

MALUTI – A – PHOFUNG
CABINET LEKGOTLA REPORT
MAY 2005

1. Introduction and Background

The State President, Mr Thabo Mbeki, in his State of the Nation Address (SONA) in February 2001, announced 13 ISRDP nodes and for the Free State Province, he proclaimed Maluti-a-Phofung Local Municipality within the Thabo Mofutsanyane District as a nodal municipality with Qwaqwa area as a focal point.

Recently, at the initiative of the MEC for Local Government and Housing, Mr MJ Mafereka an ISRDP workshop was convened at Golden Gate on 23 May 2005. In attendance were local political and technical champions, representatives from sectoral departments and critical stakeholders such as Independent Development Trust (IDT), the Development Bank of Southern Africa (DBSA) and State Owned Enterprises. The workshop deliberated on progress made and challenges facing the programme. A Golden Gate declaration that maps out critical processes and activities to resolve these challenges was discussed, adopted and signed.

2. Infrastructure Services

2.1. Anchor Projects

Since the inception of the Programme in 2001, various stakeholders (sectoral departments, municipalities and community representatives) deliberated and identified 11 anchor projects. The anchor project route was taken to implement ISRDP given the following anticipated outcomes:

- ✓ Multiplier effect and / or benefit to be derived by beneficiaries who would access a basket of related government developmental services. For example, if a housing project is chosen as an anchor project beneficiaries stand to benefit from provision of shelter, requisite infrastructure such as water, sanitation and electricity, access roads and *progressive access* to social amenities such as halls, schools and clinics;

- ✓ Lays the solid foundation for co-ordination and integration of government and its social partners collective efforts geared towards alleviating poverty;
- ✓ Eliciting the involvement of all stakeholders and tapping into local resources for dealing with developmental challenges.

Anchor projects implemented covered a wide spectrum of sectors – social, economic and infrastructure and are listed hereunder.

| List of Anchor Project in Maluti-a-Phofung | | | | | |
|---|--|-------------------|------------------------------------|---------------|---|
| Category / sector | Name of Anchor Projects | Start Date | Anticipated Completion Date | Budget | Expenditure to Date |
| Social | 1. Carnegie Libraries | 01.07.2001 | 30.06.2004 | R6.5 mil | R6.5 mil |
| | 2. Basotho Cultural village | | | R200, 000 | R200, 000 |
| Economic | 3. Setsing Shopping Complex | Sep 2000 | Nov 2001 | R46 mil | R46 mil |
| | 4. Diyatalawa Apple Farming and Production Farm | | | R25.4 mil | "the municipality was unable to secure funding for the project" |
| Infrastructure | 5. Building of new clinics at Bluegumbosh & Tseki | 16.01.2002 | 22.07.2002 | R3.12 mil | R3.12 mil |
| | 6. Renovation of following clinics – Eva Mota, Tsirella, Paballong, Monontsha, Thabang, Phuthaditjhaba, Makwane Phase 3 upgrading of Maternity Ward at Elizabeth Ross | 10.01.2002 | 14.11.2003 | R15.08 mil | R15.08 mil |
| | 7. Bluegumbosch – Water Reservoir | 15.05.2001 | 12.06.2002 | R5.03 mil | R5.03 mil |
| | 8. Maluti Sports Facility | | | R2.9 mil | R2.9 mil |

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|---|---|-------------------|------------------------------------|---------------|----------------------------|
| Category / sector | Name of Anchor Projects | Start Date | Anticipated Completion Date | Budget | Expenditure to Date |
| | 9. Fika Patso Water Purification Works | 01.03.2001 | 04.11.2002 | R19.9 mil | R19.9 mil |
| | 10. Disaster Park Housing Project | | | R9.25 mil | R9.25 mil |
| | 11. Thabong Intermediate School | | | R8.759 mil | R8.759 mil |

Ten of these anchor projects have been completed with the exception of Diyatalawa Apple Farming and Production Farm that would not get off the ground due to lack of funding. CSIR has since approached the municipality to secure land for implementation of essential oils project. The municipality intend using the Diyatalawa to house the mooted project. A feasibility study will be conducted by CSIR very soon.

2.2. Infrastructural Projects

The municipality was allocated from MIG R37.6 million for delivery of infrastructure and has expended R36 million (i.e.) 96% by end of March 2005. Three of these projects have been completed (upgrading of Wilge treatment works, upgrading of Khasibe streets and high-mast lights in Intabazwe) and the remaining 4 projects are at construction stage.

The upgrading of Wilge Treatment Plant will be benefiting 3750 households. The installation of Highmast Lights in Intabazwe township (Harrismith) have been completed as indicated. 7045 employment persons days opportunities have been created and 13450 households are benefiting from the service.

2.3. Project Consolidate

The Maluti-a-Phofung Local Municipalities given its ISRDP nodal status was selected as one of the twelve selected municipalities to participate in the inter-governmental municipal support programme called Project Consolidate. The Department has used R7.6 million drawn from the Provincial Infrastructure Grant (PIG) to finance short- term catalytic projects to bear on immediate service delivery challenges afflicting some of these selected municipalities. In Maluti-a-Phofung R2 million (of R7.6 million) was provided to the municipality for Planning and surveying of Makgolokoeng area and installation of high mast lights in Intabazwe. The funds have since been transferred to the municipality that has appointed consultants and work is in progress.

3. Housing Delivery

The Department has allocated 1000 housing subsidies to target beneficiaries residing at rural parts of Maluti-a- Phofung Local Municipalities. 858 housing units have been completed. Importantly, this project has created employment opportunities for 658 persons (**that included 104 women and 1 disabled person**). The project started in September 2004 and the anticipated completion date is end June 2005.

The Department has also made additional allocation for beneficiaries residing at Qwaqwa. **1050 units** have been allocated to beneficiaries drawn from different areas in Qwaqwa - Bolata, Riverside, Tseki, Sebokeng and Matsiking to name a few. Construction for **450** of these units has recently started whereas for the remaining **600** units construction has not started as yet as geo-technical investigation study is in process.

450 subsidies have been allocated for Tshiame and negotiation processes are ensuing for their re-allocation, as there is no land in the area for their construction. The municipality through a council resolution has resolved that the said subsidies be transferred to Qwaqwa and the Department of Local Government and Housing concurrence is awaited

In the past financial year (2004 / 2005) the Department has made an investment of **R81.3 million** through allocation of 2500 housing subsidies for providing shelter to 2500 beneficiaries and their households.

4. Local Economic Development and Poverty Alleviation Projects

The municipality has made available resources in ensuring that a number of job creating and poverty alleviation projects are implemented with sectoral departments and other critical stakeholders such as the community and the Independent Development Trust (IDT). Importantly, these projects are also used to provide food security to a number of households in the area:

- ✓ **Hydroponic Tunnel Farming** at Bluegum Bosch– the municipality has invested R2.7 million to implement the project. Critically key milestones such as the completion of 12 greenhouses, installation of water tanks and irrigations pipes, building of offices, storage and ablution facilities, building of boreholes have been attained. Through the project 93 jobs have been created and majority of beneficiaries are women. Importantly, this project is one of the three projects that were initiated as part of the Expanded Public Works Programme (EPWP) launch in September 2004
- ✓ **Lejwaneng Asparagus Project** – the municipality has invested R600, 000. Land has been identified for the project, social analysis has been done by the Department of Agriculture and a second opinion is awaited from the specialist for a comparison.
- ✓ **Youth Brick-making** – R100, 000 provided by the municipality. Order for machinery and equipment has been placed and a site (that was previously used by Concor) was obtained from the Free State Development Corporation (FDC);

- ✓ **Sandstone Small Scale mining** – R500, 000 has been provided by the municipality for the market and feasibility studies have been conducted and beneficiaries have been trained by Mining Qualification Authority (MQA). The Operating site has been obtained and an order for machinery has been placed;
- ✓ **Morena wa letlalo-** manufacturing of leather materials e.g. shoes, handbags etc. Encouraging progress has been achieved – requisite production machinery has been purchased, training in the utilisation of the machines conducted and shoes have been produced. The Municipality has made an investment of R600, 000. This project has created employment opportunities for 15 people;
- .
- ✓ **Youth Waste Management Project** – initial investment of R450, 000 was made by MaP and IDT. Landfill site has been identified and a container for office accommodation has been purchased. The municipality has installed water and electricity. Environmental campaigns have been conducted in the vicinity of the site. Importantly 30 jobs will be created;
- ✓ **Learnership Programme for 24 Youth in motor mechanics was** implemented in partnership with the Development Bank of Southern Africa (DBSA);
- ✓ **Youth Piggery Project** – The Municipality has allocated R460, 000 to kick-start the project. Order for pigs, pig feed, medicine and uniforms for beneficiaries has been placed. The project will be operated at Makwane (at the unused piggery breeding facilities). It is anticipated that 20 young people will benefit;
- ✓ **Poultry Project** – The municipality has recently allocated R700, 000 of its own resources. Strategically, the municipality has made this investment to revive an ailing / collapsed poultry projects in Qwaqwa. The project will be implemented soon and it is anticipated that 30 job opportunities will be created;

- ✓ **Furniture Manufacturing Project** – MaP has allocated R250, 000 for the project. The municipality is busy with the selection of beneficiaries and anticipate concluding the process by the 3rd of June 2005. A factory has been obtained from the FDC and the project is likely to commence in two months time. It is anticipated that 20 jobs will be created.
- ✓ **Phuthaditjhaba craft centre** – a partnership between Transnet Foundation, MaP and Thabo Mofutsanyana District Municipalities. R500, 000 has been set aside to implement the project that is in process.

5. Participatory governance, planning, budgeting and monitoring processes

The municipality has been chosen as one of the municipalities to participate in the Community Based Planning National Pilot Study that was an initiative of the Department of Provincial and Local Government (**dplg**) and South African Local Government Association (SALGA). CBP is a planning tool to ensure the involvement of a critical mass of communities in the unfolding planning and resource allocation process. In a nutshell, CBP is:

“a system of participatory governance that enable ordinary citizens to influence municipal resources allocation system. It improves linkages between the community, council and other stakeholders and as a result people especially the poor are able to improve their livelihood in a sustainable manner”

Through the CBP process, the municipality has completed ten wards plans. The municipality will be striving towards developing the remaining 24 wards' plans. Critically, the process has afforded opportunities to members of the communities to input in the planning and resource allocation process and providing an avenue for the municipality to engage with some members of the concerned groups particularly those from Kestell.

The municipality has developed a Performance Management Framework and corresponding performance contracts have been negotiated.

6. Implementation approach

6.1. A cluster system

The municipality has adopted a cluster system mirrored on those established nationally as an instrument to effect co-ordination amongst critical stakeholders. Furthermore, the cluster system created an avenue for forging of strategic partnership amongst the participants. Strategically, these systems would enable the evolution of accountability mechanisms amongst these stakeholders as their collective involvement would ensure that each department is held accountable for the assigned tasks and projects corresponding to their responsibilities and line functions. Six clusters have been established – namely

- 1) Social and community development;
- 2) Corporate and co-operative governance;
- 3) Public Safety;
- 4) Local Economic Development;
- 5) Municipal Infrastructure; and
- 6) Housing and Land Development;

All stakeholders – sectoral departments, state agencies, relevant municipal units / departments constitute these clusters. The municipality and its social partners will expand efforts in strengthening the established cluster systems.

6.2. An integrated model of Public Private Partnership

A National Coalition for Municipal Service Delivery (NCMSD) – a coalition comprising ± 40 government departments, State-Owned-Enterprises (SOEs), Private Sector and the NGOs / CBOs has been established. A sizeable number of representatives drawn from the coalition has participated and

collaborated with the municipality in the implementation of a number of projects.

These partnerships have succeeded in leveraging additional resources to the tune of R60 million for implementation of Projects in the node. Importantly, funding drawn from NCMSD partners notably *DBSA, Eskom Enterprise and IDT* has been used to establish a fully-fledged Nodal Delivery Office that assisted the MaP in implementing ISRDP project and exploiting optimally its ISRDP nodal **status**.

The role of NCMSD is currently being reviewed nationally.

7. Contributions and investment made by other sectoral departments¹

| Name of Department | Nature of Project (s) | Progress Made |
|---|---|--|
| Health | Building of Paediatric Ward for Elizabeth Ross District Hospital | The ward is 94% complete |
| Health | Purchase of health equipment (dialysis machines, upgrading of lifts and upgrading of Anti Retroviral (ARV) sites | Work in process and ARV services budgeted for in the current financial year. It is anticipated that through Assessment sites at Namahadi, Tseki and Tsiambe, 1981 patients will access services |
| Health | Nutrition feeding of learners | 59 822 learners fed through the programme |
| Department of Social Development in partnership with the municipality and Save the Children | Orphans and Vulnerable Children and HIV/AIDS victims support programme | 34 Child and Youth Care Workers have been appointed. 60 orphans are in possession of the correct documentation to access social grants |
| National Treasury | Municipal Finance Management – Technical Assistance Project Support. R6 mil has been provided over a three-year period. | An international finance advisor and four finance interns have been enlisted to enhance treasury capacity of the municipality and ensure compliance with the prescripts of Municipal Finance Management Act (MFMA) |

¹ The municipality is currently liaising with sectoral departments to obtain additional information on their investment and this section of the report will be updated in due course.

| | | |
|---------------------|---|--|
| Safety and Security | R14.9 million has been allocated in the previous financial year (2004/2005) to finance operations of five nodal police stations at Qwaqwa | |
| Social Development | Early Childhood Development | 126 creches are registered and continually evaluated to ensure quality care for children. 5228 children are subsidised by the Department |
| Social Development | Services promoting integration and independent living of people with disability | Nine Tshepo / Hope projects have been established covering a wide spectrum of sectors viz poultry, vegetable, piggery, bakery, brickmaking . 82 disabled persons are actively participating in the project |
| Social Development | HIV and AIDS | <p>Department provided financial support to seven organisation that provided a variety of related services:</p> <ul style="list-style-type: none"> ✓ Home-based care; ✓ Counselling; ✓ Information and education; ✓ Identification of child headed and orphaned children; ✓ Re-orientation of twelve social workers in HIV and AIDS counselling |
| Social Development | Provincial Funding for Projects | <p>Department provided financial support (9 million) to service organisations that provided the following:</p> <ul style="list-style-type: none"> ✓ Services to elderly persons; ✓ Anti-drug and alcohol abuse; ✓ Crime Prevention; ✓ Women development; ✓ Youth development, etc |
| | | |

7. Challenges

- ✓ Infrastructural backlogs in relation to water and sanitation services. Water supply for domestic and agricultural purpose is one of the primary challenges that face the municipality. This is occasioned by the fact that the available dam its capacity is over-extended by the steadily increasing population growth. Concerning sanitation – bucket eradication pose a big challenge in relation to provision of sanitation services;
- ✓ The municipality should ensure that projects identified by communities and entailed in their ward- based plans are supported and some of these are implemented through their IDPs and this would sustain the interest and participation of communities in local governance;
- ✓ Evolving effective co-ordinating mechanism to harness collective efforts of government in partnering with local municipalities in implementing their IDPs;
- ✓ Harnessing of resources and fostering of strategic partnership for social and economic development initiatives;
- ✓ Working collaboratively with sectoral department and state agencies in facilitating and implementing socio-economic development processes and project within the ambit of Project Consolidate.

Annexure B : Investment of a National Coalition for Municipal Service Delivery (NCMSD) partners in the Node

| Brief Description of Project | Budget | Main Sources of funding | Other possible sources | Funding Approved | Comments for consideration | Consultants (start and finish dates for the Project) | NCMSD Partners |
|---|----------------------------|--------------------------|--|------------------|--|--|--|
| Project 1: Institutional Programme for MaP | R700, 000 | dplg Restructuring Grant | | | dplg has appointed two consultants and MaP Mayor to decide on third consultant | | DBSA Eskom Enterprises |
| Project 2: Setup of MIS | R1.03 million | Eskom Enterprise | | Approved | Awaiting contract appointment as per MOU | | DBSA Eskom Enterprises |
| Project 3: Roads Master and Maintenance Plan Development of Transportation Master Plan | R825, 000 R250, 000 | Development Fund of DBSA | National Roads Agency and CSIR Transportek | NDC 09/2002 | Dev Fund of DBSA has approved project funding. Project Consultants have been appointed | Ninham Shand Jan 2003 - | DBSA Eskom Enterprise CSIR Transportek Nat Roads Agency |
| Project 4: Sanitation and Water Master Plan | R350, 000 | Development Fund of DBSA | | NDC 09/2002 | Dev Fund of DBSA has approved project funding. Project Consultants have been appointed | Milestone January 2003 - | DBSA Eskom Enterprise CSIR Transportek Nat Roads Agency |

| Brief Description of Project | Budget | Main Sources of funding | Other possible sources | Funding Approved | Comments for consideration | Consultants (start and finish dates for the Project) | NCMSD Partners |
|--|-----------------------------|--------------------------------|-------------------------------|--------------------------|--|---|--|
| Project 5: Electrical Master Plan | R550, 000 | Development Fund of DBSA | | NDC 09/2002 | Dev Fund of DBSA has approved project funding. Project Consultants have been appointed | Netplan Jan 2003- | DBSA Eskom Enterprise CSIR Transportek Nat Roads Agency |
| Project 6: Training of officials, councillors and communities | R1.9 mil | Development Fund of DBSA | | Granted 20 November 2002 | DBSA has approved funding | Dec 2002- | HSRC Eskom Learning Institute |
| Project 7: Establishment of Nodal Delivery Office and Project Initiation | R5 mil | dplg | | Granted 20 November 2002 | | | |
| Project 8: Mapping and GIS for entire MaP area to facilitate planning | R13 mil (Phase 1: R2.1 mil) | Eskom and DBSA | CMIP | In process | Projects fit within the funding mandate of the Development Funds of Eskom and DBSA | | DBSA Eskom |

| Brief Description of Project | Budget | Main Sources of funding | Other possible sources | Funding Approved | Comments for consideration | Consultants (start and finish dates for the Project) | NCMSD Partners |
|---|-----------------|--|---|-------------------------------------|---|--|----------------|
| Project 9: MaP FET college transformation master plan | To be finalised | 1. National Skill Fund of Dept of Labour 2. Setas | Social Corporate Investment of SA companies | In process | <p>Awaiting response from FS Directorate of FET and ABET</p> <p>Formal engagement of MaP FET college council by 26/06/2002 in Bethlehem</p> <p>Awaiting appointment of College CEO to take the process forward</p> <p>The MOU between MaP and FET College has been signed</p> | | |
| Project 10: Electrical substation | R48.2 million | National Electricity Fund (NEF) | | NEAC Grant Funding approved – 3 Oct | The project is almost complete | April 2003 -2006 | DME |

| Brief Description of Project | Budget | Main Sources of funding | Other possible sources | Funding Approved | Comments for consideration | Consultants (start and finish dates for the Project) | NCMSD Partners |
|--|---------------|--------------------------------|-------------------------------|-------------------------|-----------------------------------|---|---|
| Project 11: Maluti Inter-Governmental Relations Case Study | R200, 000 | HSRC | | Funding approved | Project in process | Jan 2003 | HSRC |
| Project 12: Tourism Sectoral Pan | R250, 000 | | | Pending | In process | | DBSA |
| Project 13: ISRDP Training | R50, 000 | Eskom | | Approved | Project Complete | Completed | Eskom Learning Institute Eskom Rural Development |
| Project 14: ICT Student Training | R400, 000 | Arrivia Eskom | | Approved | Project Complete | Completed | |

| Brief Description of Project | Budget | Main Sources of funding | Other possible sources | Funding Approved | Comments for consideration | Consultants (start and finish dates for the Project) | NCMSD Partners |
|--|-----------------|--------------------------------|----------------------------------|-------------------------|---|---|-------------------------|
| Envisaged Projects | | | | | | | |
| Project 15: Small Scale Mining | R240 mil | DME Mintek | Maluti-a-Phofung | In process | Detailed business planning underway | | Mintek |
| Project 16: Second Telecoms Licence | To be finalised | Eskom Enterprises / Transtel | Maluti Business Forum | Pending | Subject to deregulations schedule | | Eskom Telecoms Transtel |
| Project 17: Maluti Economic Development Agency | R3mil | IDC | Local and international business | Approved | Awaiting project proposal approval from MaP | | IDC CSIR |

