# FOUNDATION FOR CONTEMPORARY RESEARCH

**Report on a Municipal-Community Partnership (MCP) Seminar held by the Foundation for Contemporary Research on 29 November 2007 at the Huguenot Hall in Paarl**

**Date: December 2007**

## Vision
FCR believes in a future where all South Africans are able to contribute to and benefit from the democratic culture and prosperity of our country through economic activity and social action

## Mission
FCR contributes to sustainable poverty alleviation interventions by facilitating good governance and municipal-community partnership processes. We do this through integrated research, community empowerment and advocacy within a sustainable livelihoods framework

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**Seminar description and objectives:**
*The seminar was conducted with Community-based organizations and other community forums to discuss the municipal-community partnership programme and to reflect upon the practicum (or work) experiences of FCR and the participants.  Through this nature, the interaction, interdisciplinary nature of municipal-community partnerships (MCPs) was emphasized.  Issues discussed included the service delivery models in a legal context, community perceptions of municipal service delivery (research findings) and current practices and challenges of MCPs.  The participants had an opportunity to provide input on presentations made and shared experienced regarding the topics mentioned above.  The culminating experience process was intended to develop a sense of community empowerment, providing input and feedback and to create a sense of hope to continue to develop and demonstrate community commitment etc.*

## 1. INTRODUCTION

The Foundation for Contemporary Research (FCR) focuses on two main programmes which include good governance (participatory democracy) and municipal-community partnerships (developmental partnerships). The FCR hosted a Municipal-Community Partnership (MCP) seminar on 29 November 2007 at 09:00 at the Huegont Hall in Paarl in aim to review its work in three areas in promoting Municipal Community Partnerships (MCPs) for poverty alleviation. The discussions included *inter alia*, developmental partnerships such as service delivery models in a legal context, community perceptions of municipal service delivery as well as current practices and challenges of two non-governmental organizations (FCR and BESG), particularly looking at the various projects implemented (see Appendix A for agenda).

The FCR has conducted a number of civic education training workshops during the course of 2007 and has formed relationships with numerous community-based organizations (CBOs), youth forums and other sectors regarding local government issues. The majority of these training sessions were conducted in the Drakenstein municipal area. Therefore, the MCP Seminar was seen as a great opportunity to invite these organizations to attend the seminar. Approximately 100 participants attended the seminar, representing sectors such as faith-based organizations, the local municipality, ward committees; youth forums; NGOs and CBOs (see Appendix B for attendance register).

Presentations on the aforementioned topics were made and the group had an opportunity to raise concerns, issues, questions and/or comments after each presentation. The general comments from the group were about their unhappiness with service delivery within their communities as well as governments reluctance to engage with CBOs. The seminar was funded by both FCR and the Good Governance Learning Network (GGLN).

The report is divided into four sections, namely: Section 1: Presentation on Service Delivery Models: Legal Context, Section 2: Community Perceptions of municipal service delivery: research findings, Section 3: Current practices and challenges presented by BESG and Section 4: Current practices and challenges by the FCR.

## 2. MCP SEMINAR PRESENTATIONS

| SECTION 1: SERVICE DELIVERY MODELS – LEGAL CONTEXT |
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Section one was presented by the Community Law Centre (Mr Reuben Baadjies). The presenter opened the seminar by providing an overview of service delivery models in a legal context. A PowerPoint presentation was conducted (see Appendix C). The following aspects were highlighted.

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*Summary:*

The Constitution and White Paper on Local Government mandates local government to ensure basic services are delivered in a sustainable manner. One method of enhancing municipal capacity to deliver services is "facilitated by assisting groups within the community to establish their own delivery institutions." The policy framework further emphasizes the need for community involvement in addressing their service delivery needs; and the need for local government to support communities in the form of finance, training, and technical skills in order to take control over their own needs and development.

However, the intent was not carried through in enabling legislation. While the Municipal Systems Act (32 of 2000) provided, inter alia, for the establishment of Municipal Service Partnerships (MSPs) to enhance municipal delivery capacity, the regulations relating to outsourcing are complex and expensive. An amendment to the Act adopted in 2003 added an onerous feasibility study to the assessment process (Section 78), the cost of which (in terms of employing consultants), in the worst case, can be more than the cost of the service to be outsourced. Furthermore, the Act, bolstered by the Municipal Finance Management Act (MFMA), adopts a "one size fits all" conventional tender model that is inappropriate to contracting with CBOs in a partnership. The only exception is provided in the draft White Paper on Water Services, where a negotiated contract is permissible subject to demonstrating legal capacity and cost-effectiveness.

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### 1.1 Background
- The Constitution & White Paper on Local Government mandates local government to ensure the provision of services to communities in a sustainable manner and to encourage the involvement of communities and community organisations in the matters of local government
- In line with the constitutional mandate, the Local Government White Paper establishes the basis for a new developmental local government system, one which is committed to working with citizens, groups and communities in meeting the social, economic and material needs of communities in a holistic way.

### 1.2. Backlogs & Options
- Local government is put forward as the engine of development and service delivery, yet some communities are not receiving basic services such as water and sanitation.
- The White Paper highlights the need to prioritise the delivery of 'a basic level of services' to those with little or no access to such services.
- "This can be achieved by mobilising private investment in municipal infrastructure. It can also be facilitated by assisting groups within the community to establish their own delivery institutions."
- The White Paper thus embodies a new approach to municipal service delivery and recommends that municipalities look at innovative ways of providing and accelerating the delivery of municipal services.

### 1.3. Options

- Engaging community groups in the delivery of municipal services is one option that municipalities have when making the choice of how municipal services can best be delivered.
- Many of the 'drivers' and 'dangers' that exist when 'privatising' municipal services are absent when the service provider does not act for profit or does not have the financial standing of the private sector.
- Very different factors come into play and very different benefits and risks are applicable.

### 1.4. Context of MCP'S

- Improving and expanding the delivery of municipal services through municipal service partnerships is new ground in South Africa.
- Research into outsourcing municipal services placed much emphasis on the role of the private sector and the process of 'privatisation'.
- Very little was said about the possible role of the community and CBOs in the provision of municipal services.

### 1.5. Context of 'Communalisation'

- Successful PPPs at local level have been limited in number for various reasons.
- Many municipalities have begun exploring the option of 'communalising' the delivery of basic services.
- Communalisation refers to the provision of basic municipal services by community based organisations (CBO) where those services have been outsourced by a municipality to a CBO.

### 1.6. Municipal Service Partnerships (MSPs)

- White Paper on MSPs emphasises that municipalities should consider structuring cost-effective service delivery arrangements that meet the needs of their (specific) communities.
- This means that MSPs must be accessible, beneficial and viable to the community and must support the 'furtherance of important societal goals' such as local economic development and empowerment.
- For an MSP option to be viable, it must be sufficiently worthwhile and feasible with clearly identified and understood risks.
- The MSP White Paper notes that municipalities considering entering into an MSP with a CBO should require the CBO to be registered under the Non Profit Organisations (NPO) Act.
- According to the MSP White Paper, the service contract arrangement is a starting point for involving CBOs in service provision, with the other (longer-term) contractual arrangements being considered as capacity and experience are developed over time.
- A service contract is an MSP arrangement where the service provider receives a fee from the Council to manage a particular aspect of a municipal service, and is usually short-term in duration (one to three years). EG repair and maintenance or waste collection and refuse removal services.

### 1.7. Municipal Community Partnerships (MCPs)

- MCPs are intended to assist municipalities to work with communities to provide quality facilities and services in an equitable, efficient and effective manner for the benefit of local residents.
- MCPs are an example of one institutional strategy that can help meet developmental needs at the local level.
- They are a service delivery and governance vehicle which often has a competitive advantage over other service delivery mechanisms.
- The White Paper on Local Government emphasises that support to CBOs in the form of finances, technical skills or training can enhance the ability of the poor to take control of their own needs and development.
- It therefore encourages the creation and building of partnerships between municipalities, business and communities. In this regard, municipalities can utilise partnerships to support CBOs, and promote developmental initiatives which are initiated but not necessarily financed by the municipality.
- Examples for this approach include community development corporations, community contracting for services such as waste and refuse collection, as well as development partnerships around issues such as local economic development, tourism and farming.
- The White Paper on Local Government cites the main benefits of partnerships with CBOs as the chance of gaining access to external experience and expertise, as well as that of stimulating local economic development.
- CBOs can also act as effective intermediaries between the municipality and community because of their strong community base.

### 1.8. Policy support for MCP's?

- The Constitution and White Papers clearly envisage a more interactive role for communities and their organisations in the provision of basic services & encourages the involvement of communities and their organisations in addressing their service delivery needs.
- It also allows municipalities' greater flexibility in structuring cost-effective service delivery arrangements that meet the needs of their communities.
- The policy documents recognise that CBOs can indeed be a particularly effective vehicle for development based on close relationships forged with communities; as well as its perceptive understanding of community development needs and the ability to respond to those needs.
- In sum, it recognises that it is vital for CBOs to be active participants in the provision of basic municipal services at the local level.

### 1.9. Legal Framework

- Having looked at the policy framework for communalisation, does the legislation regulating outsourcing accurately reflect the policy objectives pertaining to CBO involvement in service provision?
- In the past, there was little regulation around municipal service delivery mechanisms, and certainly none pertaining to the involvement of community organisations when determining appropriate service delivery options.
- The current legislative framework could not be more different and is highly regulated, perhaps over-regulated.

## 1.10. Legislation

- As the primary source of legislation regulating outsourcing, the Municipal Systems Act was intended to provide a simpler and more robust platform for municipalities to establish MSP arrangements.
- Indeed, one of the stated purposes of the Act is to establish 'a simple and enabling framework' for the 'core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of communities'.
- However, an investigation into the outsourcing process in the Act, particularly with regard to outsourcing to CBOs, reveals otherwise.
- Chapter 8 of the Systems Act, which deals with service delivery and outsourcing, is exacerbated by the further stringent provisions of the Municipal Finance Management Act (MFMA) and to a lesser extent, the Water Services Act.

## 1.11. Systems Act

- The Systems Act makes provision for a municipality to provide a municipal service in its area or part of its area through either an internal or external mechanism.
- An external mechanism includes a CBO which must be 'legally competent to enter into' a service delivery agreement.
- However, before such a decision can be made (i.e. whether to use an internal or external mechanism), there is a cumbersome two-stage assessment procedure which must be followed to the letter.
- Hereafter, if a municipality still wishes to outsource a particular service to a CBO or any other external mechanism, a competitive selection process must be followed.
- Section 78 prescribes the process and criteria for deciding whether to use an internal or external mechanism for the provision of a particular service.
- If a municipality explores the option of outsourcing a particular service, it must then assess the different service delivery options taking into account a number of factors.
- These include the costs and benefits associated with the project; the likely impact on development and job creation; and the potential capacity of the service provider to furnish the skills, expertise and resources necessary to provide the service in future.

## 1.12. Systems Amendment Act

- An amendment to the Act in 2003 added an onerous feasibility study to the assessment procedure which must also be conducted when investigating the possibility of outsourcing the provision of a particular service.
- The feasibility study must include *inter alia* a clear indication of the service to be outsourced; projected outputs; an assessment of how outsourcing will provide value for money; how it will address the needs of the poor; and the likely duration of the contract.
- These requirements imply that the decision to outsource cannot be made solely on financial or commercial principles, but must also consider the wider context of the municipality's constitutional obligations to give priority to the basic needs of the community.

### 1.13. One size fits all?

- The White Paper on Municipal Service Partnerships sets out the different modes of procurement depending on the typical duration and monetary value of particular contracts.
- This would involve a process of 'formal competitive tendering' for longer-term contracts, 'competitive negotiation' for medium term contracts and 'competitive solicitation' for short-term contracts, such as a service contract with a CBO.
- However, none of this found its way into the Systems Act, which instead, has one formal competitive procurement process for all contracts regardless of length or value.
- If a municipality decides to outsource to an external mechanism, section 83 prescribes a competitive selection or bidding process that must then be followed, which imposes yet more costs on the municipality.

### 1.14. Exceptions

- However, the Act makes provision for a municipality to prefer certain categories of service provider in order to 'advance the interest of persons disadvantaged by unfair discrimination, as long as the manner in which such preference is exercised does not compromise or limit the quality, coverage, cost and developmental impact of the services'.
- These would include, for example, small black business entrepreneurs as well as CBOs in poor rural communities.

### 1.15. MFMA

- Section 33 of the MFMA supplements the Systems Act process and applies only to contracts having budgetary implications beyond three years.
- However, because even short-term service delivery agreements (such as most MCPs) often allow the contract to be extended at the option of the municipality, a brief description of its implications is warranted.
- Before entering into a service delivery agreement, a municipality must adopt a resolution to the effect that it will 'derive a significant financial economic or financial benefit from the contract'.
- This appears to be at odds with the Systems Act, which attempts to reinforce socio-economic considerations such as the impact on development and job creation.
- How does one reconcile the socio-economic considerations of the Systems Act with the stringent financial considerations of the MFMA?
- At best, this conflict could be a dissuasive factor for municipalities to outsource services, "even if there are compelling reasons to do so and even if there is some (though not "significant") financial benefit."
- Section 33 of the MFMA therefore makes it near impossible for contractual arrangements with CBOs (beyond three years) to be considered because in almost all MCPs, the municipality will not derive any or even some significant financial benefit from the contract.

### 1.16. Legal challenges

- The legal framework therefore imposes significant and increased transaction costs on municipalities engaging in MSPs, even that of engaging a CBO in a relatively small-time, low-cost contract arrangement.

- The statutory framework is extremely complex and burdensome.
- Where requirements are so onerous and costly, non-compliance becomes the inevitable reality. Where a municipality does have the skill to comply, there is a high compliance cost.
- Finding the money to comply with the stringent assessment procedures and competitive tendering process is a real challenge for most municipalities, with the average cost per transaction under normal circumstances being close on or even exceeding roughly R1million.

## 1.17. Disjuncture policy and law

- The legal framework therefore appears to be at odds with the policy objectives (and even each other) at present, particularly when one considers that most CBO service provision contracts, of course depending on the particular service to be provided and the duration of the contract, is less than R1 million.
- It would thus cost the municipality more to actually go through the stringent procurement processes than the actual service delivery contract, which is most certainly an unintended consequence of the highly regulated outsourcing process.

## 1.18. Shutting the door?

- Thus, the Draft White Paper on Water Service Providers cautions that "at present, while it is a matter of experience that large district municipalities may sometimes be unable to provide services effectively to scattered communities, there are many administrative and regulatory barriers to the involvement of CBOs.
- While the Water Services Act is enabling and does not exclude such arrangements, municipal systems and procurement frameworks are less supportive and there is a danger that a vital source of organisational energy may be lost to the poorest communities."
- In sum, while the policy framework promotes and encourages the involvement of CBOs in service provision, the legislative tools, rather than being empowering, instead makes it near impossible for CBOs to participate effectively in service provision.

## 1.19. Legal constraints

- There are two key issues which both impede the potential for outsourcing to CBOs.
- *First, when considering CBOs as an outsourcing option, the municipality must go through the section 78 process which is very costly.*
- *Second, when deciding to outsource to a CBO, the municipality must follow a competitive tendering process, which has further cost implications.*
- The Systems Act has one formal competitive procurement process for all contracts regardless of length or value.
- The Systems Act therefore takes a one size fits all approach.
- Thus, a 1 year service contract with a CBO for waste collection has to go through the same process as a thirty-year concession contract worth several million rand.
- It would thus cost the municipality more to actually go through the stringent procurement processes than the actual service delivery contract.
- The current process is therefore restricted by way of legal entities (CBOs) that municipalities may 'procure' services from or outsource services to.

## 1.20. Exception- Water Services

- The Draft White Paper on Water Services contains an entire section dedicated to water service provision by CBOs.
- It notes that while national government supports the involvement of CBOs in service provision in the appropriate circumstances, it is necessary for water service authorities to appoint CBOs as water service providers on behalf of the water service authorities.
- The Draft White Paper cites two criteria for choosing a CBO as water service provider, namely, that it must have the appropriate legal status; and it must be able to provide the service "as (or more) cost-effectively compared to other alternatives".

## 1.21. Exception- Water

- With regard to the process for selecting a CBO as water service provider, it provides that "a water service authority may undertake a "generic process" (in terms of section 78 of the Municipal Systems Act) which identifies the general conditions where selection of CBOs as water service providers is appropriate.
- This means that a water service authority does not need to undertake a Section 78 process for every decision to appoint a CBO as water service provider.
- The Draft White Paper then identifies the benefits of using CBOs as water service providers as being a particularly effective service delivery vehicle for smaller rural communities of less than 5 000 people, in that arrangements are less formalised and (overhead) costs can be kept low.
- Thus, in the provision of water services, the Draft White Paper clearly recognises the importance of, as well as promotes and encourages the use of CBOs as water service providers.

## 1.22. Conclusion

- CBO involvement in service provision in whatever form has yielded mixed results.
- While the involvement of CBOs in municipal service provision is not without many difficulties and challenges, it is a highly desirable service delivery option in certain circumstances (particularly in poorer communities) and is to be encouraged in those circumstances due to the significant societal and developmental benefits associated therewith.
- Moreover, it gives effect to the constitutional mandate of working with communities in meeting the social, economic and material needs of communities in a holistic way, as well as (meaningfully) involving communities and their organisations in the affairs of local government.

## 1.23. Looking Forward

- CBOs can be a viable and functional service delivery option in certain circumstances, but efforts to use CBOs have also highlighted a number of legal constraints and challenges.
- These presently limit the scope for the widespread and cost-effective application of CBOs as an outsourcing option in service delivery.
- Undoubtedly, CBOs, with their knowledge and understanding of local community dynamics, are able to play an essential role in basic service delivery in South Africa.

## SECTION 2: COMMUNITY PERCEPTIONS OF MUNICIPAL SERVICE DELIVERY: RESEARCH FINDINGS

This section was presented by the Foundation for Contemporary Research (Mr Ismail Davids) where a brief overview was given regarding the community perceptions of municipal service delivery. FCR conducted a research study for the School of Government (University of Western Cape) regarding the extent of service delivery in the areas of Botrivier, Paarl and Ashton (see Appendix D). The presenter provided the following information:

### 2.1. Preface/Rationale
The presenter provided the following information:
- In South Africa, it is a municipality's responsibility to provide basic services (i.e. water, electricity, sanitation, cleansing, refuse removal etc) and the basic needs of communities. The presenter explained that partnerships are one way through which municipalities can meet these, and other developmental responsibilities.
- Partnerships are one way through which municipalities can meet these, and other, developmental responsibilities.
- Partnerships between municipalities and organised local communities (such as MCPs) towards improved basic service delivery and poverty alleviation is crucial in the struggle to promote and sustain developmental local government.

### 2.2 General information
The services study conducted by FCR included three municipal areas namely, Drakenstein, Breede River Winelands and Theewaterskloof. The three rural areas selected to participate in the study included Paarl, Ashton and Botrivier. The rural areas were further divided into sub-areas, namely: Paarl, included Mbekweni and van Wyksvlei, Ashton included Zolani and Coghmanskloof and Botrivier included Phase 3 development and New France. A total of 100 households per rural town were randomly selected. These included both households of RDP houses and informal settlements (see map on presentation attached).

A questionnaire was designed and divided into sections of demographic information, economic and living conditions (type of dwelling), questions regarding economic conditions of South Africa, own living conditions, benefit of government policies, life after apartheid, problems each are face, how well the municipality is handling water supply; sanitation; refuse removal and cleansing; electricity; narrowing the gap; education; HIV/AIDS and housing. Some questions also included information on communities' opinion regarding the amount they pay for water as well as knowing the councilor, mayor, premier, member of parliament and president. The statistics on voter registration for 2004, community involvement and encouragement of communities to participate in community meetings. The findings on the preferred methods of engaging, service delivery country-wide and further questions to raise, were also discussed (see Appendix 3).

## SECTION 3: CURRENT PRACTICES AND CHALLENGES – BESG

This section was presented by BESG (Mr Cameron Brisane) where a brief overview was given regarding current practices and challenges were provided. Photographs of current MCP projects were provided. The presenter stressed the following information (see Appendix E).

*Summary*
Cameron gave a presentation on the award-winning Community Based Maintenance and Environmental Management Programme, which at peak employed 35 people to undertake refuse collection, grass-cutting, and roads and stormwater maintenance for 4600 households in three newly developed low income housing projects in Msunduzi Municipality, the capital city of KwaZulu-Natal. It had high levels of community empowerment, work productivity, and task flexibility. It was discontinued by the Municipality in June 2006 in favour of a conventional tender to SMMEs.

Only one of the three participating CBOs was established as a legal entity and expressed an interest in tendering. However, they withdrew from the tender process citing political interference and potential intimidation. These were the very behaviours that the MFMA was designed to combat. Cameron closed by highlighting the significant obstacles for CBOs in tendering for municipal service contracts, even with an NGO to assist as an intermediary with organisational development and technical support:
• No working capital (equipment & wages)
• Costs of capacity building & institutional support (requires independent funding)
• Ownership & democratisation (the need for stability and intellectual memory    vs. accountability in CBO leadership structures)
• Political shifts (e.g. new Councillors)
• Corruption
• No reserves -- ability to withstand fluctuations in funding, labour disputes
• Replication of the model to achieve economies of scale vs. CBOs operating in isolation in their own areas

### 3.1 Context
- Municipalities face daunting service delivery challenges.
- Huge backlogs in service delivery, increased mandates, limited financial resources, high debt rates and increasing poverty.
- Infrastructure is being developed but limited maintenance is occurring.
- Slow growth in extending waste management and other environmental management services.
- Traditional service delivery models are no longer effective.
- Too expensive, not labour intensive, lack integrated approach, not performance based and do not seek to work in partnerships.
- Developmental local government- equitable service delivery, job creation, habitable living environments and community participation in local government.

- Municipal Community Partnership (MCP'S) are formed between municipalities and communities to enable a collaborative approach to development.
- An MCP for habitable Environments seeks to create an maintain a habitable living environment for the community.
- An MCP is one type of Municipal Service Partnership (MSP's) which a Municipality can choose to form to deliver services.

### 3.2 The Problem
- No household refuse collection services, dumping and overflowing refuse bins.
- Blocked stormwater catchpits.
- Ungrassed verges and soil erosion
- Deterioration of roads.

### 3.3 The Msunduzi MCP
- 1998 – Pilot project for 155 households.
- Currently providing infrastructure maintenance and environmental management services to 4650 households,emplying 44 staff.
- Recognised by Imphumelelo, Green Trust Awards and Development Marketplace as good practice project.
- A national replication project is currently underway.

### 3.4 The Concept
- Municipality determines services to be provided.
- Municipality determines level and quality of service.
- Community based development organizations, NGO's and Municipality partner to deliver services.
- Partnerships draw on assets and capabilities of partners to offset weaknesses.
- Gaps are closed and solutions found that are not possible without partnering.
- Goals of effective service delivery, Creating work opportunities and community participation in local governance can be achieved together.

### 3.5 Types of Services
- Cleaning and fixing of roads.
- Cleaning of stormwater channels and drains.
- Grass cutting.
- Cleaning and maintaining public open spaces and facilities.
- Household wast collection and local contractor waste disposal.
- Clearing waste dumps.
- Planting grass and trees on public land.
- Household Education.

### 3.6 Extension of Services
- Waste recovery and recycling
- Water and electricity meter reading and delivery of accounts.
- Water supply and sanitation related maintenance.
- Protecting wetlands and river systems.

### 3.7 Benefits of the project
- 88% of project funding directly benefits project community through wages, fees to contractors, tools, materials and other inputs.
- 1.069.000 Million in 2004/05 in wages and contract fees.
- 44 work opportunities created.
- 3 small business opportunities created.

**3.8 Poverty Reduction**
- Labour intensive technology
- Average 1 job per 100 households.
- 1 year fixed contract employment.
- Decent wage.
- All employees from local community.
- Pro poor selection and recruitment policies.

**3.9 Provision of essential services**
- Project is implemented and specified services are delivered
- Performance based remuneration system.
- Monitoring by community, NGO and Municipality,
- Integrated services are delivered instead of the fragmented traditional service delivery approach.

**3.10 Participatory local governance**
- Key social factors involved in partnership.
- Community based development organizations involved in management of partnership
- Community consulted around service delivery issues.
- Governance responsibility shared.

**3.11 Community-based maintenance: Challenges in implementation**

**3.11.1 Institutional Model**
- Municipal Finance Management Act vs. Municipal Systems Act – constraints on "arms length" municipal entities
- Inequitable power relations (Councillors & community representatives, position of Ward Committees)
- Roles of Councillors & CBOs vs. line department officials

**3.11.2. CBO Entity?**
- No working capital (equipment & wages)
- Costs of capacity building & institutional support
- Ownership & democratisation (stability vs. accountability)
- Political shifts (e.g. new Councillors)
- Corruption
- No reserves -- ability to withstand fluctuations in funding, labour disputes
- Replication of the model

**3.11.3. Replicability & Affordability: Msunduzi Case Study 2007**
- Growing demand for services but rates base static – mitigated by Division of Revenue Act (Dora): "Equitable share"
-                   Receipts:  Expenditure:
-    Water          R47m       R34m

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- Electricity        R49m        R6m
- Sanitation        R26m        R5m
- Refuse            R26m        R 5m
- Costs of poor performance specifications

## SECTION 4: CURRENT PRACTICES AND CHALLENGES – FCR

This section was presented by the Foundation for Contemporary Research (Ms Jodi Adams) where a brief summary was provided regarding: What is MCPs, the rationale for MCPs, policy and legislation frameworks for MCPs, potential benefits for MCPs, allocation of roles and responsibilities within MCPs as well as an overview of the MCP projects FCR has engaged in (see Appendix F).

The following issues were highlighted:

### 4.1 Potential benefits:
The potential benefits of MCPs were highlighted as indication of what advantages and fruits MCPs can bring forth within a community.  The following benefits were highlighted:
- Creating sustainable livelihoods
- Drawing on community strengths, capabilities and assets
- Dynamic and flexible
- Strong people focus
- Facilitates participative processes
- Involves communities in governance issues,
- Creates jobs,
- Developing better understanding, support and relationships between a municipality and communities,
- Recognising the nature of poor people's lives; and
- Facilitating joint partnerships and responsibility for poverty alleviation

### 4.2 Allocation of roles and responsibilities
The presenter further highlighted the importance of the allocation of roles and responsibilities within a developmental partnership.  This section emphasized not only the roles and responsibilities, but the strengths and weaknesses of all partners involved (municipalities, CBOs/NGOs and communities).  The participants were clear on what the partnership should draw on in order for it to be successful.

### 4.3 How to set up and MCP within a Sustainable Livelihoods Framework (SLF)
The principles of the SLF were explained.  Participants were informed that the SLF is based on the principles of: focus on people, establishing responsible and participatory processes, building macro-micro linkages, creating roles for all, promoting dynamic arrangements, embracing all forms of sustainability, integrated and holistic analysis, transforming structures and processes and short and long term approaches (see attached Appendix C for diagram).

**4.4. The steps followed by FCR to establish a MCP within the SLF**
The steps to establish MCPs within the SLF were explained as follow:
- Step 1: Engaging the municipal IDP
- Step 2: Building the team
- Step 3: Doing an initial assessment
- Step 4: Reflecting back to the community
- Step 5: Conducting a feasibility study
- Step 6: Establishing and formalising the MCP
- Step 7: Securing MCP Project funding
- Step 8: Developing a targeted household baseline
- Step 9: Implementing the MCP Project
- Step 10:Designing the MCP Project
- Step 11: Participatory monitoring and evaluation

**4.5 The presenter introduced the following MCP projects:**
- Masikhule MCP Project
- Hawston Abalone Village (HAV) MCP Project
- Ashton Vroue wat Omgee (AVO) Project

## 3. ISSUES/TOPICS HIGHLIGHTED BY PARTICIPANTS

The following issues were raised after the presentations by the aforementioned presenters:
- How CBOs and NGOs can better and more successfully engage with municipalities;
- How CBOs and NGOs can obtain financial resources to implement projects such as MCP projects;
- Participants were interested in the planning process of both projects of FCR and BESG;
- A participant from the Mbekweni (Paarl) District raised a concern regarding government's priorities in terms of service delivery in the area;
- The majority of the participants raised a concern regarding governments engagements in the marginalized communities;
- A participant raised a dissatisfaction with the high prices of rates and taxes of the RDP house that he is not occupying;
- Some participants indicated that they want to gain more information regarding government expenditures and/or budgetary process; and
- Some legal issues in terms municipalities' rights to disconnect services in events of non-payment by residents.

## 4. CONCLUSION

The one-day seminar concluded successfully on 29 November 2007 at 14:00. After the presentations and discussions which followed, it is clear that poverty remains an issue, but communities and civil society sectors should make use of the strengths of different partners. No legislation or policies deal directly with MCPs, but various legislations and policies are available which support initiatives such as developmental partnerships.

Partnerships hold the promise of inclusiveness, complementarily, dialogue and shared responsibility for development.