



# **Codification of Cooperative Governance and Intergovernmental Relations in the Delivery of Services of Communities: Lessons and Advances**

Delivered at the NCOP: Cooperative Governance and Intergovernmental Relations

2 February 2022 | Dr Thina Nzo

- 
- I will mainly provide **an insight into what developmental and service delivery will we see if we do not codify Cooperative Governance from a local government perspective.** This will be demonstrated through a case study of a municipality.
  - Dr Siddle made a very important argument about how we tend to view Cooperative Governance in a dissociative lens from Decentralization and yet Decentralization is the core foundation of state reform that has chartered the political, administrative and fiscal devolution of powers from national to provincial to local government.
  - SA is rated number in institutionalising decentralisation through legislative and policy frameworks.
  - A very importance question which we need to ask ourselves 20 years since we have progressively adopted decentralisation in SA: **To what extent has Decentralisation [Cooperative Governance and IGR] produced developmental outcomes and services that improve the socio-economic material conditions of communities?**



## Case Study of IGR: Whose Power is it Anyway: Local Government and the Renewable Energy Independent Power Producers Programme: eMthanjeni Municipality

---

- The REIPPP programme has been marketed as a key pillar in **South Africa's Energy Just Transition to a low carbon green economy** promising to leverage new advances in green technologies to offer low electricity costs and provide much needed new avenues for employment across the country.
- On the other hand, the policy and planning dynamics between local municipalities and REIPPPP have to date received little public scrutiny.

One of the important aspects with the research examine:

- the **intergovernmental relations** and planning processes that unfolded prior the construction project which ought to ensure the participation of local government;
- the implications of not codifying IGR for development projects and its impact on **spatial planning, municipal infrastructure; service delivery; contribution to revenue and local economic development**; particularly underfunded and less developed municipalities which have limited resources and institutional capacity to leverage new forms of economic development.



# Research Methodology

---

- 3 months in 2021 at eMthanjeni Municipality, (De Aar) doing ethnographic qualitative research, geographical, economic and socio-spatial observation work, one-on-one interviews were conducted with Emthanjeni Municipality senior managers, political representatives, community members who worked in the solar and wind turbine farms during the construction phase, trustees and community stakeholder coordinators employed by the Independent Power Producers (IPPs) and the business community who were subcontracted by the IPPs.



# Emthanjeni Local Municipality in the Northern Cape

- **Northern Cape hosts 59 REIPPP projects**, yet we tend to engage on discourses of infrastructure, energy poverty and energy distribution from the centre (national government) neglecting to examine the cooperative governance linkages between national, provincial and local government that sometimes lead to the reproduction poor service delivery socio-economic inequalities.
- So I mainly apply the theoretical concept ‘margins of the state’ interchangeably to describe 1) municipalities such Emthanjeni Municipality’s geographically located in the margins of the state but also, 2) to describe local government as a sphere government and **its governance positionality within the IGR processes that contribute to the structural reinforcement of local municipalities in the periphery of the ‘state developmentalism’ and service delivery. (Juniorisation of local government)**







# Findings: Intergovernmental Relations

---

- To date, a number of intergovernmental relations structures and forums [as per IGR framework] have been established to encourage and promote cooperative government.
- MinMecs, are ministerial forums responsible for the line functions of ministers at national level and their respective MEC counterparts at provincial government levels.
- The intergovernmental forum (IGF) comprises high-level appointed and elected representatives and officials in all three spheres of government, and representatives of the South African Local Government Association (Salga).  
The Presidential
- Infrastructure Coordinating Council (PICC) is one of the high-level structures that coordinates state activities at national level. It consists of the president, the deputy president, key ministers, premiers from all nine provinces and the SALGA national structure.
- The PICC meets regularly to oversee implementation of national policies and legislation and ensures that national, provincial and local development strategies are aligned with each sphere of government.
- The PICC, as an IGF structure, is important because it provides SALGA with a platform to represent the voice of local government in planning for economic projects such as REIPPP, which are spearheaded by the Investment and Infrastructure Office in the Presidency.
- It also provides an opportunity for policy dialogue and coordination between SALGA the Department of Minerals and Energy (DMRE), the Department of Cooperative Governance and Traditional Affairs (Cogta) and provincial premiers of provinces for which these projects are earmarked





# Findings: Intergovernmental Relations

- However, the procedures required to secure the involvement of local government require substantial coordination, information sharing and participation of SALGA and COGTA from the initial planning stages.
- COGTA, as the department responsible for the coordination of provincial and local government, does not feature extensively in the process of planning for renewable energy; the REIPPP programme is driven largely by the Infrastructure and Investment Portfolio in the Presidency and by the Department of Mineral Resources and Energy (DMRE).
- **The centralised, top-down policy and planning at national level by the Presidency and DMRE has enabled a culture of prescriptive information-sharing and consultation with local government, poor coordination, complex procedures and ambiguous policies to outline the role of local government in sectoral planning, all of which detract from the efficacy of IGR planning and implementation for REIPPP.**
- Although IPPs are free to propose site locations across South Africa and provide a connection plan to the national grid (through the transmission or distribution networks), this process does not facilitate an extensive process of **including REIPPP and Sector Departments in the Integrated Development Plan (IDP) process, (Cooperative Governance, Human Settlements, Water and Sanitation, Public Works, National Treasury, Education, Labour Departments)** and is essential in providing the infrastructural support municipalities need for long-term planning for REIPPP development and investments.
- Instead, rural and economically depressed municipalities often provide a justification for reinforcing and legitimising the top-down approach in economic policy and planning for development by the national government.





# Findings: Intergovernmental Relations

---

- The district municipality developed a business case to argue for participation of the district municipality in the renewable energy sector by linking it with existing economic zones in the Northern Cape to revitalise the existing railway lines in De Aar, the Karoo (the Karoo region and Orange River), the mining belt; and the bio-tech aqua-culture; and co-opting farmers to invest into the small scale hydroelectricity.
- The district and provincial local economic development (LED) forum was used as an IGR structure for Pixley ka Seme District Municipality Provincial Growth and Development Strategy planning agenda for renewable energy.
- It was projected that 175 MW of renewable energy had the potential to create between 500 and 950 jobs, of which 55 would be full-time jobs during the operational phase over 20 years.
- Interestingly, the renewable energy programme also did not feature in the eMthanjeni Municipality Integrated Development Plan, 2010 which demonstrates a lack of understanding of renewable energy and its implications for spatial re-engineering.



# Findings: Intergovernmental Relations

---

- Projects of this nature were fairly new in the country and in the Northern Cape. The sudden shift from an agricultural based local economy towards planning for an industrial green economy threw municipal officials in the deep end.
- Highly dependent on the Pixley ka Seme District Municipality, Provincial Department of Economic Development and Office of the Premier to drive the planning and lobbying process using Spatial Economic Zones (SEZ), N10 Corridor and Provincial Growth Development Strategy (PGDS) and District IDP.
- Dysfunctional IGR systems in the province and over reliance on the district municipality to execute planning (external planning and outsourcing of the function) meant that the municipality could not escalate their developmental concerns about the implications of this project municipal spatial planning, infrastructure capacity to handle migration, labour and skills needed for the renewable energy economic activities, revenue collection capabilities,



# Spatial Planning

- Municipalities are legally required to develop and adopt a municipal spatial development policy framework, which must be prepared as part of the municipality's Integrated Development Plan (IDP) in accordance with the Municipal Systems Act.
- **Centralised planning located at district level:** Spatial Planning and Land Use Management (SPLUMA) Committee, which provides oversight on the implementation spatial development framework and makes recommendations to council on any proposals for land use and spatial planning of the municipality.
- Did not applying the **spatial planning legislation**, which resulted in overlooking the **implementation of the rezoning of agricultural land for the solar parks and wind farms in order to determine the bulk services contribution**
- The town planning unit, along with infrastructure (waste, roads, electricity, water) **did not determine the bulk infrastructure contributions and levies for IPPS before construction of infrastructure.**
- **As a consequence of the above poor planning processes, once the construction phase had come to an end, the municipality was left with a deteriorating infrastructure and insufficient revenue collected from the solar companies in order to repair and maintain the roads that were destroyed by the heavy traffic movements of trucks and labour force.**









# Green Economy and Planning for Skills Deficit

- The *de facto* location of the of REIPPP in the Local Economic Development (LED) programme at local government level, reinforced the idea of economic beneficiation to being the only contribution it will make in the development of the municipality and resolving all economic problems related problems such as poverty, inequality and unemployment, **which created a disconnection with social, labour, housing needs, education, labour skills and infrastructural related issues that required synchronised planning with other stakeholder and sector departments.**
- **Less than 9% of the population in Emthanjeni Municipality have tertiary education** The IPP project developments decreased the unemployment from 58% to 37%.
- **Only 27% of the population had post-matric and only 9% of the population had post-matric higher education and professional skills** in Emthanjeni Municipality. (1.2 % in the province of the Northern Cape)
- This signalled a high risk in shortage of skills acquisition from the local community (professional, technical artisan and engineering skills) that would be required in the construction, assembling of PV solars and connecting them to the grid.
- Job creation was 'dangled as a carrot' to councillors, who obviously were desperate to bring job opportunities to desperate communities. Hence little thought was given to the real long term benefits of these IPP projects
- The renewable energy sector investments during 2010-2015 grew the local economy from 1.4% to 6% due the boom in the construction of the solar energy farms.

# IGR Planning for In-migration Population Influx: Increase in Demand for Services and Infrastructure

- Local labour migrants came as far as Kimberley, Upington, including towns from neighbouring provinces such as Free State and Eastern Cape provinces (Bloemfontein, Allival North and Bedford West).
- Engineers came from Johannesburg and Cape Town, Consultants and Project Management companies from UK, China, Italy
- The population upsurge (**adult population grew from 34 000 – 45 000**) had a ripple effect in the **demand for goods, services and amenities** such as accommodation, clothing, food and beverage industry, transportation, banking, municipal services (electricity, sanitation and water).
- **Eruption of informal settlements**, back yard flats and in township areas disrupted spatial planning
- High demand for **electricity, water, sanitation, solid waste, housing**
- **Usage of labour brokers and lack of consultation with labour forums resulted in in exploitation of general workers**
- **Labour exploitation:** Some companies paid workers R50 per day, which is lower than the R100-R150 per day minimum daily rates paid to general workers in the construction industry poor enforcements of Basic Conditions of Employment Act of 1997 which protects workers from exploitation by their employees was poorly enforced and **Department of Labour** was failing to intervene.

# Municipal Revenue and High Dependency on Equitable Share

- Although there was an economic boom, the **demand/utility of municipal services such as water, sanitation and electricity, solid waste removal did not directly translate into significant revenue generation** for the municipality during the period of 2011 to 2016.
- **Municipal financial stability co-existed with an increase on infrastructure repairs and maintenance expenditure**, particularly road repairs due to the high traffic volumes of construction vehicles.
- **IPP construction phase came to an end, most community members and migrant workers were left unemployed** due to the decline in the number of workers that were required for the maintenance phase of the solar parks and wind turbines (automated).
- Unemployment rose again, which had a negative ripple effect on revenue collection for municipal services. **By 2017/18, the municipality recorded a budget deficit and loss of R88 million**, which can be attributed to a **16% increase in expenditure, while revenue grew by only 1%**
- In the midst of the economic downturn and poverty, **eMthanjeni Municipality's debt owed to Eskom currently sits at R56 million**, (IPPs in their jurisdiction could have contributed to the municipal revenue if they were leasing land from the municipality or if the legislation allowed for the decentralisation of renewable energy mix exploration for economically deprived municipalities)
- The reduction in the local government equitable share does not help to alleviate the financial pressures we are faced with rural municipalities.







# Conclusion: Marginality and the Predisposition of Disempowerment

---

- **Demonstrate a continuum of path dependency** on highly centralised in its policy approach, starting from the inception of **IRP agenda setting, formulation, adoption to the planning, consolidation of capital investments and implementation stages.**
- REIPPP landed on local government's spatial map of municipalities that features deep socio-economic inequalities, poor institutional political and administrative capacity, poor IGR systems.
- **Poor Intergovernmental relations** interface between national, provincial and local government structures, which has the potential of enabling SALGA and COGTA to represent rural municipalities developmental challenges, leaving municipality vulnerable due to their negotiation limitations with the private sector (IPPs) on addressing the resources required to address the adverse service delivery (housing, water, sanitation, electricity, solid waste, LED...) outcomes of as a result the REIPPP programme.



- 
- The irrelevance of local government in the margins in the process of IGR and planning for development also means that the state tends to neglect resource distribution to municipalities in the periphery, resources needed to re-invest into the infrastructural development of these under-resourced municipalities that contribute to the economy of the state.



Thank you!



*shaping change*