

QUARTERLY TASK ORDER  
PROGRESS AND COST REPORT

JULY TO SEPTEMBER 2005

SOUTH AFRICA:  
CAPITAL & FINANCING STRATEGIES  
FOR MUNICIPALITIES

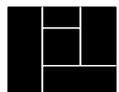
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## QUARTERLY TASK ORDER PROGRESS AND COST REPORT

JULY TO SEPTEMBER 2005

### SOUTH AFRICA: CAPITAL & FINANCING STRATEGIES FOR MUNICIPALITIES MANGAUNG LOCAL MUNICIPALITY POLOKWANE LOCAL MUNICIPALITY TSHWANE METROPOLITAN MUNICIPALITY

Task Order No.:	LAG-I-00-99-00036-00, TO No. 809
Date of Issuance:	March 1, 2004
Amount Obligated Under Task Order:	\$575,185
Total Potential Task Order Amount:	\$575,185
Dollars Expended To-date:	\$547,286

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#### TASK ORDER DESCRIPTION

The purpose of the project is to assist the Tshwane, Mangaung and Polokwane Municipalities to develop 10 – 20 year capital improvement and financing strategies. The basic methodology is to work with the municipal manager and staff in participating municipalities to develop clear strategic choices for the municipal council's consideration. This long-range planning process should be completely integrated with each municipality's financial and physical planning processes, and should benefit from and inform both the Integrated Development Plan required by the Municipal Systems Act and the three-year budget processes required by the Municipal Finance Management Act

The project must help municipalities develop the in-house institutional and human resource capacity to revise and update the capital and financing strategy on an ongoing basis. The consultant is explicitly responsible for ensuring that a team of municipal officials within each municipality knows and understands the details of the methodology and models developed and are capable of building on the initial work and replicating it in others. Each of the candidate municipalities is likely to have an international advisor funded by National Treasury until approximately December 2004, who would be able to assist in ensuring that this project is integrated with the finance reform process currently being carried out in these municipalities.

Tshwane, Mangaung and Polokwane Municipalities have signed letters of concurrence, which endorse their interest and willingness to be part of this pilot program. The South African Cities Network and National

Treasury have also made written and verbal commitment to being our development partners in this program. In the long term the World Bank is looking into rolling out the program with the assistance of, or through, the South African Cities Network. All stakeholders agree that after the demarcation process, the time is right for cities to have long-term capital plans. The term of this Task Order will be 19 months, to allow for the fact that not all municipalities will begin the process at the same date.

## I. OVERVIEW OF PROJECT HIGHLIGHTS

In the report for the **first quarter** it was reported that

- The contract between UI and USAID was signed on March 1, 2004.
- Local contracts with consultants completed.
- Project management arrangements and operational procedures established.
- Operational contact established with USAID.
- First project team meeting held.
- Working relationships with SANT agreed upon.
- Documents to introduce the project to the three cities were drafted.
- Initial data scan on the three sites were done.
- First contact with cities initiated.

The following highlights were reported for the **second quarter** of 2004:

- The completion of the initiation phase of the project according to schedule which entailed:
  - The introduction of the project to the senior management and politicians of the three cities.
  - The finalization of project steering committees in each city.
  - At least three visits to each city.
  - Memorandum of Understanding was drafted and distributed for comments.
- Starting with the second phase of the project which aims at building a picture of the strategic and operational environments for the purposes of this project.

The following are highlights in the **third quarter** of 2004

- First stakeholder meeting.
- Project moved into operational phase.
- Interaction with cities became more routine and at an operational level.
- Dr Peterson visited the country and each city involved in the project.
- Information gathering commenced with all three Municipalities.

The following are highlights in the **fourth quarter** of 2004

- Continuing with "Building the big picture". First round data gathering completed.
- Launching the project web site by the second week of October 2004.
- Build the model for a first round of infrastructure investment modeling.
- Completion of first round modeling for each of the cities.
- Second stakeholder workshop on 1 December 2004.
- Next round of meetings at senior management level immediately before and after the stakeholder workshop.



- Intensified operational contact with each of the Councils.

The following are highlights in the **first quarter** of 2005

- The modeling was finalized
- A module for quantifying economic and labor impact was added
- Presentations was done to the executive management of all three Councils
- Key policy issues were confirmed
- Investment scenarios were developed for each Council
- Dr Peterson visited South Africa
- Completion of all technical work
- Drafting of reports

The following are highlights in the **second quarter** of 2005

- Finalization of reports
- Visit by Dr Peterson to South Africa
- Working documents and final strategy report from the team was hand to all councils with requests for comments
- Debriefing with USAID/SANT

## II. PROGRESS OF MAJOR ACTIVITIES

### *Meeting and liaison with USAID*

Meetings and liaison with USAID took place as a matter of routine. The USAID representative on the project was invited to the more important strategic meetings between the team and the Council. As per agreement, reached with USAID exception reporting remained the basis for interaction and communications. All relevant correspondence was forwarded to USAID for their information.

### *Project management*

Project management continued as indicated in the previous report. Regular operational interaction took place between team members. Monthly project team meetings were held and the proceedings, discussions and resolutions were recorded and distributed to the team members.

There are no further project management issues to be noted.

### *Stakeholder interaction and involvement*

Stakeholder interaction took place on an ad hoc basis. DBSA maintained an active role in the project as indicated as part of the project plan.

### *Interaction with the three Councils involved*

Interactions with the Council centered on dealing with reports drafted and submitted to the Councils during this period. It was difficult to maintain a high level of involvement in the Councils. One should recognize that it was financial year end that turned attention away from long-term financial issues.

Working relationships with all councils remained good. The team maintained formal and informal contact as many times as possible. This is done in order to maintain the momentum that was built during the previous quarters.

As indicated in the previous quarterly report, a detailed program was done in order to achieve the project target dates for the completion. This program was discussed with the Council and communicated to them on numerous occasions. However, responses were not forthcoming and this has delayed the completion of the project and a request for an extension of time until the end of November 2005. The matter is continuously attended to and is no serious concern.

### *Further issues dealt with*

None

## **III. DELIVERABLES AND REPORTS**

The project deliverables during the second quarter included:

- The completion of extensive working documents reflecting the details of various investment scenarios.
- Draft strategy reports based on the working documents and interaction with the Councils.
- Presentations to all Councils at political level.

## **IV. PROBLEMS OR DELAYS AFFECTING THE TASK ORDER PERFORMANCE**

- None.

## **V. SPECIFIC ACTION REQUESTED**

None.