5).

Within the latter initiative, the DPLG also acknowledges that many entities and programs have supported capacity building in local government, and made some impact. The thrust of its strategy document is therefore not to replace existing programs, but to build on the foundation of ongoing capacity development that has been laid by the various supporting partners. While multifaceted support is important, there is a risk that overall impact could be lost if the capacity building activities and resources of different partners are focused on different objectives. A set of overarching strategic goals to ensure a common focus is therefore necessary.

Whilst the various partners responsible for capacity building all function within a supposedly common set of assumptions, legislative provisions, the framework for support has been developed in an *ad hoc* way over the last few years and therefore does not always work as effectively as it could (DPLG: 2003: 6). If municipal capacity is to continue to improve over the longer term, existing constraints in the environment for capacity building may have to be removed.

One critical element in the latter arrangement is the intervention and support provided by donor agencies to local government. As partners in the endeavour to capacitate municipalities, it is important that their coordination and the focusing of their efforts by DPLG in line with the municipal capacity building strategy be given consideration. This research seeks to do that.

Summary

The transformation of the local government system in South Africa over the past decade has been characterized by interesting challenges and contradictions. The legislative policy reforms have not always produced the desired objectives on the ground and the overall reform process has been slower than anticipated. However, some progress has been made in undoing the previous system of segregated local government structures. Throughout the country, the new municipal entities are absorbed in the task of transforming themselves as per their mandate of establishing developmental local government structures and fulfilling the obligations brought upon by the various laws introduced since 1993.

If human and financial resource constraints outlined above could be sufficiently dealt with, local government in South Africa would become the primary institutional vehicle for economic development and social transformation, particularly in alleviating absolute poverty and ensuring the provision of basic services to all. The various pieces of legislation discussed entail some of the most progressive intention of our local

government. The challenge is to succeed in implementing them in a strategic and coordinated manner.

The tensions that municipalities are managing and would have to manage in this regard are often contradictory in nature and have been outlined in this chapter. It has been argued that municipalities have to overcome historical legacies, including having inherited administrations that are often ill equipped, inexperienced, under-capacitated and resourced and in no way geared towards fulfilling their developmental mandate. This has to happen within a context of a legislative system, which seeks to make them agents of transformation and service delivery. This contradiction between mandate, expectation and capacity has a serious bearing on the future success of the new system of developmental local government.

The manner in which municipalities manage these contradictory forces will determine the future patterns of local development in South Africa. It is to be expected therefore that the DPLG would have a direct interest in ensuring that a well-managed and coordinated mechanism in building capacity within municipalities is in place. In terms of its mandate, it is incumbent upon the latter Department to ensure that all agencies working in the sphere of local government are harnessed to ensure optimal synergy in their programs of capacity building and assistance to local government.

It is within the above context therefore that the DPLG has been working closely with other stakeholders, particularly the South African Local Government Association (SALGA), the Local Government and Water Sector Education and Training Authority (LGWSETA) and donor organizations in ensuring synergy in the support programs provided to municipalities. The following chapters deal particularly with the relationship between the DPLG and donors in supporting municipalities. The focus of the discussion is on how the DPLG manages and coordinates donor programs to ensure that they are informed by the broad strategic program and mandate of the Department and the Presidential Coordinating Council resolutions.

Chapter Three - Donor Assistance in Perspective

Introduction

Institutions of local government in South Africa have a critical role to play in reshaping and strengthening local communities, as the basis for a democratic, integrated, prosperous and truly non-racial society (White Paper on Local Government: 1998a). On the basis of this premise, national government, working with various stakeholders and particularly the donors, is deliberately diverting resources and assistance towards provincial and local government capacity building as one of the key focal areas of support.

The current situation of local government capacities represents a major constraint towards the implementation of the Constitutional mandate that local government has, where they have been assigned the pivotal and distinctive role in the promotion of social development and democratic local governance. Many local structures of government suffer from a shortage of skills, particularly in the financial and administrative areas, which compromises their ability to change their approach to development and to deliver public services effectively and efficiently (UNDP, 2003:5). It is therefore in the interest of the country that local government is capacitated and transformed to play a developmental role as per its mandate.

For the purposes of this research, 'development' describes the process of economic and social transformation within a country, that encompasses economic growth and economic development as well as improvements in human welfare, such as rising education levels, improvements in health care and life expectancy, and increases in household food consumption. It includes a concept of equity (the income level of the median household increases along with economic growth) and also includes sustainability (a process of development that does not make future generations worse off) (Mizrahi, 2000:22).

Without concerted efforts to stabilize and build capacity of municipalities the system of developmental local government could fail. Dollery and Wallis (2001:39) define government failure as 'the inability of a governmental agency or agencies in a given

sphere of government to intervene optimally in a market economy to achieve allocative and productive efficiency’.

Evidence within the local government sector in South Africa indicates some peculiarities, which make the institutional milieu of local government particularly susceptible to government failure. These peculiarities could be considered under three elements, viz.:

a) Inherent impossibilities – this describes situations where for reasons and factors outside their control, municipalities have not been able to function as organized and effective institutional units. This situation obtains in cases particularly where after the re-demarcation of municipalities during the December 2000 local government elections; some municipal areas still found themselves not viable financially and economically. In such instances, these municipalities have been constrained in their ability to provide services, generate own resources, and carry huge debts and because of all the latter factors, are also administratively, if not also politically unstable (MAC, 2001:35). An instance where this has happened is in Mooi River in KwaZulu Natal where the only factory in town closed down leaving being an unemployment rate of 93%. For this reason, it has been very difficult for that municipality to generate own revenue because people are not paying for services, not because they refuse, but because they are unable to.

b) Political failures – describes cases where the objectives of government intervention are conceptually feasible, but the political constraints under which the government operates make it impossible in practice to follow policies with consistency and persistence to achieve their stated aim. This situation is starkly demonstrated by the political malaise characterising the Mquma (Butterworth) municipality in the Eastern Cape. The political infighting has since 1996 crippled the effective rendering of administrative services in this area.

c) Bureaucratic failure – covers examples of state intervention where the administrative machinery at their disposal is fundamentally incapable of implementing policy in accordance with their intentions (Dollery and Wallis, 2001:45). The Alfred Nzo district

municipality in the Eastern Cape is an example of this. Despite huge challenges facing the area, the administrative component of the municipality has not been able to respond positively to the support deployed by both provincial and national government.

If local government is indeed more prone to government failure than national and provincial government, then this raises interesting questions about the design of appropriate governance mechanisms for municipalities. As discussed in the previous chapter, the Department of Provincial and Local Government (DPLG) has been piloting quite a number of 'ambitious reforms' with varying degrees of success (Bernstein, 2003:4).

Various entities, particularly donor agencies, have been working with the department in its endeavours to transform and stabilize municipalities. The extent to which the latter relationship and partnership succeeds would depend on a number of issues among which may be covert or overt in the relationship. For the department however, it would be important to have a good understanding of how donors work and what informs their desire and attempts to assist. This chapter examines the basis of donor assistance and reviews donor work and activities in general.

Studies on Donor Aid

According to the World Bank (2000:13), one major development challenge for the 21st Century is 'getting government to do well the things that governments must do'. Based on historical evidence, a contention could be made that well-designed donor aid can support effective public institutions and good governance by helping with the experimentation, learning, dissemination, and implementation of new ideas on service provision. Aid can therefore, be midwife of good institutions (the term 'aid' is used here interchangeable with terms: donor aid; overseas developmental assistance; foreign donor aid; and donor assistance).

The term 'Foreign Donor Aid' is broad and can take many forms. It mostly refers to any money or resources that are transferred from one country to another without expecting

full repayment. It does not include private foreign direct investment (FDI) such as inward investment by multilateral corporations, nor does it include preferential tariff reductions offered by Most Developed Countries (MDCs) to Less Developed Countries (LDCs) enabling them easy access for their exports into the markets of the MDCs (Dollar and Pritchett, 1998:10).

To be considered foreign aid, a flow of funds has to meet two simple criteria:

1. It should be non-commercial from the donors' point of view.
2. It should be concessional so that the interest and repayment is less stringent or softer than commercial terms.

Foreign aid includes all grants and concessional or soft loans that are intended to transfer resources from MDCs to LDCs with the intention of fostering economic development. Most studies consider concessional loans as those that have a grant element of 25% or more (Whaites, 2003:2). Foreign aid can be divided into Public Development Assistance and Private Development Assistance:

1. Private Development Assistance

- Private non-governmental organizations (NGOs) such as the Red Cross and Oxfam

2. Public or Official Development Assistance

- Individual government assistance, known as bilateral aid
- Multilateral donor agencies such as the IMF and World Banks offering multilateral aid

Official Development Assistance (ODA) is generally further classified into three sub-categories: project assistance, program assistance, and technical assistance. Project assistance refers to a specific investment in the recipient country, such as the building of a road or a dam. Program assistance is usually a cash transfer as general support for a country's overall development objectives. Technical assistance represents the transfer of knowledge from the donor to the recipient, either by bringing members of the recipient

country to the donor to study or by sending experts from the donor country to the recipient to guide, teach, and ultimately transfer skills and technology. This classification is consistent with the 'gap theory', which asserts that underdevelopment in LDCs is caused by a lack of necessary resources – money, material and human resources. A massive transfer of foreign donor assistance therefore, becomes the cure. Once the recipient country has passed a 'development threshold', its development, which is equated with economic growth, would be self-generating, and aid would no longer be needed (Stokke, 1991:23).

No consensus emerges from the development literature as to which type of assistance is most effective (Dollar and Pritchett, 1998:11). All three types have had successes and failures. Generally, if a developing country maintains political and economic policies that are favourable to long-term development, then each type of assistance is likely to be more productive over the long term. In the absence of such policies or a willingness to create them, all three types probably will be unproductive. Determining which type of assistance is the most useful for helping countries reform their economic policies is difficult. This is so because national development is a complex and complicated process, which cannot be ascribed only to a form of donor assistance that a country receives. Indeed, literature on developmental assistance is littered with examples of aid that has failed to stimulate desired development in the LDCs (Brenner, 2002: 13).

If aid donors choose to help a developing country carry out policy reforms, then some degree of technical assistance is likely to be important in that effort. Many developing countries do not have the same depth of expertise and experience as developed countries, particularly in managing an economy. Thus, technical assistance could be highly useful, for example, either in training economists or in using economists as advisers to policymakers in developing countries.

However, program assistance is growing in importance as donors increasingly recognize that the overall economic policy framework plays an extremely important role in determining whether a recipient will continue developing over the long term (Dollar and

Pritchett, 1998:11). Needless to say, because most major donor entities espouse liberal capitalist economic models of development, this could be a serious constraint to a country, which aspires to pursuing a different economic model. This in some instances could result in major policy and strategic differences between the donor community and the recipient country.

Related to and arising out of the latter political/policy and strategic considerations by donors, a considerable amount of foreign aid is tied aid. Here the grants or concessionary loans have conditions laid down by the donor country about how the money should be used. Tied aid by source means that the recipient country receiving the aid must spend it on the exports of the donor country. Tied aid by project means that the donor country requires the recipient country to spend it on a specific project such a road or a dam. Often this might be to the commercial or economic benefit of the firms in the donor country (Elgstrom, 1995:36).

Donor countries generally give aid because it is in their own interest to do so. Undoubtedly some aid is given with humanitarian motives in mind. However, most foreign aid is given for a variety of political, strategic and economic reasons that benefit the donor countries in the longer term (Dollar and Pritchett, 1998:10).

Having said this, for the present purpose, donor aid is defined broadly as the transfer, adaptation, mobilization and utilization of services, skills, knowledge and technology by foreign donor entities to assist build capacity and transform municipal institutions in South Africa into viable entities. The latter includes deployment of personnel in the short and long-term from both national and foreign sources, plus training, support equipment, consultancies, study visits, seminars and various forms of linkages (Land, 2003:2). Aid in a nutshell, is therefore a combination of money and ideas. Money has a big impact, but only if countries have 'sound economic institutions and policies'. How and who defines 'sound economic institutions and policies' is certainly a matter for debate. The dominant view however, seems to be entailed in what is called the 'Washington Consensus', which is mainly about the promotion of market economy; trade liberalization; deregulation; fiscal discipline; limited role of government in the economy; etc. (Camdessus, 1997:3)].

The ideas - or knowledge creation - side of aid is critical for helping countries reform and for helping communities effectively provide public services: education, health, water supply, and others (World Bank, 2000:10).

The assertion by the World Bank seems to fairly represent the perspective shared by many donor agencies that work and support local government institutions in South Africa and elsewhere. Whether the optimism is borne out by experience and donor track record in other developing countries is something however, that seems not to be shared by some observers of donor aid work (Cassen, 1986; Riddell, 1988; Alesina and Dollar, 1998; Sooge, 2000; Ransom, 2003). Indeed, recent experience shows that the failure of aid has occurred in some instances despite the generally well-meaning motivation of the aid programs (Van Arkadie and Mule, 1996:75). In their study of donor aid work in Africa, Tisch and Wallace (1994) reach a conclusion, which rejects an altruistic notion of donor's motivation.

As a result of contrasting views among donor aid observers, the benefits of foreign aid have recently been under severe scrutiny. Several observers argue that a very large portion of foreign aid flowing from developed to developing countries is wasted and only increases unproductive public consumption. Poor institutional development, corruption, inefficiencies and bureaucratic failures in the developing countries are often cited as reasons for these results (Alesina and Dollar, 1998: 23).

Some dependency theorists such as Baran, Frank, and Wallerstein as cited by Oakland (1998:55), further argue that aid perpetuates the development of underdevelopment. They say:

1. Firstly, aid is an element in the dominant relationship of the centre (the donors) to the periphery (the recipients).
2. Secondly, and relatedly, the type of development that aid funds stimulate is necessarily dependent upon development that is already taking place; thus aid accelerates a growth process whose major characteristic for the recipient country

is underdevelopment. It is in this respect that aid is viewed as part of the problem rather than a counter force geared to providing a solution.

3. Thirdly, because official aid is channelled to or through recipient governments and these governments are a central mechanism for perpetuating the process of underdevelopment, aid further reinforces the process of underdevelopment by providing additional resources for domination.
4. Fourthly, because it is the power of the elites, which controls the operations of the state, state power is a critical factor in perpetuating and reinforcing the process of depended development. Thus to the extent that attention is focused on providing additional resources (the aid debate) rather than on the basic requirement of altering power relations, discussion about aid is fundamentally irrelevant to addressing the major causes of continuing poverty and underdevelopment.

According to Hyden (1986:14) the development theory perspective on aid is centred on two separate axes: one focuses on the overall objective of development, and the other on the means to achieve the objective. The conceptual realm of development theory, therefore, tends to be confined to a distinction between whether growth or equity is being particularly emphasized as the overall goal, and whether the mechanisms to achieve development concentrate on a directed, top-down approach or a participatory, bottom-up one (Oakland, 1998:56). As foreign aid is expected to promote social and economic development, it is not surprising that development theory has played an important role in shaping the discourse of foreign aid. The experience of foreign aid, in turn, has fed back into the theorizing about development.

A study of dependency theory gives the sense, not that it characterizes development in the Third World as not "real" development, but that it critiques that development, to point out that it builds a society that is structured differently from that at the core and that this building is a process that will continue, never leading to a society like that in the core. In that sense it is pointed out to those who would call third world countries "developing" countries, that it was not development as advertised, but the development of underdevelopment (Hyden, 1986:15).

What the divergent views seem to point to is that successful long-term development is a complex process that depends on many factors. For instance, some review of the development literature identified two themes that seem particularly important for development: the quality of governance in a country will heavily influence its development; and adopting economic policies that promote growth will contribute significantly to development (O'Neil, 1997:10).

Foreign aid has also been the subject of a relatively large number of studies where the objective has been to examine its ideological and philosophical rationale (Riddell, 1988); the extent to which it works (Cassen et al., 1986); its socio-political impact on the beneficiaries (Hyden and Mukandala, 1999); and how it is being evaluated (Elgstrom, 1995).

The literature that has evaluated the role of donor aid in development falls into two broad categories. A substantial empirical literature attempts to analyze the effects of foreign aid on economic growth using statistical models and aggregate data on economic and foreign aid for large numbers of countries. A second body of literature attempts to understand the role of foreign aid in development in a more qualitative fashion, relying on in-depth research or case studies of particular foreign aid programs. The empirical literature thus far is inconclusive. The qualitative literature generally argues that foreign aid can help development if the policy environment is favourable to growth (O'Neil, 1997:3).

Within these broad strands of literature on foreign aid, two areas of particular focus are on (a) the effects of foreign aid on the receiving countries and (b) the determinants of foreign aid, namely which donor gives to which recipient and why (Alesina and Dollar, 1998:5). The "idealistic" view, which views aid as inherently beneficial to recipients and which is articulated along the lines by the World Bank, sharply contrasts with a voluminous literature that has argued that strategic foreign policy concerns explain the pattern of foreign aid (Riddell, 1988:25).

Unfortunately, the measurement of what a “strategic interest” is varies from study to study and is occasionally tautological. As a result, the literature is rather fragmented, with one study emphasizing this or that variable and with relatively little attempt at confronting the impact of different variables and their interactions. In other words, while there is some general agreement about what matters for aid giving, namely poverty of the recipients, strategic interests, colonial history, trade, political institutions of the recipients, etc., there is virtually no solid evidence on the relative importance of different variables (Alesina and Dollar, 1998:25).

As mentioned before, O’Neil (1997:10) has also found that the qualitative literature on foreign aid and development strongly suggested that the usefulness of development assistance varies with the quality of a country's governance and the economic policies it pursues. Although foreign aid may allow developing countries to postpone correcting their economic policies, it may also encourage them to adopt needed economic reforms. She further argued that, foreign assistance could help strengthen development in countries whose policies do not distort the allocation of resources in the economy.

Thus, many aid relationships involve some element of both policy dialogue and conditionality - if policy reform and development are the objectives of the aid - but the balance between the two varies from country to country and donor to donor. It is clearly beyond the scope of the present study to provide an in-depth analysis of all the wider issues covered in literature on foreign donor aid. The discussion in this chapter is more limited in scope. It attempts to discuss aid broadly, drawing on various literature studies about its pros and cons and relate these to how donor aid could be better managed by the DPLG in the local government sector.

Some Insights on Donor Aid

For decades, wealthier countries have helped poorer countries ‘develop’ through various means, toward diverse ends, and with wide-ranging results. In 1948 the US Congress authorized the use of 2% to 3% of US GNP until 1953 to finance grants for the reconstruction of Europe through what became known as the Marshall Plan. With this the

present concept of Aid was born. In the 1950s, the United States also inaugurated development and food assistance programs for developing countries. The original political and functional objective of those programs, as outlined by President Truman in the 14 Point Program of 1949, was to give other countries access to the skills and knowledge that generate widespread affluence (Dollar and Pritchett, 1998:5).

During the cold war period, aid was a pawn to achieve political objectives of the US and Soviet Union. During this period, most bilateral aid between individual countries was 'tied' to narrow commercial or geo-political self-interest in the donor country. Under the current unipolar world order regime as characterized by the Washington Consensus, the acceptance of 'adjustment' by recipient countries has become a uniform condition of almost all-official aid (World Bank, 2000:23). The OECD was also formed by the MDCs to coordinate their aid strategy and policies to LDCs.

Foreign development aid may be primarily altruistic or selfish in purpose: realism indicates that governments provide aid only if specific selfish political objectives can be achieved, whereas idealism holds that aid can have an altruistic moral basis – government and philanthropic organization have long provided aid for humanitarian end. More radical theories claim that development aid is an instrument of control, used to perpetuate unequal social and political relations among and within the states of the world capitalist economic system (Dollar and Pritchett, 1998:5).

Historically, development aid programs have generated everything from great successes to disastrous failures. Even the World Bank (2000:8) has acknowledged that 73% of its African aid programs have failed. They argue that the aid community is more concerned with competing to lend money and disburse aid than it is with holding managers, programs, governments, and its own institutions accountable for failure. Even among donors, while there are common concerns such as aid effectiveness, there is no consensus on the types of policies, strategies and approaches that might be adopted in the context of individual countries (Silva, 1999:19).

In its study on 'Aid Effectiveness', the World Bank (2000:9) argues that there are major changes under way in international development co-operation. Freed from the political and strategic demands of the 'cold war' and also from the commercial imperatives that bedevilled aid allocations (although none of these conditionalities are totally eliminated), it asserts that there is now a greater sense of purpose where development aid is focused on the poor and the aim is the eradication of global poverty.

There has been a heavy emphasis in recent years by the donor community on partnership. The Organization of Economic Cooperation and Development's (OECD) Development Assistance Committee (DAC) has particularly been central in defining this partnership and in overseeing its implementation by various donor entities (Mosely, 1987:19) The donor-recipient type of development aid relationship is being replaced, at least conceptually, by a focus on developing partnerships to implement agreed tasks. The objective is to stimulate a 'more equal' relationship between donors and recipients and also a greater sense of ownership of the activities undertaken through development aid. The implications of this approach to traditional modes of aid delivery and implementation have not yet been fully explored (World Bank, 2000:10).

Nevertheless, foreign development assistance leads to dilemmas, because not everyone can have everything at once, and choices must be made. Not everyone agrees on the meaning and purpose of development and certainly not on the objectives of development aid (Garson: 2001:12). One of the concerns that have been raised is that there are many assumptions about the nature of the transition towards development by poor countries, particularly on the part of foreign donors (Riddell, 1988:14). The consequence of some of these assumptions is that sometimes donors lose sight of some of the less romantic dimensions of development transformation.

Recent OECD (2000:29) studies on the effect of donor aid has drawn some generalizable lessons which South Africa and its partner donors may want to note. These lessons of successful donor assistance also provide guidance about donor behaviour. The studies conclude that aid is more effective when:

- Donor agencies focus on long-term reform, not on unsustainable quick-fix solutions.
- Donors themselves work in partnership, rather than in competition, in order to avoid program duplication, resource wastage and contradictory policies (OECD, 2000:29).

Studies of aid have long pointed to the proliferation of donors in some countries and lack of coordination among them. Well-managed countries insist on the coordination of donors, but in weak environments donors are often said to be running amok (Mizrahi, 2000:11). The latter goes on to argue that it is hard to explain this behaviour, except that different donors like to ‘plant their flags’ on something tangible. In the cases of successful assistance, this tends to be premised on strong partnership among donors with a focus on larger transformations, not on individual projects and flags.

Most agencies have also developed country assistance strategies so that individual activities fit into a larger game plan for policy reform and institutional change (OECD 2000:29). The same OECD studies advise that, in order to be effective with their programs, donors have to be:

- More selective in what they fund
- More knowledge based – using resources to support new approaches to service delivery, expanding knowledge about what works and disseminating this information as a core business
- Better coordinated – results oriented agencies should worry less about ‘planting their flags’ on particular projects and more about how communities, governments, and donors can improve their efforts through better coordination
- More self-critical – agencies should be asking themselves continually: Why do we do what we do? And what is the impact?

The OECD further advises that donors and recipient governments should reach broad agreement on the goals for the sector – and develop projects and programs to achieve

these goals. Donors then would have to finance particular projects within the agreed program or provide general support to the sector budget. Periodic reviews of the sector program should provide a forum where donors and recipient governments can frankly exchange views on the overall sector-spending program (OECD, 2000:31). Donors can use this policy dialogue to improve the allocation of expenditures. In the case of South Africa, this dialogue could be linked to the Medium Term Expenditure Framework (MTEF) policy dialogue.

While it is useful to have an open dialogue as the OECD advises, it is unrealistic to expect complete consensus on the important activities for government to undertake. There are still wide divisions of opinion about the right role for government between and within donors and recipient countries.

Given the enormous differences among donor countries in the allocation of spending and of private and public responsibilities, it is hard to believe that a sharp consensus will emerge from the democratic process even among donors, much less between donors and the South African government.

Summary

Donor assistance by developed countries to developing countries is an important feature of international relations. Since after the Second World War, ODA has been a vital instrument used by developed countries to promote their geo-political and socio-economic interests within the developing nations.

Literature is littered with evidence indicating that the process of aid giving and receiving is fraught with contradictions and inconsistencies. Though aid is primarily intended to achieve certain objectives and assist developing countries develop according to gap theory, developmental theorists have pointed to the systematic effects of the very same aid, which undermines the development of these countries. Thus, the history of aid seems to indicate that it is not necessarily a panacea and a magic wand for development. There are cases where it has succeeded and where it has failed.

For South Africa and DPLG in particular, it is critical that the debates on and examples of aid interventions be studied carefully so as to meaningfully enhance the policy perspectives of those working with the donor community. Absence of this understanding could lead to policy and strategic inconsistencies in engaging with donors. Limited understanding of donor perspectives and motives could also limit the extent to which some of the contradictions and flaws in the current relationship between DPLG and its donor partners is understood.

Chapter Four - DPLG and Donors: Coordination and Management

Introduction

The DPLG's agenda to mobilize capacity and resources to assist local government requires it to develop and monitor the implementation of national policy and legislation that seeks to transform and strengthen institutions of governance to fulfil their developmental role, develop, promote and monitor mechanisms, systems and structures to enable integrated service delivery within government and to promote sustainable development by providing support to provincial and local government (DPLG, 2003: 3).

Informed by these strategic objectives, it should be clear to the Department what its partnerships with donor organisation should entail and the thrust which it should follow. In this chapter, it is argued that all donor efforts and programs should be assessed against the backdrop of their imperatives as against those with which DPLG is charged. The management and coordination of the Department's relations with donors should therefore take into account the extent to which donor funding has helped the department to advance its mandate and the resolutions of the PCC.

In addition to this, it has to be emphasized that Overseas Development Assistance (ODA) has to be managed within the context of South African policy and legislation, bearing in mind the restrictions imposed by each of the donor governments (National Treasury, 2002: 2).

Among key legislation important in the ODA management process is the following:

- (1) Constitution of the Republic of South Africa (Act No 108 of 1996) – Art 231(2)
- (2) RDP Fund Act (Act No 7 of 1994) and RDP Fund Amendment Act (Act No 79 of 1998)
- (3) Public Finance Management Act (PFMA), Act No 1 of 1999, as amended, and accompanying Treasury Instructions
- (4) Value-added Tax Act (Act No 89 of 1991) – as amended

- (5) Customs and Excise Act (Act No 91 of 1964) – as amended
- (6) Income Tax Act (Act No 58 of 1962) – as amended
- (7) Preferential Procurement Policy Framework Act (No 5 of 2000)
- (8) Aliens Control Act (Act No 96 of 1991)

The understanding of the above legislation is important in guiding DPLG officials in their efforts of coordinating and managing ODA. It creates a broad framework for the management of donors and necessitated inter departmental cooperation. However, it is imperative for the DPLG to further develop guidelines that seek to clarify the management of its relationship with donors. This should be for the simple reason that development co-operation is a dynamic process of interaction and this dynamism can best be reflected in the guidelines for the management of the process, not in legislation. To illustrate the latter, it suffices to briefly define ODA as it pertains to South Africa.

Overseas Development Assistance in South Africa

Foreign donor aid is one of the developmental topics that have provided ample room for discussion and controversy over the years. According to Riddell (1995:102), the world has had over 50 years of experience of aid giving and receiving in the post second world-war era. He further says that this experience has enriched our knowledge not only about aid - a broad subject with numerous interrelated issues - but also about the entire development process foreign aid supposedly seeks to accelerate.

The Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) defines Official Development Assistance (ODA) as:

“... (resource) flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following test: a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and b) it is concessional in character and contains a grant element of at least 25 per cent (calculated at a rate of discount of 10%)”(World Bank, 2000: 2).

Stated in other words, ODA is an official resource flow from the international donor community to South Africa in the form of grants, technical co-operation and financial co-operation, where the South African Government (or its agencies) is held at least partially responsible or accountable for the management of such resources. ODA to South Africa is made available in a variety of forms, broadly classified as grants (actual non-repayable funds), technical co-operation (expertise) and financial co-operation (loans, credit guarantees etc.) (National Treasury, 2002: 4).

After years of Apartheid South Africa's isolation by the international community, the South African Government again became a recipient of ODA in 1994, after the country's first democratic elections (Garson, 2001:2). In the absence of an established framework for the management of ODA, it was decided that ODA should be utilised primarily for purposes of implementing the Government's five-year Reconstruction and Development (RDP) Programme (National Treasury, 2002:3). ODA to government was therefore managed mainly in a centralised manner, through the International Donor Co-ordination Committee (IDCC), the RDP Programme Steering Committee (RDP PSC) and the Special Cabinet Committee on the RDP (National Treasury, 2002:4)).

With the closure of the RDP Office and the integration of the RDP items into departmental budgets, the function of overall ODA management and co-ordination was transferred to the Chief Directorate: International Development Co-operation, in the National Treasury. However, the responsibility and accountability for the implementation of ODA-supported projects and programs are vested in South African implementing agencies – national departments, provinces and local authorities (National Treasury, 2002:4)).

ODA to South Africa currently amounts to between 1 and 1.5% of its annual budget (National Treasury, 2002: 5). However, taking into account the large share of the budget devoted to personnel costs, social security grants and other non-discretionary programs, ODA would seem to play a significant role in key development initiatives of government.

In order to reap maximum benefit from this resource stream , it has to be aligned to South Africa's core development priorities, and managed effectively and efficiently in a manner that supports South Africa's chosen development path to the fullest extent possible.

The second Development Co-operation Report (DCR II) for the period 1994 to 1999 creates the impression that South Africa does not sufficiently regard or is ambiguous about ODA as a significant resource in support of its reconstruction and development efforts (Daya and Govender, 2000:10). This would perhaps seem to be so because the value of ODA is diminished as a result of non-alignment to core development priorities and/or poor management and coordination.

If the latter problem of alignment and coordination is to be dealt with, donor aid to this country should essentially be a South African-driven partnership for sustainable development between the donor community and the government. Various government entities have to accept full ownership of donor-supported interventions, both at a macro- and sectoral level, and in all spheres of government. This could be the best way of ensuring that such interventions are aligned to South Africa's reconstruction and development priorities.

Current Donor Programs Managed by DPLG

One major development challenge for the South African government is to ensure that its institutions and entities do well the things that they must do. Given the limits in terms of skills and resources to attain the desired state of affairs, well-designed donor aid could support effective public institutions and good governance by helping with the experimentation, learning, dissemination, and implementation of new ideas on service provision (World Bank, 2000:18).

Donor agencies could help the government by bringing to bear lessons from their own, or international experience, and by creating conditions that help experimentation and more important, evaluation. Aid projects could assist South Africa to improve the performance

of its local government sector. This is particularly so because most donor agencies have developed country and sector specific assistance strategies (OECD, 2000:12). Through a better coordination and management of the donor assistance strategy plans, DPLG could therefore ensure that these fit into a larger game plan for policy reform and institutional change within municipalities.

There were ten donor entities in 2003 with which the Department was involved. Most of the donor programs come to an end in 2004/05 or will have to be renegotiated for extension. The management and administration record of a number of these programs tended to place the Department at a disadvantage and an effective turn around strategy is needed to correct the negative perceptions amongst some donors (DPLG, 2003: 2).

In terms of the geographic spread of the donor-funded programs, the current arrangement skews resource flows to some provinces and particular projects at the expense of the others. For example, most donors are funding Limpopo; KwaZulu Natal; Eastern Cape; Free State; and Mpumalanga provinces while Northern Cape; Western Cape; North West and Gauteng provinces are getting none in terms of these resources. This state of affairs distorts the picture of resource needs among municipalities in various provinces as understood by the DPLG (Tool, 2003:3).

Nevertheless, the vast amounts and resources allocated by donors to municipalities in the benefiting provinces are to some extent in line with the DPLG programs and objectives. The challenge however, is that, although the bulk of the resources are targeted at the demand side of the DPLG's strategic objectives, the supply side is disrupted by the following:

- Ineffective management and co-ordination of programs
- Program design that does not guarantee a fair geographic spread
- Program design that is not well-aligned to the strategic activities and priority areas of the DPLG and the sector

- Ineffective co-ordination with related public entities and other departments such as Treasury

It is only recently that the Department seems to be taking these issues seriously and beginning to put into place some mechanisms to attend to them. The imperative to have remedies seems to be more than urgent given that some of the donor programs are coming to an end by 2004/2005 and that their extension will, among other things, depend on how best the relations between the donor entities and the Department could be improved (Toolo, 2003:3).

In terms of the ten donor entities that the Department is currently involved with, the relationship is funded to the total value of about R663, 2million when converted to South African rand. This total rand figure is broken down as follows:

Table 2: Donor Allocations to South African Local Government

Donor	Amount in ZAR
AUSAID (Australia)	39m
USAID (United States of America)	24m
NORAD (Norway)	45m
EU (European Union)	92m
Netherlands	34m
UNDP (United Nations)	30m
UNDP (United Nations)	03m
GTZ (current) (Germany)	20m
GTZ (new) (Germany)	123m
UKDFID (United Kingdom)	223, 2m
TOTAL	633, 2m

If the more than R170million from World Bank and R21, 2million from German Co-operation that are managed by Treasury for the benefit of municipalities are added, the



amount becomes more than R824, 4million just for work within the local government sector.

This figure is more than 35% of DPLG's 2003/04 financial year program budget and as such constitutes an important resource pool for the work the Department is doing to assist municipalities. Were this donor aid resource pool to dry-up, it would require a substantial increase to the Department's budget from the national fiscus to enable it to champion through some of its programs and the implementation of the legislation promulgated and still to be processed through the National Assembly.

Were it to happen that most of the donor programs still working with DPLG wind up in the financial year 2004/2005 or shortly afterwards, the Department would be burdened with projects that were started by municipalities that could not be sustained, at least financially. Whether this was considered and why the Department has not strategised around the issue should be a matter of concern, not only to itself, but also to its stakeholders. The imperative of establishing better, well-managed and coordinated relations with donors could thus not be more urgent for the Department.

Management of Donor Relations

The work by donors in the local government sector should be in partnership, not in competition, with the DPLG. However, a long list of studies of aid has long pointed to the proliferation of donors and lack of coordination among them (Riddell, 1995:105; Silva, 1999: 23). With specific reference to ODA, South Africa, in partnership with the international donor community, is responsible for establishing and maintaining an effective and efficient management system. This two-way relationship is however to be driven by South African entities themselves. DPLG would have therefore to find a champion or a dedicated unit or person to give shape to this imperative

Assistance by donors has to be integrated into the budget insofar as recurrent expenditure is concerned, and where counterpart contributions from government are required (National Treasury, 2002:14). Maximum alignment of donor funds to the Medium Term

Expenditure Framework (MTEF) and the annual budget is essential to ensure that these resources are utilized in support of core DPLG strategic priorities, that donor-supported interventions are DPLG driven, and are sustainable.

In its relations with donors, DPLG is primarily responsible for ensuring that all donor-supported interventions are sustainable, *inter alia* by ensuring that: All donor-supported interventions are related to core DPLG and local government development priorities; that such interventions are DPLG driven and fully funded and financially sustainable beyond donor involvement (this includes counterpart contributions, other resource requirements such as counterpart staff, and recurrent expenditure implication) and lastly that the management of such interventions is integrated with normal Departmental functioning to the fullest extent possible.

Within this context, it has to be argued that DPLG should be responsible for establishing and maintaining a donor management system that would ensure the optimal utilization of the limited foreign assistance resources at its disposal in support of local government transformation, sustainable reconstruction and development.

In addition to alignment to the MTEF and support to the process of budgetary reprioritization, effective and efficient management of donors should entail the following:

- Strong central management in dealing with donor policies and procedures, the overall strategic prioritization, programming, monitoring and evaluation of donor programs, macro co-ordination of its delivery, and other issues pertaining to its macro-management – nationally, provincially and in municipalities.
- Strong donor co-ordination at sector and implementing agency level for purposes of operational management that is fully integrated with line function delivery systems within the Department.
- DPLG should seek co-ordination and coherence of various donor-supported programs and projects. This includes taking maximum advantage of international

development experience and the comparative advantages offered in various sectors by donor countries and institutions (OECD, 2000:15).

These measures will require careful consideration by the Department of the extent to which it wants to take these relationship as this approach entails serious commitment in terms of senior managers and resources.

ODA Co-Ordination

Donor co-ordination is a core function in the management of ODA to local government by DPLG, and involves the process of ensuring its integration to the fullest extent possible with the Department's development priorities, strategies and delivery systems. DPLG should therefore regard co-ordination efforts as valuable for purposes of sharing information, discussing best practices, developing consolidated donor positions on local government development policies and strategies and strengthening information management.

To be able to undertake the latter responsibility effectively and efficiently, the Department requires sufficient capacity for donor aid co-ordination, which has to be premised on strong institutional linkages between the parties in all the spheres. The integration of donor co-ordination units at provincial and municipal level with core DPLG operations, particularly core line functions, financial management sections and senior management structures is central to this arrangement just as the integration of donor planning, prioritization and programming with the development planning and prioritization processes of the Department. Sound information management would play a great role in assisting to ensure the operational integration of donor-supported interventions with normal Departmental development delivery operations.

Within the scheme of donor management and coordination set by the International Development Cooperation (IDC) Unit at National Treasury (National Treasury, 2002), the DPLG, it is the case with other Departments, is responsible for ODA co-ordination at the local government level.

This coordination work and role involves developing operational donor management mechanisms, procedures and processes in line with the overall ODA management policies and procedures developed by IDC; consolidating and articulating development priority frameworks for the programming of foreign assistance in the local government sector, on the basis of its prioritization and medium term expenditure planning; ensuring the alignment of aid in the sector to South Africa's development priorities; negotiating/signing sector-specific development co-operation strategies and technical co-operation agreements and by developing local government sector-specific donor activity monitoring and evaluation.

Though the National Treasury guidelines advise departments to put into place the latter arrangements, not all departments have established institutional mechanisms nor have taken the necessary steps to implement such. At the DPLG, there is currently no forum for donors to exchange experiences and share information with departmental management. There is also no entry point for line units to engage donors. The Local Government Transformation Program (LGTP), which was created as a cooperative governance vehicle for mobilizing and coordinating programs, resources and available capacities to support the establishment of the local government system, could not be sustained though it was somewhat useful (Atkinson, Naidoo and Reitzes, 2002:34). Though the LGTP was overtaken by other priorities and strategic shift within the department, the improvement in the coordination of donors is again highly topical issue within the department (Toolo, 2003:2).

The difficulties of effective donor management and administration are known and acknowledged by the DPLG (Toolo, 2003:2). Examples of some of the problems that are inhibiting the department in improving its donor management and coordination efforts are the following:

- Absence of a framework for managing donor programs to the fullest advantage of the DPLG and local governance sectors strategic objectives.

- The fragmentation of donor programs amongst a few responsible line Chief Directorates and branches.
- The absence of a coherent and basic acceptable system for administration and information management of donor programs.
- Absences of a clear strategy for sustaining donor confidence in committing further resources to DPLG and the sector (in a coordinated manner).
- Lack of clarity on how to strategically position donor programs to effectively complement and add value to the DPLG and the sectors strategic objectives and resource gaps.
- Absence of a mechanism on how to establish an amicable framework for consistent information and knowledge management between the department and donors.
- Lack of a mechanism to align donor program accountability to the reporting and control systems and structures of the DPLG and the sector.
- Uncertainty on how to manage the associated risks to donor funding given the loose management framework.
- No systematic approach to collectively managing the donor programs to the advantage of greater intra-departmental synergies.

These shortcomings and limitations manifest the current administrative and institutional arrangements within the department. The following evidences these limitations:

- The department has throughout the past period operated under an interim arrangement where the Capacity Building and Coordination Unit staff administer donor funding.
- Donor funding is not reflected in the departmental budget making it difficult for line units to take accountability for donor resources with which they interact.
- DPLG performs the financial reporting to National Treasury and only to donor funders that have directly deposited funds with DPLG. Through this arrangement, the full spectrum of donor resources going to the local government sector is not fully accounted for.

- There is no departmental policy regarding the administration of donor funds and there are no clear financial reporting guidelines.
- The donor funding administrators are not certain about their mandate
- Certain donor-funded projects had not moved for first 6 months of the 2003/2004 financial year and presumably no activity has taken place.
- Donor funds are hugely under-spent. It is estimated that around seventy percent of the allocated funds are under spent and approximately thirty percent is committed or spent. This skewed spending is worrying because as other more deserving programs elsewhere in the world come to the fore (e.g. Iraq and Afghanistan), donors would divert funds to those areas. Such a scenario would greatly affect implementation and delivery (Toolo, 2003).
- The donor community holds the view that a “silo” mentality existed across departmental divisions (Zabala, 2003). People did not seem to communicate with each other. There is therefore, in particular, a lack of horizontal communication and information across divisions.
- Donors view the clarification of roles and functions, i.e. the triangulation between the Department, the LGTP and SALGA as important. That there is currently no forum that brings these entities together is of particular concern to donors (Atkinson, Naidoo and Reitzes, 2002).
- Donors have found difficulties over issues such as the redirection of funds. The difficulty is brought about by the department’s own inability to provide information of its own programs needing support.
- There is an expressed sense of disappointment by donors, at the lack of presence at the projects by senior people. The question that they asked themselves was, how is the department to know “the success stories of donor work” when no one visited the project? The state of affairs as described by donors, is regarded as an indication of the department’s non-appreciation of the importance of donor projects (Zabala, 2003).
- The main function of the department, in respect of donors, is to keep track of funds and information about donor funds. Currently there is no effective reporting system. For example, Treasury may not have good information about

municipalities though this information is useful to key decision makers in the department. It would greatly facilitate assessment and articulation of priorities, which would be helpful to donors for prioritizing appropriation.

- It is the view of both the donor community and some officials within the department that there is a need for capacity building within the department (Flusk, 2003 and Atkinson, Naidoo and Reitzes, 2003). There is a need for people to understand the complexity of different donor interests. Different donors behave differently and may have different interests. For example, some donors may have bilateral agreements as well as direct agreements with local government
- There are no key performance indicators set by the department to measure the progress of the projects being funded by donors. There is also no report compiled by the department detailing challenges and how these are being resolved. There is no evidence that DPLG is aware of the status of the projects that are undertaken at the municipal level.

If the latter issues were key and critical in determining the extent to which the DPLG attains its objectives in its relationships with donors, then it would appear to be in the urgent interests of the department to start addressing them. Some of the suggestions that the department may want to consider include establishing among its units stronger program alignment and management of the interface with donors for effective coordination; encouragement and facilitation of a better understanding between DPLG and National Treasury in terms of their roles and scope for donor coordination within the local government sector.

In addition to this, donors have to be encouraged to pursue coordinated approaches to avoid duplication and misallocation of resources. Through improved coordination, best practices could be documented to form part of the sector-learning network. To attain this level of operational efficiency, inter-donor consultation and joint planning and implementation have to be encouraged. However, this could only be possible in an instance whereby DPLG itself has strengthened its capacity to manage, monitor and coordinate donors. Without such a capacity being developed, any attempts by the

Department to take charge of the situation and ownership of the programs being implemented will fall far short of meeting its strategic intent.

These measures are important and could serve a critical role in determining whether the Department succeed in its quest to improve donor coordination and management. The extent to which the department gears itself up and tackles its current limitations with a sense of urgency could determine its success in sustaining some of the donor programs over the medium term.

It would appear proper that the department follows the advice provided by the Treasury guidelines to have sectoral implementing unit for ODA co-ordination meetings. These are regular line department/sector meetings with donor entities, which are intended to provide sectoral fora for detailed articulation and discussion of South Africa's priorities and their support through donor programs. It is through such arrangements that these programs could be integrated into government priorities, budgets, and the overall policies and strategies of the provinces and municipalities (National Treasury, 2002:24).

The department could be in a better position were these measures implemented as part of an over arching strategy premised on a common vision for donor management and coordination. This vision could frame donor management at a corporate level with clear principles and responsibilities for resources, relationship and performance management and monitoring. This could be pursued together with measures of turning around donor perceptions about the department and other stakeholders within the sector.

Summary

Donor resources and assistance play a critical role in ensuring that local government in South Africa is transformed in line with the PCC resolutions. The DPLG has a greater role to play in ensuring that donor programs are focused, targeted, managed and coordinated in a manner that enhances the sector's strategic priorities.

Inadequate ODA coordination is one of the core issues that the DPLG and its partners will have to address in ensuring effective and efficient ODA management. In this chapter

it has been argued that the current relationship between the department and its donor partners leaves much room for improvement. There seems to be a willingness from all the partners to improve how the relationship is managed and a starting point seems to have been made in terms of all the stakeholders being clear of the current problems and limitations in the relationship.

The next chapter takes the analysis of the relationship further by providing a summary of the interviews conducted with various individuals representing the department, donor entities, provincial departments of local government and municipalities. It is hoped that a clearer picture of how the lack of coordination and management of the relationship by the DPLG impacts on the various stakeholders would be demonstrated. The different agendas and concerns will be also demonstrated. Building on this information, some conclusions and recommendations about how the department could intervene and improve the situation in line with its objectives are made.

Chapter Five - Research Findings

Introduction

Local government occupies a key place in South Africa's transformation – both in strengthening democratic accountability, and in improving service delivery. As stated in previous chapters, the country has a vision of developmental and democratic local government, which is able to deliver integrated, socially, environmentally, and financial sustainable services. The Constitution and various policies explicitly entrench a distinct local sphere – as opposed to a tier – with important governance, developmental and service delivery responsibilities.

Given the urgent need for economic, political and social change, it is necessary for government and other development institutions to have access to a broad base of skills knowledge and resources. Overseas Development Assistance is and can be an important source of such resources, and if deployed strategically, can greatly enhance the capacity of South African governance institutions (National Treasury, 2002:4).

Within the South African local government context, the role of technical assistance has assumed increasing importance over the past few years, especially since 1994 (Atkinson, Naidoo and Reitzes, 2002:10). Due to dramatic changes in SA society, decision makers are confronted with a totally new scenario for which there are few precedents (Camay, 2001:2). The need for specialized knowledge and skills is consequently inevitable. It has been the contention of this study that while the use of donor assistance in itself is not contested, the utilization of this potential asset is however a matter that has to be carefully considered to ensure effective and efficient management and coordination of effort in order to attain successful socioeconomic development for the municipalities and the country in general.

For this to happen, it has been argued that the utilization of donor aid should preferably be based on proactive rather than reactive decision-making. In order to optimize the relationship between South African government entities and donors, it is imperative to

have a clear agreement on the objectives and general process that will guide interaction. This could provide structure, security and the possibility to predict certain activities and outcomes (Camay, 2001:3). It could also provide clarity regarding a donor's mode of involvement; for example, will the donor simply provide specialist advice, technical assistance, be a process facilitator who leads practices to meaningful decisions, or a combination of all these?

Bearing in mind the multidisciplinary nature and complexity of development, the nature and timing of involving donors is a critical decision in development management (Liebenberg and Stewart, 2002:10). A starting point, however, would be a clear enunciation of development strategy by the government. Premised on this strategy, donor aid could be focused and synchronized with priorities set and targeted to meet certain nationally determined objectives. This requires some extent of policy and project management capacity on the part of national departments as it is only through that that donor aid could be better managed and coordinated (Garson, 2001:3). Land (2003:23) had observed that in many other countries, donors had seen their resources being used as stimulants or supplements to domestic efforts. He argued that for the donors, this had given confidence that activities are locally owned (at least by the government), that they were financially sustainable and therefore had a reasonable chance of being maintained after the donors withdrew. Whereas, in other countries, the largely dispersed and uncoordinated character of development cooperation had been found by the UNDP (2003:14) to be prejudicial at every level in development projects.

Arising from these observations, there seemed to be a general consensus on the need for change in the management and coordination of foreign donor aid. It was recognised that the current situation in most developing countries, characterised by lack of coordination amidst proliferation of donor entities, was inefficient and wasteful, and was a major burden for local government, particularly in low-income countries (UNDP 2003:16). This could not be truer for South Africa.

Building upon this synopsis, this chapter summarises the views of some of the key players in the management of donor relationships within the local government sector. It is premised on the theoretical foundation and the exposition on local government discussed in previous chapters. The intention is to expose and analyse the relationship as understood and perceived by these players and thus be in a position to make recommendations about how, the relationship between the Department of Provincial and Local Government and donors working in the local government sector could be improved.

Strategic Issues Impacting On The Relationship

In undertaking the research, a departure point was to appraise the relationship and analyze how it was conducted in line with issues identified from literature review. As such, this section discusses in general terms how at a strategic level those involved understand the relationship and what considerations determine its nature. This is meant to give a platform and a strategic context from which the procedural dynamics of the relationship have to be understood.

When questioned about the strategic aspects of the relationship, DPLG managers commented that the proliferation of different donor actors and projects in this country since 1994 had made it hard for the local government sector to manage its aid flows. This is particularly so, it was said, because donor leadership, management and coordination had not been well synchronized. Though National Treasury officials, when questioned on the same issue, took the view that donor support allowed for a degree of experimentation and innovation in government spending that would not normally be possible without it, this did not discard the fact that better guidelines for funding and development support were indeed needed. Furthermore, the extent to which the donor industry was growing inevitably posed a risk. A municipal official stated that in his experience, some technical advisors and consultants who were deployed to assist in his municipalities were not suitably qualified. He therefore agreed that without guidelines regulating donor involvement and assistance, municipalities run the risk of having donor support that does not meet its objectives. Were this to happen, the involvement of donors could easily

become a permanent feature, something that does not augur well for the development of local skills and capacity.

For donor aid to meet its objectives, its role and utilization has to be premised on the government's approach used to determine development interventions at any specific time (Tongomao, 1993:16). Without government setting the parameters for development assistance, its programs and strategic objectives could easily be swayed to other ends (O'Neil, 1997:10). This view seemed to be supported by the observation made that there were many assumptions about the nature of the transition, particularly on the part of foreign donors. These assumptions however, were complicated by the fact that donor officials were not so transparent about the political agendas of their entities, except to say that they support the program of the government of South Africa. One manager from DPLG, commenting on the transparency of donor agendas, remarked that "in several cases the respective roles of the partners and the nature of the partnership is usually far from clear to line managers".

As discussed in chapter three, donor aid does not always spring from altruistic motives. Through giving aid, donor countries have their own political and economic objectives to fulfil. These can be progressive and in line with the agenda of the recipient government or can be reactionary and seek to undermine the policies of the government. As a new democracy, it is imperative for managers in the South African context to theorise the relationship between themselves and the donor community. It is unfortunate that within DPLG, the relationship was taken at face value and there had been no discussions on the donor's motives for giving aid. During a snapshot discussion among DPLG management on the donor issue, it was evident that the level of understanding with regard to donor's ideological/political and strategic intent, which underpinned the relationship, differed significantly. Though donor assistance was appreciated and welcomed by everyone, however, other managers argued strongly for caution because they perceived donor work as part of global capital's strategy of integrating the third world into the global economy. These managers even argued that donor aid, to a large extent, is meant to create market economies and perpetuate market policies in developing countries, including South

Africa. Their conclusion was therefore that managers dealing with donors should understand the fact that were the government to take a different policy and ideological stance from that enunciated by donors, donor work could need a fundamental review.

Related to this, another observation made from the interviews was that key DPLG officials dealing with donor program management had a poor understanding of broader issues related to donor management. Most of them did not understand and were not familiar with National Treasury, SANGOCO and SAGA guidelines and recommendations on donor relation's management. By their own admission, this limited understanding disadvantaged these officials in terms of their interaction with their donor counterparts. For instance, though National Treasury had set broad parameters for engagement with donors by national departments, DPLG officials sometimes did entertain arrangements with donors that were outside the spirit and the letter of the Treasury framework. An example was that of instances where the conditions that went with donor grants to municipalities were too many and onerous to manage and these were not always consistent with the conditions set by Treasury in the Division of Revenue Act. One official argued that one negative spin-off of the many conditions was the requirement for the submission of reports. Because some municipality ended up having to submit more than ten reports monthly, the tendency had been for municipal managers not to comply with other reporting requirements, either from the donors or from other government entities. This over-reporting, it was said, did not enhance accountability and instead it led to reporting fatigue. Given the poor capacity and the already over-stretched municipal officials, the value of the donor grants made diminished because of this plethora of conditions and reports. Related to this, it was the view of some of the interviewees, both from provinces and donors, that poor coordination of donor activities by DPLG "resulted in a myriad of competing modalities, conditionalities and expectations". Furthermore, because DPLG officials were not fully conversant with the Treasury and SANGOCO guidelines, in many instances they could not even pickup some of the contradictory policies propagated by donors, let alone managing the resultant contradictions.

In their mode of work, it has been said that donors either work with DPLG, provinces and municipalities or any combination of the three. Direct assistance by donors to municipalities however, raised a number of concerns for some officials at DPLG. Their main concern was based on the fact that whilst this approach could be well-intentioned and had the effect of fast-tracking delivery, it had a counter effect of proliferating activities. In that context, it was argued that the DPLG was likely to lose control and / or understanding of its strategic work focus in municipalities. In the light of this, one provincial interviewee expressed a need for the clarification of the donor and the Department's agendas, objectives and interests. He argued that this might have the effect of balancing resources with needs in crucial areas. Other officials further argued that the lack of aid coordination by DPLG caused significant costs both for the donors, who could otherwise use their resources more efficiently through better coordination and targeting, and for the municipalities, which bore an administrative burden.

Critical in the calls by various officials interviewed for improved coordination was the view that the partnership between DPLG and donors should be based on a principled approach, with clear, delineated guidelines. In essence what seemed to be envisaged was a situation whereby South African municipalities, through DPLG, would take control of their own development. One municipal interviewee asserted that SA could benefit from other perspectives and experiences, but "they must not be indiscriminately dumped on us or we shall become known as a development disaster along with other countries where this had happened". To this it was added that SA local government risked among others, "unequal and exploitative partnerships, highjacked agendas and programs, inappropriate training and capacity building exercises, and the diversion of scarce donor funds to exorbitant priorities". Particularly, some municipal officials concurred, "the weaker the municipal administrative capabilities, and the greater their dependence on foreign donor assistance, the heavier the burden". As the experience of other countries showed, the burden of adjustment could affect every dimension of local governance, from major policies to administrative procedures and to program implementation. (Atkinson, Naidoo and Reitzes, 2002:34)

Some of the interviewees were quite critical of some of the donor programs implemented in their provinces and municipalities. One argument was that there is sometimes a lack of vision on the part of government in their looking to models developed in other countries with a much wider resource base. This resulted, it was explained, in an impression sometimes being created that donor technical consultants were the final solution to all problems encountered and as such they could therefore easily become the sole source of ideas and energy on the basis of the knowledge and expertise that they had. To back up this argument, it was pointed out that donors tend to import technical expertise instead of taking into account sources of wisdom and experience in SA. It was alleged that these expatriate consultants were sometimes not sensitive to or did not have sufficient knowledge of local cultures and politics. Against the background of the increasing focus on capacity building, a cynical view was expressed that donors tend to “rush to want to build local capacity without bothering to find out whether that capacity already existed”. Some municipal managers also raised an issue about the payment given to local consultants. They argued that the system was unfair as on the one hand, their payment was less than that of expatriate consultants. On the other hand, their payment was more than that of local bureaucrats. From this discrepancy they concluded that this system had an unintended effect of poaching capable people away from the employ of municipalities or government and thus robbed them of critical skills, which ironically the donor programs sought to develop.

Almost everyone interviewed agreed that because of the increasing role of donors in SA, it was imperative that the development and utilisation of these resources be managed effectively and efficiently. This however, was inconsistent with the observation of the interviewees that there was a lot of program duplication in the sector by donors. It was argued that this situation obtained because DPLG, among other issues, had not assisted in identifying which donor was good in what area and encourage them to focus only on the area where their key competency lay. Another opinion was expressed that as a central coordinator, DPLG had to be willing to turn down donor offers of aid where it felt that the recognized ‘costs’ of assistance would outweigh the potential benefits.

It would appear that the most of the points herein raised could be addressed at an administrative level before being elevated to the political level. It is certainly a matter of strategic importance, for both DPLG and municipalities, to be able to say no at times, even where donor fund availability is assured. There is nothing worse than agreeing to an aid-funded project simply because the money is there (Talaat, 2003:3). For this paradigm change to happen, a major shift in the thinking about foreign aid is necessary, especially on the part of the negotiators of aid agreements and those who stand to benefit directly from aid (target municipalities or projects). Officials have to rid themselves of the mentality that "more is better", and focus instead on the "how" and the "why" issues: How will aid assist in dealing with the situation at hand? Where does the target project fit in the bigger picture? What else is required if aid is to generate maximum benefit? How should they actively contribute? What steps and conditions have to be met in order to ensure sustainability and why? (Talaat, 2003:4). It would appear therefore more prudent for DPLG to place more emphasis on developing a cadre of officials that handles foreign assistance issues professionally at different levels. Skills could be developed in three critical areas. These would be project feasibility and assessment, foreign aid negotiations and project management (during foreign aid and after it ends). In addition, improved DPLG machinery could be devised to achieve better coordination of aid requests and priorities and formulate a coherent sector plan. As some of these skills are in short supply, the Department could use some of the foreign aid resources to strengthen its capacity to manage the whole foreign aid process. Fortunately, donor entities such as DFID, GTZ and NORAD have pledged some resources towards the latter endeavour.

On the issue of ideological/political intentions of donors raised earlier, it could be argued that vested interests in aid projects are a well-known reality. There is nothing necessarily wrong with these interests, provided that those in charge of reviewing aid requests and negotiating agreements do not fall victim to their undue influence, exercised through legitimate lobbying or other means (Smith, 2001:3).

These issues are no less challenging from a donor's point of view. The espoused "partnership" approach to foreign aid needs to be applied more rigorously than hitherto,

particularly regarding bilateral aid. Without denying that there is a major political element in foreign aid agreements, some of the donor officials agreed that their organisations should rather address technical and substantive issues more seriously and persistently, especially those related to capacity building. It could be added that this should apply not only to overall agreements but, more importantly, to the specific projects that translate agreements into tangible results. These results could be measured against the number of aid-assisted projects that had been sustained at an acceptable level of efficiency and the new initiatives that had come about with the help of know-how acquired through foreign aid (Garson, 2001:6). All the interviewees concurred that aid could be considered successful if the supported projects continued to operate as a viable concern afterwards. Furthermore, aid might become even more successful were the newly gained knowledge it had contributed led to new initiatives, thus producing a positive multiplier effect. Were this to occur, gradually South African local government might move away from a situation where it had to keep requesting the same assistance for replication in similar projects, under the pretext that donor funds are obtained at 'little cost'. Without this, the goal of ever achieving greater self-reliance could remain a pipe-dream. This is consistent with the view that unless foreign aid received in a particular area "self-destructs" after a reasonable period, dependence on it could do more harm than good (Talaat, 2003:4 and Camay, 2001:3).

In a nutshell, these are some of the strategic issues emanating from the research process. The interviewees felt strongly enough about them such that in one way or another, DPLG might want to convene a broader forum where they could be discussed. An overriding concern though seemed to be that the utilization of donor aid had to be understood and approached within a developmental context and the role of DPLG had to be more pronounced in coordinating the arrangement. The approach and modalities for this coordination, which is informed by the strategic considerations as discussed, belongs to the procedural and bureaucratic realm. It is to this that we now turn.

Procedural Issues Impacting On The Relationship

The absence of a clear strategic framework within DPLG for the management and coordination of foreign donor aid is more starkly demonstrated by the administrative inconsistencies and contradictions that obtain in the Department. To a large extent, this is symptomatic of an absence of a mechanism within the Department to clarify upfront assumptions informing its engagement with donors. Toolo (2003:3) observed that the resultant consequence of this was that on their side, donor organizations had not found themselves in a situation where they had to clarify what informed their contribution in certain programs and not others. From this observation he concluded, “the sum of this was a situation where it was sometimes not clear to both sides as to who initiated the relationship, why and for what purpose”. Furthermore, while the National Treasury produced donor management guidelines and other Departments, such as Health, produced sector specific guidelines, DPLG had not produced any guidelines for donor coordination and management for the local government sector. The absence of this framework meant that donor programs were not channelled and focused towards clear strategic ends as identified by the Department and its partners in the local government sector.

Donor personnel interviewed raised the issue of a lack of strategic framework within which they could work to support the efforts of the Department as one of their major concerns. This was said to be quite important and it was not in place in the Department at least, from a donor relation’s point of view. Donor interviewees further asserted that the lack of this framework rendered the coordination and redirection of program funds difficult. In this situation, it was said, duplication of funding to common areas and or locations was therefore inevitable and but was nevertheless regarded as wasteful. An example, to demonstrate this point, was said to be the fact that a large portion of funds is allocated to capacity building to the exclusion of other key areas of the PCC resolutions and the DPLG mandate.

On the other side, DPLG officials commented that more than one donor had chosen to work with particular provinces which were in any case known by the Department not to have the absorption capacity of the resources targeted. It was stressed that donors have to

be cautioned against competing for the same clients at the municipal level as that had the effect of disempowering the very municipalities that they sought to empower. The MAC report (2002) had noted this very same point that “many people that were supposed to have benefited from the capacity building initiatives had in fact neglected their responsibilities whilst being involved in the capacity building initiatives and that these programs had not yielded the results promised”. Concomitantly, senior managers at DPLG also made the point that while coordination is important, the Departmental was not compensated for availing officials to manage donor programs. The argument was along the lines that this lack of compensation was particularly glaring in instances where DPLG and municipalities had to “forfeit inputs, time and services of capable officials all because they were busy with donor projects”.

Donors and Departmental staff alike expressed a need for a review of donor relations and the need for the reestablishment of a new profile with donors owing to the fact that not much coordination had happened. The general view was that this situation obtained because no coherent strategy had been followed for some time. The fact that to a large extent, donor programs were driven and managed by junior officials, with insufficient or no political guidance in terms of how to deal with complex donor issues, was one of the problems identified by donors. It was argued that the latter situation created problems for both donors and the Department, as there were no senior officials or a single office that gave attention to donor concerns and programs. Despite being of high strategic value, for instance, some of the donor programs, such as those of NORAD, USAID and DFID were said to be managed by junior staff members at a level of a planner or administration officer and were spread across many functionaries. While the Department explained this in terms of its capacity constraints and without suggesting incapacity on such staff for handling donors at that level, a perception seemed to have been created among donors that DPLG did not take its donors seriously. Even more serious for the donor interviewees was the fact that there was not any delegation of powers or policy in that regard from the Department. A NORAD official stated that it was for this reason that the coordination of the relationship between the organisation and the Department had been assigned to a staff member at the embassy. For this entity, it appeared that the role of the

DPLG was then reduced to that of a funding channel. This unfortunately seemed to be the trend, which other donors were intending to opt for, according to their officials, though they stressed that such an arrangement was a temporary measure until the Department had developed its capacity. Some donor entities, which had not followed this alternative arrangement, were however concerned that in its light, any attempt to portray DPLG as a driver of the relationship would be misleading.

The main constraint perceived by the donors was that moving towards DPLG led coordination required a radical change in the role played by the Department: from being a junior partner, to becoming a driver and from being a recipient to being a manager accountable for the use of public donor aid. It was argued that it was this change of role that presents the main challenge as donors agreed that DPLG lacked the institutional capacity to satisfactorily assume responsibility for managing aid. In the light of this, donors officials argued that they were therefore reluctant to transfer responsibilities to the Department. Meanwhile, from the statements given, it appeared that the lack of harmonization between donors themselves did not help create an environment conducive to transferring responsibility to the Department. Some donor officials argued for instance that the potential costs that could be imposed on the Department as a result of the variety and complexity of donor procedures were very much, and the principle of donor selectivity on the basis of each one's comparative advantage had seldom been properly applied. This sentiment from the donors did not appear to be out of sync with developments elsewhere. A World Bank survey (2000) had showed that over half of donor staff was disinclined to recognise the need to transfer responsibility for coordination to the recipient governments. Among other reasons this reluctance was based on the fact that the development cooperation agencies themselves are accountable for the funds they manage to their parliaments and governments, as a result there is a potential trade-off between the latitude required by recipient country ownership and the risk of not being able to account for the funds.

In their study of donor coordination by the Department, Atkinson, Naidoo and Reitzses (2002) made the observation that the DPLG's role appeared to be shifting steadily from a

“co-ordination organisation” (creating the framework for local government by drafting policies, legislation and regulations) to an *“implementation organisation”* (rolling out specific capacity-building programmes in its own right). Due to this trend, they argued, DPLG became less and less suitable to be the primary co-ordinator of donor programmes, since its standpoints might well differ from other stakeholders such as SALGA and LGWSETA. They concluded that DPLG could not be player and referee simultaneously. Interestingly, this point was shared by some of the donors. A DFID interviewee for instance raised a concern about the dual role DPLG was playing; wherein it benefited from a component of aid but also controlled the other components. This, it was argued, had due potential to undermine the autonomy of the various spheres of government and public entities. From this sentiment, it could be inferred that at a fundamental level, it would seem that the issue of donor coordination could not be broached without asking questions about DPLG’s increasing position as implementer of support programs.

Though desirable and supported by almost all the stakeholders, the fact that DPLG lacked effective donor coordination capacity came out strongly during the interviews. The following were some of the pertinent points that were raised by the interviewees:

- Almost all donor officials were of the view that there was insufficient strategic guidance by the Department with regard to the issues to be pursued by donor support to specific provinces and municipalities.
- For AUSAID, which is piloting a municipal performance management system in the Free State and KwaZulu Natal provinces, the Department was said to have created few or no opportunities at all for knowledge sharing of the lessons derived within the pilot municipalities and provinces. This, it was said, resulted in the phenomenon of “silo projects”. This organisation also had concerns about the fact that there was no strategy for universal rollout of programmes, which are “piloted” in municipalities.
- For NORAD, which operated mainly in Mpumalanga and Limpopo provinces, its official argued that the idiosyncratic and particularistic linkages between organisation and these provinces and “pilot” municipalities appeared to take the

place of coherent and systemic roll-out of support systems on a universalistic basis. The key question, it was said, which the Department had not been asking was whether an issue undertaken within a pilot municipality or province was universalizable to the rest of the local government system? It was retorted that the Department could only answer this question within a coherent policy framework.

- For GTZ and DFID officials, it was not clear as to what policy foundation some of the programs they were involved with had. For example, officials from both organisations were not clear on the representational and implementation functions of Ward Committees. Their argument was that the Department should give guidance and direction on matters of policy nature so that there is no confusion on their side in terms of what they have to implement and so that different donors (and their consultants) do not take different points of view on matters of this nature.
- DPLG officials agreed that they were not able to respond to all the challenges emanating from their relations with donors. This was attributed to the fact that the Department had little capacity for managing and monitoring donor programs, since donor activities were not part of normal line functions. It was further argued that DPLG directorates needed more staff to enable effective involvement in donor programs. An official remarked that staffs were extremely overworked, and their liaison with donors came as an addition to already overstretched job descriptions.
- Related to the lack of capacity within the Department, donor officials commented that there was a lack of integration between their programs and those of DPLG directorates, and a lack of integration of donor programmes residing in different DPLG directorates. In general, it was argued, donor programs seemed to “get stuck” within specific directorates, without exploring common ground with the activities of other directorates. An official from USAID even commented, “DPLG tends to have little “ownership” of donor programmes, even where such programmes are meant to be a joint programme of DPLG and the donor. This means that the programs operate in limbo”. This official argued strongly for a mechanism to be established through which donor work could be integrated

within the DPLGs' strategic plan and medium term expenditure framework. That this integration had hitherto not been happening was amongst other things attributed to the fact that donor did not get access to senior members of DPLG. This lack of access, it was said, was further complicated by the fact that DPLG had a tendency of frequently changing project managers and the inappropriate location of the projects within the Department's line function divisions.

- While integration was raised as an issue in terms of internal operations of the Department, donor officials also felt that it affected their work with municipalities. It was argued for instance that it does happen at times that DPLG does not know which donor projects are happening in which municipality. This, it was said, often resulted in duplication and to instances where DPLG had to intervene long after the fact, when there was a problem in the relationship between the donor and the municipality.
- On their side, some municipal officials agreed on the point that poor capacity and policy skills in municipalities could lead to a situation where donors impose their country's policy perspective and practices. The argument was that this in many instances tends to be camouflaged as 'best practices/models'. To deal with this potential problem, it was argued that a strategic capacity-building framework was necessary to enable a phased approach to municipal capacity-building. Key factors need to be isolated for short-, medium- and long-term interventions. The framework, it was said, would be indispensable to enable linkages between the DPLG's programs and donors' funding horizons. In their opinion, this framework should also enable the various parties to given sufficient attention to project closure and termination arrangements. Through that, lack of continuity; funding vacuum and unsustainable projects could be avoided
- Provincial government officials made an observation that there was a lack of clarity regarding DPLG's role vis-à-vis donors and their relations with Provincial Governments. It was state that because different donors tended to create different types of relationships with Provincial Departments, DPLG and Provincial officials should work in partnership on donor matters. It was however stressed that, Provincial Departments should be allowed to develop their own policy and

program orientations. Some officials even suggested that Provincial Departments should create their own Donor Co-ordination Units.

- For Treasury officials interviewed, it was stressed as important that DPLG should clarify the central coordinating role between itself, Treasury, Department of Foreign Affairs and other sector departments working closely with municipalities such as Water Affairs. It was stated as a problem the fact that DPLG had no formal position on this matter.

Despite these identified limitations, in an interview with AUSAID, it was confirmed that DPLG could play a useful role in providing “policy guidance” and “strategic advice” in the implementation of their programme. For NORAD officials, the DPLG could “add value” to their work in development co-operation through the dissemination of experiences and learning from projects in the local government sphere. Furthermore, a consensus position seemed to have developed among all stakeholders concerned that DPLG should play a more “active” leadership role in monitoring the implementation of the donor projects. This leadership, it was suggested, could perhaps take three forms. One would be assistance to donors when problems are encountered whilst implementing projects in the field. The second one would be in terms of policy guidance when support to new programs is considered. The third pertained to the co-ordination of donors by facilitating the process of donor co-operation and sharing of experiences so that a situation is avoided where donors would be “stepping on each other’s toes”.

The key issue emanating from the research was that DPLG had to, as a starting point, create a donor liaison unit, which would guide and coordinate donor programs. Depending on the nature of the program, flexible working relations could be created between DPLG directorates and donors. It has to be emphasised that any “donor co-ordination” function is not conceived here to be a “donor control” function. In terms of the following continuum, DPLG’s role could be in the centre (i.e. Policy guidance, facilitation, support and monitoring). Such a donor co-ordination function could be broken down into nine main aspects:

1. Maintaining a data-base of donor programs
2. In co-operation with National Treasury, draft broad funding principles which should apply to all donors in the local government sector
3. Functioning as a “donor help desk”: Guiding donors towards appropriate aspects of municipal capacity-building, and facilitating relationships between donors and other delivery agencies (e.g. national departments, provincial governments, municipalities and civil society organisations)
4. Linking municipalities and provincial governments with appropriate donor programs
5. Creating effective linkages between donor programs and DPLG directorates
6. Monitoring the implementation of donor programmes
7. Facilitating problem-solving and trouble-shooting, where necessary
8. Promoting the “universal roll-out “ of programmes to all municipalities and provincial governments, on the basis of the results of donor programmes
9. Liaison with equivalent directorates within other line departments, and liaison with National Treasury’s Office of International Development Cooperation (Atkinson, Naidoo, and Reitzes, 2002:48).

The DPLG, as a key agent for local government capacity building, could play a key role in articulating to the donor community the sphere’s needs as a whole and the importance of leveraging funding to meet these needs, in collaboration with important stakeholders such as Treasury, LGWSETA and SALGA. The negotiation of donor support should be a co-ordinated activity between the relevant stakeholders so that complementarities could be achieved, duplication and redundancies reduced, donor funding leveraged, existing relationships improved, as well as new sources of funding and/or technical assistance support attracted.

Summary

Quite a number of issues emerged during the research process, which though interesting and have a bearing on the relationship between the Department and donors, unfortunately fall outside the scope and intent of this study. Central to what has been reported though,

is the observations that there was no single approach to donors by DPLG. As a consequence, there were very different types of relationships between the Department and the various donor entities. This, it would appear, was due to two overarching structural factors:

1. Different donors had different program objectives, which in some cases necessarily informed different modes of engagement, sanctioned by their home governments
2. DPLG did not have a coherent approach to donors.

In the light of these, it has been argued that a need exists for the DPLG to provide leadership to donors at a strategic and senior management level for donor coordination and the redirecting of donor assistance programs to prioritized areas as per the Department's mandate and the resolutions of the Presidential Coordinating Council.

While it would be useful for the Department, the donors and other stakeholders to have an open dialogue, it would seem unrealistic to expect complete consensus on some of the issues related to the overall management and coordination of the relationship. Based on the interviews conducted, there appeared still wide divisions of opinion about the right role for the Department between and within donors and other stakeholders. Political prudence would however, expect and necessitate that donors themselves be:

- More selective in what they fund
- More knowledge based – using resources to support new approaches to service delivery, expanding knowledge about what works and disseminating this information as a core business
- Better coordinated – results oriented agencies would worry less about planting their flags on particular projects and more about how communities, municipalities and government departments, and donors working together could improve services

- More self-critical – agencies should be asking themselves continually. Why do we do what we do? And what is the impact?

To conclude, DPLG needs to ensure that foreign aid is used to help build local government institutions and human resources capacity to meet an ever-changing and challenging world. Institutional mechanisms, strategies and approaches have to be devised to engender confidence among donors and other stakeholders. A starting point for this, among other options, is for the Department to facilitate the development of a relationship of trust, and a positive climate for cooperation.

Chapter Six - Concluding Summary

At the outset of this study, it was argued that local government had been assigned a critical role to play in meeting community needs and in the development of South Africa. It was stated that national government, through the Department of Provincial and Local Government had enacted various legislation meant to enable and clarify the mandate of municipalities within the South African democratic dispensation. It is clear that this legislation has been somewhat ambitious and to some extent, underestimated the inherent institutional deficiencies that had to be dealt with. It is contended that the local government reforms spearheaded by DPLG had fallen short of addressing some of the key challenges that municipalities still encounter. The main purpose of this study, however, was to examine the dynamics pertaining to the coordination and management of the relationship between the DPLG and donor entities working within the local government sector in South Africa. Quite a number of issues were uncovered in the process of the research. The central theme, I would contend, was that the Department had not been able to give strategic focus to the relationship and had therefore not been able to leverage donor support in a manner consistent with its mandate and the objectives of the Presidential Coordinating Committee resolutions on local government.

I began by arguing that the local government reforms in South Africa went through a number of phases. When it came into power, the ANC government in its Reconstruction and Development Program had committed itself to confronting inequality through, among other things, providing basic infrastructure and social services to those who needed them most. In accordance with this strategic intent, the first decade of freedom (1994-2004) has been characterized by measures to establish institutions of democracy, enacting legislation to legalize and officialise social, economic and political transformation, implement service delivery approaches and strategically position the country internationally.

Within the ambit of these measures, the sphere of local government was identified as critical in ensuring that government programs are meeting peoples aspirations and are

avenues for distributing what Minister Trevor Manuel (2002) called, “the sweet fruits of freedom“. Since this policy stance was taken, various measures had been put into place to ensure that local government fulfilled its Constitutional mandate and did make its contribution within the intergovernmental relations framework. The Department of Provincial and Local Government was particularly assigned the task of assisting and capacitating municipalities in their endeavours to transform in accordance with the legislation that was progressively enacted and because of the challenges encountered and the capacity limitations within the Department, it had been necessary for the local government sector to solicit foreign donor support so as to augment its material and human capacity. Within this arrangement, it was desired by key stakeholders that the Department, as the custodian of the intergovernmental relations system and the champion for local government, would play a critical and a central coordinating role so as to ensure that the support received is in line with the policies and programs intended by the government. Success attained through this arrangement, it was argued, might be decisive in transforming the system of local government. Failure in this regard, it was contented, could have a negative bearing on the country as a whole. Because capacitated and transformed municipalities are meant to benefit people in the end, the role played by DPLG in coordinating support measures to this sphere had thus been viewed as important. Failure to satisfactorily render this mandate has been construed as potentially having a bearing on how the Department is viewed and the manner in which it does its business.

The study was carried out using qualitative/evaluative appraisal methods. These approaches to conducting the research turned out to be advantageous in that though the sample size was limited, a wealth of information was obtained because of the centrality of the participants in the relationship. From the donor side particularly, although there were quite a number of donor agencies who had worked within the local government sector, for the purpose of this research focus was given to only five (5) of them, these being, namely GTZ (Germany); AUSAID (Australia); USAID (United States of America); DFID (Britain); and NORAD (Norway). These donors were selected mainly on the basis of their (a) higher financial commitments, (b) a larger number of programs

and (c) extensive experience in working particularly within the local government sphere in South Africa.

All these countries are also part of the Development Assistance Committee (DAC) which is the main body by which the Organization of Economic Cooperation and Development (OECD) member countries deal with issues related to co-operation with developing countries and seek to increase the effectiveness of their common effort to support sustainable development (Mizrahi 2000:12).

In pursuing the above approach, no major risks were encountered during the research process. Other than a formal notification letter on the research and its purpose, confidentiality and ethical guarantees and access to documents and potential interviewees, no major problems were experienced.

Using gap and developmental theories as reference paradigms, the phenomenon of foreign donor aid was discussed, particularly in terms of its motives, approaches and how it had been experienced in other countries. Consistent with the first goal of the study, which was to *'examine and appraise the theoretical basis of the relationship between DPLG and foreign donors working within the local government sphere in South Africa with the intention of uncovering the politics that inform the policies and strategies sponsored by donors and reconcile these with the strategic objectives of the department'*, this discussion gave a good contextual background to the understanding of donor involvement within South Africa. Whereas for instance, before 1994 most countries stayed out of the country because of Apartheid policies, since the new democratic dispensation, there had been a proliferation of donor entities. On the one hand it was argued by some international donor observers that this increase in the number of donor agencies working in the country was in line with the altruism notion of wanting to help a newly emerging democracy and its people. On the other hand, it had been argued by some interviewees that this sudden surge in the number of donors has a potential of undermining the country's democracy through subverting it and imposing development models intended to subjugate it to the world capitalist system. On this basis it was argued

that it became imperative for government officials dealing with donors to be aware of these contending viewpoints. Unless the DPLG has a firm grasp of the aid process, coordination will not take place, or will at best reflect on the donors' priorities.

A point also emphasized was that it made perfect sense for government officials to give leadership to donors and integrate donor work to government's programs and policy priorities. Based on this, the study therefore called for the focus on the use of aid and the form in which it is provided in relation to its ability to enhance and improve the capacity of the recipients themselves, both in terms of involving themselves more directly in the development process and in bringing about development for themselves.

Donor assistance, in many developing countries, had failed to strengthen the recipient nation's capacity to manage public policy and administration. Assistance had, in certain instances, undermined the policies of the recipient government in such a way that these nations were wholly dependent on foreign assistance for the delivery of services. A point was made that for DPLG to build its donor management capacity, a portion of the aid received must be used to develop the Department's capacity. This could be done for the twin benefits of being able to manage and coordinate donor programs; and more importantly, to develop indicators, which might be used to monitor progress and success or otherwise of donor programs. It may be added that one indicator of the commitment of the DPLG to use aid effectively might be judged by the extent to which the department is willing to draw up a profile of its own needs and outline how it intends to coordinate the inputs and programs of different actual or potential donors.

Based on the interviews conducted, a perspective would appear to have emerged through which donor/recipient relationships are viewed. According to this perspective, the relationship should be viewed in relation to the way it might accelerate and enhance, or inhibit and frustrate, the achievement of self-sustaining development. The success of donor support, it has been stated, should be measured according to the extent to which it renders itself superfluous because the recipients can sustain themselves without it. Talaat and Camay (2003 and 2001) called this "self-destructing".

International experience with regard to donor activities, especially in developing countries, indicates that without sound policy guidelines, various problems may be encountered. It is for this reason that a framework document has to be prepared by DPLG, to serve as a guide for managers in the provinces and municipalities who would like to gain access to donor assistance and donors who would like to provide assistance to the local government sector. Among other issues that these guidelines could entail are the following:

- Donors should accept homegrown priorities
- It should not be the amount, but the quality of aid given that matters
- An attempt should be made to minimize the use of global models and instead focus should be on what is best for the South African circumstances
- Donors should respect South African leadership and should assist in building local capacity
- Support programs must be based on policy and strategy dialogues
- Focus should not only be on adequate resources but also on the appropriate forms of these resources
- Focus of aid coordination should move toward more strategic management than just coordination
- Project proliferation and lack of complementarity should be reduced
- There has to be a willingness to say no to some donor programs in order to avoid aid overload. Projects should not be taken when there is no capacity to administer or this could exacerbate existing administrative shortcomings
- Donors could better assist the country if they were to focus only on areas of their competitive advantage and specialization instead of wanting to do everything

These are some of the issues that could form part of the guidelines. It has to be said, however, that the heart of an aid coordination system must be a strong DPLG unit with a complete overview of the aid process. It should be the fundamental task of this unit to ensure that the Department's priorities are supported and not undermined by donor assistance and that foreign funding does not shield SA from the economic factors that

necessitate institutional reform, efficiency gains in the public sector, cost-effective management and fiscal discipline in resource utilization.

Having said this, DPLG managers would have to appreciate that while donor management is desirable and preferred, it has its ramifications, which will have to be dealt with carefully. Some of these are the following:

- Coordination is likely to impair the freedom with which donors can pursue their commercial and political interests through the aid programs – hence some donors may resist it
- Donors know there are subjects on which they are likely to disagree, particularly in the matter of development policies: not all donors, for example, are happy with the degree of pressure currently exerted by the USA in some parts of the world to influence recipients towards its view of the role of the private sector. Such differences are not only on a political level: they can touch on everything from ideological concerns to purely technical matters.
- Coordination can be costly in administrative time and expense
- Donor coordination could result in unbearable pressures, especially in the area of policy reform
- Coordination could take away the freedom to play one donor off against another, to choose which donors will participate in which programs and to be able to influence the terms of their aid

In conclusion, it is argued that the research population felt very strongly about issues reported in this study. An impression was created that it was long overdue for a forum to be convened whereby these matters would be discussed and solutions found to some of the intricate problems identified. While the research covered a wide range of items, it did to a large extent managed to address the three central goals set out at the beginning. Nevertheless, more could still be done to pursue the issues raised further. For instance, the fact that there was no work carried out to verify the impact of donor programs at provincial and local government level is a matter of concern. This is imperative in the quest to check for consistency, validity and reliability of the information given. It is

perhaps something that could be pursued through other studies. The call for central coordination of donors by DPLG was found to be also an interesting item, which could be researched along the angle of the semi-autonomous nature of the various spheres as, entrenched in the constitution.

Annexure 1A: Interview Questions – DPLG and Provinces

SECTION ONE: RELATIONSHIP AND PROCEDURAL QUESTIONS

1. From which donor agencies does your department receive support?
2. What form does this support take (money, technical assistance, project assistance, other forms) and for how long is it going to be provided?
3. How much in monetary terms is provided for the support?
4. How are donor programs identified and conceptualized? Does one unit do this or departmental management takes a collective position?
5. Why is there a need for this donor assistance and how does it relate to other budgetary, planning and prioritization processes of the department?
6. With regards to the donor programs currently in place, what are the key areas of focus and how do they relate to the department's strategic plan and priorities?
7. To what extent has this assistance succeeded or failed and what factors were responsible for this?
8. In your understanding, which directorates and officials are most involved and effective in ensuring linkages with donor programs? At what level of the Department does the most effective co-ordination currently take place?
9. Do you believe that the department's level of information (knowledge-base) is sufficient to deal meaningfully and effectively with donors?
10. In your understanding, do most donor organizations deal directly with municipalities instead of through the department? If so, what are the advantages and disadvantages of this approach?
11. How do donor programs impact on broader departmental activities/programs? How are such knock-on effects coped with?
12. Are you aware of instances where several donors are funding similar programs? If so, does the department meet with them to discuss findings/problems/achievements/learning's etc?

13. In what ways, if any, has the Local Government Transformation Program (LGTP) been useful to the department in terms of coordinating donor activities, or in ensuring linkages with the department's programs and activities?
14. "Donor co-ordination" involves at least five aspects:
 - a. Co-ordination with the department
 - b. Co-ordination amongst levels/spheres of government
 - c. Co-ordination with other line departments undertaking similar functions or operating in the same issue areas (e.g. DWAF, Health, Environmental Affairs, Housing).
 - d. Co-ordination with National Treasury
 - e. Co-ordination amongst donors.

In your opinion, what institutional mechanism would be appropriate to achieve the optimum level of co-ordination?

15. In your department's view, what measures could donors embark upon to enhance the effectiveness of their programs and how could the relationship with department be improved and sustained?
16. What measures does your department put in place to ensure consistency and sustainability of programs implemented by donors?
17. How better can donor assistance be managed and focused by your department?

SECTION TWO

SUBSTANTIVE AND STRATEGIC QUESTIONS

In addition to the above questions, please respond to the following questions, which are about the strategic approach taken to the overall aid relationship.

Departing from a premise that donor aid is provided in order to meet priority needs impeding the path to self-sustaining development, and especially that it is provided to help increase the capacity and capability of recipients to manage their own development:

1. To what extent is the donor aid program based on an overall assessment of aid needs in the department and the sharing of the allocation of responsibilities and inputs with other donors based on comparative donor strengths?
 - a. How often is this needs-based review carried out?

- b. If the department does not have the skills to draw up a profile of its aid needs (short term and long term), what resources do donors allocate to help fill these gaps?
 - c. Is donor support provided to your department for purposes other than needs-based assistance? If so, how does the department ensure that the gaps and potential conflicts between the donor and the department's priorities are minimized?
 - d. Of the donor aid the department is getting, what proportion is tied? Does the department always try to encourage donors to 'buy local' rather than import goods, services and personnel from their home country?
 - e. To what extent is the nature and composition of your aid program the department receives coloured by donor's agenda, which might distort the department's priorities and programs of focus?
 - f. Over what period are the donor funds committed to the department and how does this time frame accord with the department's mid-term budget and strategic plan?
 - g. On what basis do donors decide to increase or decrease aid levels to the department and how are these linked to the varying assessment of the needs of the department?
 - h. What resources does the department devote to reviewing and analyzing the effect of donors' programs?
 - i. If in the department's assessment some donors' actions or activities are working against the aims of the support programs the department provides, or against the objective of municipalities of achieving self-sustaining development with lower amounts of aid as quickly as possible, what actions are taken to address these problems?
 - j. If the department is unable to influence some donors in terms of their plans, budgets and priorities for local government, what mechanisms are used to assess impact of these donors' aid programs?
2. Do your department's relations with the donors involve specific steps to encourage them to engage actively in initiatives aimed at reducing the need for and dependence upon aid, or do they encourage either passivity or continuing donor dependence? This issue might be answered in relation to the following questions:
- a. Does the department require/encourage/discourage donors to draw up their aid program and aid priority checklist in line with the President's Coordinating Council (PCC) resolutions and the department's strategic plan?
 - b. Does the department require/encourage/discourage donors to take the lead in coordinating aid and linking aid to the wider process of working for self-sustaining development of municipalities?
 - c. Does the department require/encourage/discourage donors to monitor and evaluate their aid projects and programs? If yes, how and if not, what

- forum exists for donors to provide feedback to the department on evaluations and project completion reports?
- d. What mechanisms and monitoring systems do you have in place to ensure that efforts to achieve the particular objectives of different elements of you're the donor aid program are not achieved at the cost of wider municipal objectives to achieve self-sufficiency? For instance,
 - i. If donors employ local staff at higher than local costs/salary levels, what measures does the department take to counter-balance these distortions?
 - ii. If donors use expatriates in their aid programs, what measures does the department take to ensure that skills are imparted to citizens of South Africa?
 - iii. How is the skills transfer component of donor programs incorporated into assessments of project achievements?
 - iv. Does the department encourage donors to draw up and share with other donors and the municipalities detailed plans to progressively increase the share of locally contracted staff to replace expatriate staff in their projects?
 - e. What mechanisms does the department require donors to have in place to compensate for the necessary institutional demands they place on the department and in municipalities in terms of the smooth running of their aid program, for instance in terms of human resource time, skills, use of office space, and other departmental resources?
3. What conditions and other demands have donors placed on the department in turn for the aid provided?
 - a. How does these conditions relate to the department's objective of promoting self-sustaining development?
 - b. Do donors indicate to the department what they will do if these conditions are not met, especially if the department fails to meet the conditions deliberately with minimum extenuating circumstance?
 - c. Have donors been consistent in terms of what they say they will do if conditions are not met?
 - d. Have donors ever issued any threats to reduce aid and were these threats followed through?
 4. Are there any other issues broadly and generally related to donor programs and assistance, which you think have a bearing on the success or which impact negatively on the work that your department is doing?
 5. Do you have any other suggestion on how your department can enhance the success of donor programs?

Annexure 1B: Interview Questions - Donors

SECTION ONE: PROCEDURAL AND RELATIONSHIP QUESTIONS

1. Is your organisation currently working with:
 - a. DPLG?
 - b. Provincial departments of local government? In which provinces?
 - c. Municipalities? Which municipalities?
2. What programs or assistance projects are you involved with in any of the above? Please also provide a time period and amount for each of the projects.
3. How was/were your program (s) conceptualized? Was this done in conjunction with DPLG? If so, with which official and in which Directorate?
4. Is this official still employed at DPLG? If not, who has taken his/her place? Does the new person support/understand your program?
5. In your opinion, which DPLG directorates and officials have been most helpful and effective in ensuring linkages with your program? At what level of the Department and in what form does co-ordination currently take place?
6. If your organization deals directly with Provinces and Municipalities, what are the advantages and disadvantages of this approach? In case it does, how is DPLG informed of the relationship?
7. What other DPLG activities/programs does your program depend on for its success? If so, which? Have those DPLG activities/programs been effective or useful for your organization?
8. Do you believe that DPLG's level of information about local government (knowledge-base) is sufficient to enable effective co-ordination with donor programs?
9. Do you encounter issues and problems that affect DPLG's broader mandates? If so, what? If so, have you discussed such issues with DPLG?
10. Are you aware of other donors funding similar programs to yours? If so, do you meet with them to discuss findings/problems/achievements/learnings etc? Is DPLG included in such discussions?
11. Have any lessons from donor program Mid-Term Reviews or Final Evaluations been discussed with DPLG, or have they had any impact on DPLG's approach to issues? If so, what? How can such lessons be made more relevant to DPLG's functioning?

12. In what ways, if any, have any of the managers at DPLG been useful to your donor organization to secure access to DPLG or to ensure linkages with DPLG programs and activities?

13. "Donor co-ordination" involves at least five aspects:

1. Co-ordination with DPLG
2. Co-ordination amongst levels/spheres of government
3. Co-ordination with other line departments undertaking similar functions or operating in the same issue areas (e.g. DWAF, Health, Environmental Affairs, Housing).
4. Co-ordination with National Treasury
5. Co-ordination amongst donors.

In your opinion, what institutional mechanism would be appropriate to achieve the optimum levels of co-ordination?

14. In your organization's view, what measures could DPLG embark upon to enhance effectiveness of your programs and how could the relationship with DPLG be improved and sustained?

SECTION TWO

SUBSTANTIVE AND STRATEGIC QUESTIONS

In addition to the above questions, please respond to the following questions, which are about the strategic approach taken to the overall aid relationship.

Departing from a premise that donor aid is provided in order to meet priority needs impending the path to self-sustaining development, and especially that it is provided to help increase the capacity and capability of recipients to manage their own development:

1. To what extent is your aid program based on an overall assessment of aid needs in South Africa and the sharing of the allocation of responsibilities and inputs with other donors based on comparative donor strengths?
 - a. How often is this needs-based review carried out?
 - b. If the recipient does not have the skills to draw up a profile of its aid needs (short-term and long-term), what resources are you allocating to help fill these gaps?

- c. Do you provide aid for purposes other than needs-based development? If so, how do you ensure that the gaps and potential conflicts between these and the recipients' development goals are minimized?
 - d. What proportion of your aid is tied and what are the costs in terms of raising costs? Do you always try to 'buy local' rather than import goods, services and personnel from home in order to demonstrate your overall and broad commitment to the development of South Africa?
 - e. To what extent is the nature and composition of your aid program coloured by your own agenda, which might distort the recipient's development path?
 - f. Over what period do you commit aid funds and how does this time frame accord with attempts to enhance the path towards self-sustaining development?
 - g. On what basis do you decide to increase or decrease aid levels and how are these linked to the varying assessment of the needs of the recipient and the actions and decisions of other donors?
 - h. What resources do you devote to reviewing and analyzing the effect of other donors' programs?
 - i. If you assess that other donors' actions or activities are working against the aims of the aid you provide, or against the objective of achieving self-sustaining development with lower amounts of aid as quickly as possible, what actions do you take to address these problems?
 - j. If you are unable to influence other major donors, what criteria would you use to assess when the adverse impact of other donors' aid reduces the overall impact of your own aid to such an extent that you should decide to withdraw?
2. Do your relations with the DPLG, provincial departments or/ and municipalities involve specific steps to encourage the recipient to engage actively in initiatives aimed at reducing the need for and dependence upon aid, or do they encourage either passivity or continuing donor dependence? This issue might be answered in relation to the following questions:
- a. Do you require/encourage/discourage recipients to draw up their own aid program and aid priority checklist as a condition for providing aid? How do you help recipients to meet resource constraints in this area?
 - b. Do you require/encourage/discourage recipients to take the lead in coordinating aid and linking aid to the wider process of working for self-sustaining development?
 - c. How do you help recipients to meet resource constraints in latter area?
 - d. Do you require/encourage/discourage recipients to monitor and evaluate your aid projects and programs? If not, what forum exists for recipients to provide feedback to you on evaluations and project completion reports? How do you help recipients to meet resource constraints in this area?
 - e. What mechanisms and monitoring systems do you have in place to ensure that efforts to achieve the particular objectives of different elements of

your own aid program are not achieved at the cost of wider recipient objectives to achieve self-sufficiency? For instance,

- i. If you employ local staff at higher than local costs, what measures do you take to counter-balance these distortions?
 - ii. If you use expatriates in your aid programs, what measures do you take to impart skills to citizens of the recipient country?
 - iii. How is the skills transfer component of your programs incorporated into assessments of project achievements?
 - iv. Do you draw up and share with other donors and the recipients your detailed plans progressively to increase the share of locally contacted staff to replace expatriate staff in your projects?
- f. What mechanisms do you have in place to compensate for the necessary institutional demands you place on the recipient in terms of the smooth running of your aid program, for instance in terms of human resource time, skills and use of other recipient resource?
3. What conditions and other demands have you placed on the recipient in turn for the aid provided?
- a. the recipient know how these conditions relate to your fundamental concern and objective to promote self-sustaining development?
 - b. Do you indicate to the recipient what you will do if these conditions are not met, especially if the recipient fails to meet the conditions deliberately with minimum extenuating circumstance?
 - c. Are you consistent as a donor in terms of what you say you will do if conditions are not met?
 - d. When you operate in and thus provide aid within a 'weak entity' do you encourage the perpetuation of its weak attributes by being a 'soft donor'?
 - e. Have you ever issued any threats to reduce aid and were these threats followed through?
 - f. How do you make sure that projects initiated by your organization are sustainable without the resources your organization provides?
4. Are there any other issues broadly and generally which you think have a bearing on the success or which impact negatively on the work that your organization is doing?
5. Do you have any other suggestion on how DPLG can enhance the success of your program?

Annexure 1C: Interview Questions - Municipalities

SECTION ONE: RELATIONSHIP AND PROCEDURAL QUESTIONS

1. From which donor agencies does your municipality receive support?
2. What form does this support take (money, technical assistance, project assistance, other forms) and for how long is it going to be provided?
3. How much in monetary terms is provided for the support?
4. How were donor assisted programs identified and conceptualized? Briefly sketch processes followed to get a council resolution on donor assistance.
5. Why is there a need for donor assistance and how does it relate to other assistance programs provided by national and provincial governments?
6. With regards to the donor programs currently in place in your municipality, what are the key areas of focus and how do they relate to the municipality's IDP or strategic plan?
7. To what extent has this assistance succeeded or failed and what factors were responsible for this?
8. Which units in your municipality mostly interact with donors and what is the basis of that interaction? At what level of the municipality does donor co-ordination and management currently take place?
9. Do you believe that your municipality's level of information (knowledge-base) is sufficient to deal meaningfully and effectively with donors?
10. Do you prefer that donor organizations deal directly with municipalities instead of via DPLG or the province? If so, what are the advantages and disadvantages of this approach?
11. How do donor programs impact on broader municipal activities/programs? How are knock-on effects coped with?
12. Have there ever been instances where one or more donors and other government entities (DPLG/province) have funded similar programs in your municipality? If so, does your municipality meet with all of the parties to discuss program overlaps, duplication and potential wastage of resources?
13. In what ways, if any, has the DPLG been useful to your municipality in co-ordinating donor activities, or in ensuring linkages with its programs and activities?

14. "Donor co-ordination" involves at least five aspects:
- a. Co-ordination with DPLG
 - b. Co-ordination amongst levels/spheres of government
 - c. Co-ordination with other line departments undertaking similar functions or operating in the same issue areas (e.g. DWAF, Health, Environmental Affairs, Housing, etc.)
 - d. Co-ordination with National Treasury and Foreign Affairs
 - e. Co-ordination amongst donors.

In your opinion, what institutional mechanism would be appropriate to achieve the optimum level of co-ordination?

15. In you municipality's view, what measures could donors embark upon to enhance the effectiveness of their programs and how could the relationship with your municipality and with DPLG (if any) be improved and sustained?
16. What measures does your municipality put in place to ensure consistency and sustainability of programs implemented by donors?
17. How better can donor assistance be managed, coordinated and focused by DPLG?

SECTION TWO

SUBSTANTIVE AND STRATEGIC QUESTIONS

In addition to the above questions, please also respond to the following set of questions, which are about the strategic approach taken in the overall donor aid relationship.

Departing from a premise that your municipality seeks donor aid in order to meet priority needs impending the path to self-sustaining development, and especially that aid is sought to help increase the capacity and capability of your municipality to manage its own development:

1. To what extent is the donor aid program based on an overall assessment of support needs in your municipality?
 - a. How often is this needs-based review carried out?
 - b. Does your municipality have skills to draw up a profile of its aid needs (short term and long term)? If not, what resources are you allocating to help fill these gaps?
 - c. Is there some aid and support that is provided to your municipality for purposes other than needs-based development? If so, how do you ensure that the gaps and potential conflicts between these and your development goals are minimized?

- d. From the aid package your municipality receives, what proportion is tied (conditional)? Do you always try to ensure that donor funds 'buy local' rather than import goods, services and personnel from their home countries?
 - e. Are there instances where the donor support you receive is heavily influenced by what donors want to do instead of your municipalities' priorities and developmental needs?
 - f. Over what period is the donor support you receive committed and how does this time frame accord with attempts to enhance the path towards your municipality's self-sustaining development?
 - g. In your understanding, what has been the basis for the donors you work with deciding to increase or decrease aid levels and how are these linked to the varying assessment of the needs of your municipality?
 - h. What resources do you devote to reviewing and analyzing the effect of donors' programs and that of other support programs from the DPLG or the province?
 - i. If you assess that the donors' actions or activities are working against the aims of the support you receive from the DPLG and/or the province, or against the objective of achieving self-sustaining development with lower amounts of aid and support as quickly as possible, what actions do you take to address these problems?
2. Do your relations with the DPLG and the provincial department involve specific steps to encourage your municipality to engage actively in initiatives aimed at reducing the need for and dependence upon aid, or do they encourage either passivity or continuing donor dependence? This issue might be answered in relation to the following questions:
- a. Is your municipality required/encouraged/discouraged to draw up its own aid program and aid priority checklist as a condition for receiving aid? What support is your municipality assisted in meeting resource constraints in this area?
 - b. Is your municipality required/encouraged/discouraged to take the lead in coordinating aid and linking aid to the wider process of working for self-sustaining development? How is the municipality helped to meet resource constraints in latter area?
 - c. Is your municipality required/encouraged/discouraged to monitor and evaluate its aid projects and programs? If not, what forum exists for you to provide feedback on evaluations and project completion reports? How are you helped to meet resource constraints in this area?
 - d. What mechanisms and monitoring systems do you have in place to ensure that efforts to achieve the particular objectives of different elements of donor programs are not achieved at the cost of wider municipal objectives to achieve self-sufficiency? For instance,

- i. If a donor employs its staff, which works with your municipality at higher than local salary levels, what measures do you take to counter-balance these distortions?
 - ii. If donors use expatriates in their aid programs, what measures do you take to ensure that skills are imparted to staff in your municipality?
 - iii. How is the skills transfer component of donor programs incorporated into assessments of project achievements?
 - e. What mechanisms do the donors your municipality work with have in place to compensate for the necessary institutional demands they place on the municipality in terms of the smooth running of their aid program, for instance in terms of human resource time, skills and use of other municipal recipient?
3. What conditions and other demands are placed on your municipality in turn for the aid provided?
 - a. Does your municipality know how these conditions relate to its concern and objective to promote self-sustaining development?
 - b. Do donor agencies indicate to you what they will do if these conditions are not met, especially if your municipality fails to meet the conditions deliberately with minimum extenuating circumstance?
 - c. Are donors consistent in terms of what they say they will do if conditions are not met?
 - d. Have donors ever issued any threats to reduce aid given to your municipality and were these threats followed through?
4. Are there any other issues broadly and generally related to donor assistance, which you think have a bearing on the success or which impact negatively on the work that your municipality is doing?
5. Do you have any other suggestion on how DPLG can enhance the success of your municipality, particularly with regards to the coordination of donor programs?

Statement of Ethics

This research exercise is aimed at uncovering the reasons behind and underneath the hitherto recurrence of poor or limited coordination and management of relations between donor agencies and the Department of Provincial and Local Government. The intention and point of interest is mainly on a discussion of how the relationship between these parties could be better managed, coordinated and focused.

The enquiry will as far as possible be done anonymously so as to allow participants the freedom to express themselves fully and honestly. In the process of the enquiry, I may come across evidence of interpersonal, organizational and other problems among the various parties involved in the relationship. These will be reported upon in a manner that may cause them not to suffer any prejudice.

Any specific problems or criticisms that I may come across that relate to specific persons will be disclosed in a manner that will be aimed at giving them an opportunity for improving relations and performance in the relevant unit or organization, not to cause the unit or official to be punished or embarrassed in any manner.

The enquiry will mainly, though not exclusively focus on the qualitative aspects of donor management and coordination.

Participants will have access to the findings of the study if they so request.

Signed

SIMPHIWE DZENGWA

List of interviewees

A: Municipalities

1. Mr Lebina Tsotetsi - Strategic Manager: Motheo District Municipality
2. Mr Bina Seate - Municipal Manager: Xhariep Municipality
3. Mr Bennet Molotsi - Municipal Manager: Northern Free State Municipality
4. Ms Erica Swanepoel - Municipal Manager: Mtubatuba Municipality
5. Dr BV Thabetha - Municipal Manager: uMkhanyakude Municipality
6. Mr. Mxolisi Ntsika – Municipal Manager: Buffalo City Municipality
7. Mr. Ted Pillay - Municipal Manager: Cacadu District Municipality
8. Mr. Mzimasi Mangcotywa - Municipal Manager: Nelson Mandela Metropolitan Municipality
9. Mr. Charles Makola - Municipal Manager: Nkangala District Municipality
10. Mr. B Diamond Mushwana - Municipal Manager: Greater Tzaneen Municipality
11. Mr. Paul Mazwi Maseko - Municipal Manager, Ekurhuleni Metropolitan Municipality

B: Provincial Departments

12. Mr. Fanie Louw - Chief Director of Local Government: Mpumalanga
13. Mr. Lionel Pienaar - Chief Director of Local Government: KZN
14. Mr. George Mayevu - Senior Manager of Local Government: Limpopo
15. Rev Bradley Swartland - Director of Local Government: Northern Cape
16. Mr. Ngwandiso Mzamo – Chief Director of Local Government: Eastern Cape

C: DPLG and National Treasury

17. Mr. Patrick Flusk - DDG – FBS (former CEO LGTP)
18. Mr. Hilton Toolo - Chief Director – Donor Management
19. Mr. William Ramphela – Manager: Capacity Building and donor relations
20. Mr. Yusuf Patel - Director – IDP and LED
21. Mr. TV Pillay - Chief Director – Local Government Finances: National Treasury
22. Mr. Saheed Ravji – Chief Director – International Development Cooperation National Treasury

D: Donor Organisations

23. Ms. Angela Griffin – ASALGP - Project Officer Australia South Africa Local Government Partnership
24. Ms Subethri Naidoo – USAID
25. Mr. Matthias Bartels – GTZ
26. Dr Richard Thomas – DFID
27. Mr. Oystein Haugen– NORAD

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