

▪ Department of Human Settlements

Eastern Cape, South Africa



Strategic Plan Evaluation December 2017,

Public Service Accountability Monitor
Esteri Msindo



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Strategic Plan Evaluation: Human Settlements

2017/18

December 2017

Esteri Msindo

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Introduction

The South African Constitution commits government departments to the progressive realisation of various socio-economic rights within available resources. These rights include the right to education, healthcare, housing and social welfare.¹ The PSAM defines social accountability as the obligation by public officials and private service providers to justify their performance in progressively addressing the above rights via the provision of effective public services. In order to effectively realise these rights through the delivery of public services, state departments and private service providers responsible for the management of public resources must implement effective accountability and service delivery systems. These include: planning and resource allocation systems; expenditure management systems; performance monitoring systems; integrity systems; and oversight systems. The effectiveness of these systems can be established by monitoring their information outputs. To evaluate these systems, the PSAM has developed a set of evidence-based tools for monitoring the information produced annually by each system.

¹ Constitution of the Republic of South Africa. Act 108 of 1996, Chapter 2, Sections 26, 27 and 29.

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Summary of Key Findings and Recommendations

I. Overview of Strategic Direction and Policy Priorities

Finding

The Department of Human Settlements generally meets its targets with regards to informal settlements upgrading assessment, but tends to underperform in terms of meeting its targets on social and economic amenities. If the Department meets its planned targets through upgrading informal settlements, this results in incongruent performance on informal settlements upgrading in comparison to the provision of social and economic amenities. Additionally, targets on informal upgrading assessments do not indicate exactly how many projects have been approved and implemented for upgrade. Providing information on assessments and living out figures for planned and actual upgrades is not enough.

Recommendation

Although it is essential to increase targets for upgrading human settlements, the Department must consider increasing provision for social and economic amenities since these are key to the social wellbeing and economic enhancement. There is need also for specifying what social and economic amenities are provided. The Department should, however, be concerned about increasing informal upgrading targets at the expense of housing units targets because one of its objectives is to accelerate housing delivery and reduce the housing backlog considering also the fact that informal settlements upgrade does not reduce demand for individual housing units.

II. Performance and Monitoring

Finding

Lack of integrated planning is a serious challenge. The organizational environment section of the Annual Performance Plan (APP) highlights the lack of integrated planning between the Department, other sector departments, municipalities, private sector and donor institutions resulting in a misalignment between planning and implementation of the Municipal Infrastructure Grant and the Urban Settlements Development Grant.

Recommendation

Although the Department is doing well to mention on their focus towards an integrated approach to Human Settlements delivery, this should reflect explicitly in its Operational Plan (OP) and APP. Engagements that have been done with other departments and with the Social Transformation Cluster should be clearly outlined in the plans. Specific targets should be set on inter-departmental engagements and performance should be measured against the targets

Finding

The department does not provide statistics on housing backlog and housing demand in its situation analysis including demographic profiles as was done in the previous year's APPs.

Recommendation

Housing backlog statistics are important and these should be clearly stated in the APP and OP as the statistics are crucial to measure how much resources should be allocated in order to reduce the backlog.

Finding

The Department does not have in its APP part D section with a five-year horizon as it is reportedly under review. Failure to have the Multi Year Development Plan results in limited information on the external and internal service delivery environment and information on housing backlog statistics.

Recommendation

It is recommended that section D of the Annual Performance Plan be made available at the time the APP is released.

III. Strategic Goals, Objectives and Performance Indicators

Finding

Although in the Service Delivery Improvement Plan, the performance in increasing access to formal housing, water, electricity, toilets and refuse collection is improving, the Eastern Cape still has the highest levels of service delivery backlogs in many areas.

Recommendation

The Department needs to further analyze the socio-economic and service delivery environment and addressing the most pressing needs of the province. The human settlements needs are complex and not homogeneous. In order to deliver the pressing needs for a specific community, the Department must revisit the community often and participate in more rigorous needs identification processes.

IV. Budgeting and Costing Plans

Finding

Funding for Human Settlements has generally decreased over the years from R2.827 billion in 2013/14 to R2.363 billion in 2016/17 due to National Treasury revision on the Human Settlements Development Grant. This year, the budget increased by 11% from a revised estimate of R2.363 billion in 2016/17 to R2.631 billion in 2017/18. In real terms the increase is R2.53 billion which is a 7% increase².

Recommendation

The Department should consider implementing operational cost reduction measures and these need to be clearly outlined in the Operational Plan and Annual Performance Plan. Effective and efficient ways of resource management should be initiated and implementation.

² Inflation adjusted using IMF inflation indexes using 2016 base year

Introduction

Strategic Plan Evaluation

This strategic plan evaluation (SPE) analyses the coherence and responsiveness of the department's Annual Performance Plan (three-year plan) and Operational plan (one year plan) to the socio-economic needs of those it serves.³ The plans should link to the budget in order to ensure that key objectives and priorities are budgeted for and achieved.⁴ The performance targets set out in the plans should be Specific, Manageable, Attainable, Reliable and Timely (SMART). The indicators should adequately connect to the plans.

Strategic Plan

A Strategic Plan reflects the priorities of the department and how it plans for the progressive implementation of the department's legislative mandates, policies and programmes.⁵ It outlines the key areas of focus for the Department in terms of service delivery and provides a road map of where the Department is heading and what the department intends to achieve. It identifies strategically important outcomes, oriented goals and objectives against which medium-term results can be measured and evaluated by parliament, provincial legislatures and the public.⁶ Clear objectives and measurable outcomes should be outlined in the strategic plan and operational plans and these should be based on the pressing socio-economic needs of the less privileged people. Inadequate or poor planning can result in the Treasury cutting on the allocations because budget allocation to departments is depended on effective planning and having a clear direction of how public funds will be spent. Planning well and consistently adhering to the department plans is key to effective and efficient service delivery.

Annual Performance Plan

The APP identifies performance indicators and set targets the department seeks to achieve in the upcoming financial year and during the MTEF to implement its strategic plan.⁷ The APP document sets out performance indicators and targets for programmes to facilitate the Department to achieve its goals and objectives as outlined in the strategic plan.⁸ Quarterly performance reports provide updates on the implementation of APP in the previous quarter with particular reference to monitoring delivery against quarterly performance target.⁹

³ Knowledge Management System: Tools for the right to social accountability. PSAM Handbook, 2007

⁴ Framework for Strategic Plans and Annual Performance Plans. National Treasury 2010 Online <http://www.treasury.gov.za/publications/guidelines/SP%20APP%20Framework.pdf>

⁴ Knowledge Management System: Tools for the right to social accountability. PSAM Handbook, 2007

⁵ Framework for Strategic Plans and Annual Performance Plans. National Treasury 2010 Online <http://www.treasury.gov.za/publications/guidelines/SP%20APP%20Framework.pdf>

⁶ Knowledge Management System: Tools for the right to social accountability. PSAM Handbook, 2007

⁷ Ibid

⁸ Framework for Strategic Plans and Annual Performance Plans. National Treasury 2010 Online <http://www.treasury.gov.za/publications/guidelines/SP%20APP%20Framework.pdf>

⁹ Ibid

Operational Plan

Operational plan should accurately reflect the performance targets which the Department will aim to achieve given the resources made available in the budget for the current financial year. It answers the question on how the goals of the department will be achieved. Performance targets in the OP should align with the strategic plan and the APP.

Findings

1. Overview of Strategic Direction and Policy Priorities

The Department of Human Settlements (DoHS)'s current policy priorities hinge on creating sustainable human settlements and improved quality of household life in accordance with goal 8 on national priorities outlined in the National Development Plan (NDP). In addition the Department focuses on spatial restructuring of cities, improving the residential market, upgrading informal settlements, accelerating state house delivery, improving access to basic services, reducing the backlog on title deeds on state provided housing and increasing social housing provision.¹⁰

In the Strategic Plan 2014-2019 policy development emerging from the Breaking New Ground (2004) report highlights the need to shift from provision of housing units to sustainable human settlements and most importantly the need for intra/inter-governmental integration, requiring integrated planning and coordinated investments.¹¹ In addition, "improved linkages are needed between human settlement planning, economic and commercial development and spatial planning frameworks to guide investment decisions and promote more integrated and better located human settlements".¹²

The policy mandate as outlined in the Human Settlements Draft White Paper commits government to the establishment of socially and economically integrated communities situated in areas allowing convenient access to economic opportunities as well as health, education and social amenities.¹³ Therefore the Department commits to ensuring that settlements attracting housing investment from the state should have schools, clinics, recreational facilities, running water and adequate sanitation and importantly, have access to economic activities.¹⁴

The overarching policy shift from focusing on housing units provision only is reflected in the move towards upgrading informal settlements and the creation of habitable environment with access to social and economic amenities. The Human Settlements Draft white paper shows the Department's commitment to the establishment of socially and economically integrated communities situated in areas allowing convenient access to economic opportunities as well as health, educational and social amenities.¹⁵ Informal settlements upgrading targets and performance in the APP reflect the policy direction. The strategic objective annual targets for 2017/18 to 2019/20 and performance indicators for the period for upgrading informal settlements are generally increasing as reflected in Table 1 below.¹⁶ However, the highest

¹⁰ Eastern Cape Department of Human Settlements Operational Plan 2017/18 Foreword by the MEC pg 1

¹¹ National Department of Human Settlements Strategic Plan 2014-2019 pg 13

¹² Ibid pg 16

¹³ Eastern Cape Department of Human Settlements Strategic Plan 2014-2019 pg 11

¹⁴ Ibid pg 12

¹⁵ Eastern cape Department of Human Settlements Annual Performance Plan , 2017/18 pg 10

¹⁶ Ibid pg 36

record of annual targets was recorded in 2015/16 of 18 informal upgrades and have been constant at 24 from 2016/17 through to 2018/19. What is notable also is the negative relationship between targets for upgrade and the enhancement of social and economic amenities. For example in 2014/15 18 informal settlements projects were assessed by the Department along with 6 social and economic amenities.¹⁷ In contrast in 2015/16, 35 informal settlements were facilitated with no social and economic amenity. The Department does more targets for informal settlements upgrading, and offers less on social and economic amenities. Although it is essential to increase targets for upgrading human settlements, the Department must consider increasing provision for social and economic amenities since these are key to the social wellbeing and economic enhancement.

Table 1 below is an extract from the Human Settlements APP (pg 36) and it shows Strategic Annual informal settlements Upgrading Targets for 2017/18-2019/20. Table 1: Strategic Objective Annual Targets for 2017-18 to 2019-20

| Strategic Objective 1.1 ¹⁸ | Audited/Actual Performance | | | | Estimated performance 2016-17 | Medium Term targets | | |
|---------------------------------------------|----------------------------|---------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | | 2017/18 | 2018/19 | 2019/2020 |
| Link to strategic Objective 1 ¹⁹ | | 18 | Facilitate the upgrading of 18 informal settlements projects with 6 social and economic amenities | Facilitate the upgrading of 31 informal settlements projects with 0 social and economic amenities | Facilitate the upgrading of 24 informal settlements projects with 2 social and economic amenities | Facilitate the upgrading of 24 informal settlements projects with 2 social and economic amenities | Facilitate the upgrading of 24 informal settlements projects with 2 social and economic amenities | Facilitate the upgrading of 24 informal settlements projects with 2 social and economic amenities |

Performance indicators show that financial year 2014/15 assessed 35 informal settlements for upgrading and 32 of those were completed benefiting 162 households, the highest compared to the medium term targets for 2017/18-2019-20 of not more than 30 assessed settlements and benefiting not more than 120 households²⁰. The Quarter 4 Report for Eastern Cape Human Settlements Department had an annual target of 24 informal settlements upgrading projects (assessments), the planned output of 5 in the 4th quarter and the actual output 58 by the 4th quarter.²¹ The Department does not provide information on how many informal settlements were actually upgraded. What is available in the APP is the number of assessments and informal settlements upgrading plans completed. This is a reflection of the fact that in reality little progress has been realized in terms of the actual upgrading of informal settlements due to the fact that performance indicators in the APP speak of assessment of informal settlements and not actual upgrading. The policy shift in

¹⁷ Social and economic amenities may include schools, clinics, recreational facilities etcetera

¹⁸ Strategic objective 1.1 in the office of the MEC provides executive leadership and legislature interface between government, civil society and all other stakeholders

¹⁹ Strategic objective 1 is to create integrated sustainable human settlements

²⁰ Ibid pg 36

²¹ Eastern Cape Department of Human Settlements Quarter Four Report, January to March (2016/2017) pg 4

Human Settlements should be very clear in the plans. i.e the APP and OP should set indicators on fully upgraded informal settlements with adequate targets and performance on social and economic amenities. More so there should be adequate public participation which seeks to communicate the policy direction the Department is taking. The number of new housing units completed in the Eastern Cape Province across all housing programmes has been falling over the years, the highest having been recorded in 2012 of 16 726 and the least target of 10 912 in 2016.²² According to its fourth quarter report for financial year 2016/17, the Department set the annual target of individual housing subsidy units at 101 and 13 planned outputs for the fourth quarter yet there was no output by the 4th quarter.²³ This clearly shows a shift from delivery of individual housing units.

II. Performance and Monitoring

Performance Delivery and Organizational Environment

The situation analysis in the Annual Performance Plan (APP) provides an outline of the performance delivery environment and organizational environment. The current financial year's policy thrust has been on transformation of space and the reversal of spatial inequities from the apartheid era hence the emphasis by the department on the creation of integrated and sustainable human settlements.²⁴ This is achieved through the "improved linkages between human settlement planning, economic and commercial development and spatial planning frameworks to guide investment decisions and promote more integrated and better located human settlements".²⁵ The MEC in her foreword mentioned that the Department is participating in the Social Transformation Cluster and engage strategically with the relevant departments and stakeholders in the promotion of an integrated approach in the delivery of Human Settlements.²⁶ The Department's plans should outline specific departments which they plan to engage with in the forthcoming year with specific outcomes set out for such engagements. It is important that the results of previous engagements with the Social Transformation Cluster be explained and how the Department has improved in terms of integrated planning due to its involvement with the cluster.

The organizational environment section of the APP highlights the "lack of integrated planning between the Department, other sector departments, municipalities, private sector and donor institutions resulting in a misalignment planning and implementation of the Municipal Infrastructure Grant and the Urban Settlements Development Grant".²⁷ Misalignment in planning is a critical challenge to achieving integrated human settlements, therefore the Department needs to give high priority to integrated planning. Although the Department is doing well to mention its efforts towards integrated approach to Human Settlements delivery, this should reflect explicitly in its Operational Plan (OP) and APP. An appeal should be made to the Office of the Premier to improve its services by providing strategic leadership to the province and ensure integrated planning between Departments is achieved. The Office of the Premier acknowledges the current state of the province has limited integrated planning

²² Eastern Cape Department of Human Settlements Annual Performance Plan 2017/18 pg 42

²³ Eastern Cape Department of Human Settlements Quarter Four Report (January to March 2016/17)

²⁴ Ibid

²⁵ Human Settlements Strategic Plan 2014-2019 pg 13

²⁶ Eastern Cape Department of Human Settlements Operational Plan 2017/18 pg 1

²⁷ Eastern Cape Department of human Settlements Annual Performance Plan 2017/18 pg 8

resulting in poor alignment of provincial plans.²⁸ Integration between the three spheres of government cannot be overemphasized.

The Department highlights its achievements on the gradual increase in the number of households living in formal dwellings (65.1% in 1996 to 79.2% in 2016) and the increase in state subsidies provided.²⁹ The department does not provide statistics on housing backlog and demand in its situation analysis including demographic profiles as was done in the previous year's APPs. Statistics on housing backlog are very crucial for planning purposes. They give a reflection of what targets should be set in order to reduce the backlog and improve housing delivery. Furthermore backlog figures help set targets within specific timeframes which enable reduction if not eradication of the backlogs. Housing backlog statistics are also essential for purposes of oversight. Oversight bodies need to be informed on what progress has been made by the Department in terms of housing delivery and make the department account for poor performance or lack of delivery. Failure to provide housing backlog statistics affect processes of accountability and monitoring. Housing backlog statistics is one of the key indicators for assessing performance in delivering the desired outcomes and objectives. The Treasury Regulations Chapter 30.2.3 (d) and Chapter 5.2.3 (d) stipulates that such indicators be included in strategic plans. Housing backlogs should be indicated according to district municipalities and statistics must appear in all the plans. Previously, in the APP for 2008/09-2010/11 the Department highlighted the current housing backlog at the time estimated at 797 000 a figure obtained by informal survey conducted in all municipalities. Comprehensive research was to be undertaken to verify figures.³⁰ Such research must be undertaken within the 5 year period of strategic planning in order to have up to date and verified statistics on housing delivery including individual subsidy units, social rental units and informal settlements upgrades in all district municipalities.

The Department highlighted challenges on Social Housing and plans to abate those challenges by availing state owned land parcels to the private sector for mixed use housing developments.³¹ Evidently in the current financial year there has been progress in output on social housing. The Department must be commended for being innovative by employing ways of solving the challenges in social housing.

Planning must respond to the most pressing needs of the community and these must be identified through needs analysis. The Department does not have in its APP the Multi Year Development Plan (part D section of the APP with a five year horizon). This section is a 5 year operational plan which identifies and quantifies the needs of its population, prioritises funding and delivery of housing, sources funding to fast track housing delivery and provides a frame work to monitor housing delivery.³² The section provides an overview of the housing delivery environment in order to determine the most pressing housing needs in order to align its goals, strategies, objectives and budget. Delivery targets, performance indicators and budget for the 5 year period are outlined in 5 year Multi Year Development Plan. Failure to have the Multi Year Development Plan (MYDP) results in limited information on the external

²⁸ Eastern Cape Office of the Premier Annual Report 2015/16 pg 35

²⁹ Ibid pg 7

³⁰ Eastern Cape Department of Human Settlements Annual Performance Plan 2008/09-2010 pg 60

³¹ Eastern Cape Department of human Settlements Annual Performance Plan 2017/18 pg 7

Mixed use housing development is when the Department makes land available for development to the private sector only on condition that the private sector uses part of the land for social housing projects.

³² Eastern Cape Department of Human Settlements Annual Performance Plan 2013/14-2015/16 pg 118

and internal service delivery environment, information on housing backlog statistics and housing delivery progress, and lack of a detailed analysis of the challenges facing the Human settlement sector. The MYDP has an operational emphasis to give effect to the current housing delivery priorities.³³It is regrettable for the Department to not have included the MYDP section in its APP and therefore lacked information critical for decision-making and prioritization on human settlements needs within the province. The Department must also be able to show its strategic responses to these key challenges.

Service Delivery Improvements Plans

The Department's situation analysis in its Service Delivery Improvement Plans (SDIP) document emphasizes the need for integrated development in order to achieve sustainable human settlements where all relevant stakeholders and departments work together and ensure that human settlements have schools, clinics, recreational facilities, running water and adequate sanitation and importantly have access to economic activities.³⁴The Department's strategic plan documents clearly highlight the Department's policy focus on creating sustainable integrated human settlements in order to reverse the Apartheid spatial inequities. However the Department acknowledges the complex challenges facing it before its goals can be achieved. These challenges include inadequate bulk infrastructure, declining housing development grant, difficult terrain, inaccessible rural construction sites, general lack of skills and capacity, few accredited and capable social housing institutions and the threat of disasters that can be associated with global warming and climate change.³⁵ These challenges which should have been explained in the in the Department's APP, Part D (which has been omitted) are stated in the SDIP. The OP and APP should have outlined plans to engage with municipalities in order to ensure that municipal IDPs have plans and allocated budget for key service delivery objectives identified.

The situation analysis section in the APP alludes to positive achievements of an increase in the number of households living in formal dwellings and a reduction in the number of those living in traditional dwellings. Although in the SDIP the increase in access to formal housing, water, electricity, toilets and refuse collection are improving, the Eastern Cape still has the highest levels of service delivery backlogs in many areas.³⁶ For planning purposes it is not enough to merely mention 'many' service delivery areas without stating exactly where the backlogs are in order to plan for their eradication. The SDIP should provide further information of performance environment highlighting specifically on where there are backlogs in service delivery. The section on Economic Dynamics in the SDIP however sheds some light on the backlogs indicating lack of access to piped water and lack of toilets but these cannot exhaust the list of service delivery challenges in the Eastern Cape Province. The Department needs to further analyze the socio-economic and service delivery environment and addressing the most pressing needs of the province.

In the Socio-economic environment section the Department does well to highlight potential niches for economic development in the province and the creation of export-oriented

³³ Eastern Cape Department of Human Settlements Annual Performance Plan 2013-2014 pg 118

³⁴ Eastern Cape Department of Human Settlements 2015/16 Service Delivery Improvement Plans pg 7 Also mentioned in the MEC Foreword, Human Settlements Strategic Plan 2014-2019 pg 3

³⁵ Ibid pg 7

³⁶ Ibid pg 7

industry.³⁷ The Department also mentions its plans to draw the rural people who survive mostly on subsistence farming, migrant labour and welfare grants into the mainstream economy.³⁸ Bringing rural people into the mainstream economy should not be synonymous for encouraging rural-urban migration as this puts pressure on service delivery in urban areas and therefore more emphasis should be on developing the rural economy and to retain the rural population in the rural areas. What attracts people to urban areas is mainly job opportunities and once work opportunities are created in rural areas, schools and hospitals are built and a good road network created linking the urban areas, it is possible to retain people in rural areas. There has been a notable increase of population migration from the Eastern Cape Province to Gauteng and the Western Cape provinces,³⁹ with consequences on the budget allocated to the province. In order to curb this inter-urban migratory pattern which results in human capital loss in the province and potential budget cuts, there is need to focus on developing the economy within the province. It is of paramount importance for the Department to revisit the Medium Term Strategic Framework (MTSF) provincial mandate, that of speeding up growth and transforming the economy to create decent work and sustainable livelihoods, building social and economic infrastructure, rural development, land agrarian reform and food security, strengthening education and building skills and improving health.⁴⁰ Planning for service delivery enhancement should be centered on the above.

III. Performance Indicators

Programme 1: Administration

Monitoring progress in housing delivery and curbing corruption and maladministration is key to good governance. Under the office of the MEC in the Department's Operational Plan one performance indicator is 'number of oversight project visits conducted' and the key activities are 'to make announced visit to projects to monitor progress and to handover completed housing units'. The office of the MEC should be involved also in tracking corruption and mismanagement in house delivery. Tracking of corruption and maladministration forms part of political oversight hence the office of the MEC should include in its oversight role requests for reports on corruption and maladministration. These oversight reports should be undertaken and disseminated on a regular basis and be made available to the public in order for them to deal with corruption. In the office of the Head of Department, anti-corruption targets are set that are meant to ensure, 'reports on implementation of fraud and security risk management framework are submitted', 'officials are vetted', 'service providers pre-screened', 'awareness campaigns conducted and financial disclosures are submitted'.⁴¹ What is missing are targets that ensure remedies on corruption and the plans to recoup losses incurred by the Department through those corrupt activities. In addition to details on the turnaround time to resolve cases, further detail on targets relating to corruption and mismanagement activities must be included. A specific focus on curbing these challenges including costed activities and budget allocations towards those functions should form part of the plans.

³⁷ Ibid pg 8

³⁸ Ibid pg 6

³⁹ Statistics South Africa, Community Survey 2016 pg 30

⁴⁰ Eastern Cape Human Settlements Annual Performance Plan 2017/18 pg 11

⁴¹ Eastern Cape Human Settlements Operational Plan 2017/18 pg 8

Supply chain management processes can potentially be open to corruption as officials offer tenders to their preferred bidders. Performance indicators for procurement/ acquisition management only focus on 'turnaround time to adjudicate a bid', 'date of review of supply chain management policy and procedures', 'date of approval and review of procurement plan' and reduction in Supply Chain Management audit findings. It is not adequate to focus on timeframes without planning for cases of failure to comply with the procurement processes as stipulated in the Public Finance Management Act and Regulations of 1999 section 16A.6.⁴² When due processes are not followed the accounting officer should be held accountable. It is therefore critical that the Department takes diligence to plan for inconsistencies in procurement processes and prepare to deal with it in order to increase efficiency and curb corruption in procurement. Recommendations made by the Auditor General in previous years in case of irregular expenditure should be taken to consideration for planning purposes. Details of irregular expenditure in the financial report 2015/16 show an incident of irregular expenditure of R22 000 due to non-adherence to procurement processes and the case being under investigation.⁴³ Irregular expenditure on procurement cannot clearly be captured under performance indicator 'reduction in SCM audit findings'. The indicator is vague and does not provide enough information on what SCM audit findings entail. For public monitoring and accountability purposes, the Department must consider making clear breakdowns on its targets and make specific target for example 'reduction in irregular expenditure on procurement'. That will help provide adequate information on inconsistencies in the procurement processes.

Human Resources Management is key to the success of the Department's implementation of the strategic plan and ultimately success in house delivery. The strategic objective annual targets for 2017/18- 2019/20 in the APP were set at 100% with the goal to improve recruitment and retention of competent human capital from 80% in 2014 to 100%.⁴⁴ An increase in targets from 80% in 2014 to 100% in the medium term is welcome. Section 1.2.4.2 on Human Resource and Organizational Development in the operational plan states recruitment and retention as key high level activities and provides an indication on how the department through training, bursaries, professional registration and internship programmes would capacitate its employees. The PSAM's Strategic Plan Evaluation report 2012/13 highlighted the importance of strategies to boost internal capacity through internships and internal research into current organizational environment.⁴⁵ The Department should be commended for including part of the recommendations in their current planning.

Programme 2 Human Settlements research, policy development, integrated human settlements planning, capacity building and municipal support

Inter-governmental integration continues to be the Department's policy focus over the years and is highlighted in the foreword by the MEC, particularly 'the need to work closely with municipalities through COGTA to ensure that there is an improved integrated spatial planning of all the projects, so as to adhere to the objectives on the National Development

⁴² Section 16A.6 of the Treasury Regulations sets out the procurement procedures and Supply Chain Management Systems which should be within the threshold values as determined by the National Treasury

⁴³ Eastern Cape Human Settlements Annual Report 2015/16 pg 224

⁴⁴ Eastern Cape Human Settlements Annual Performance Plan 2017/18 pg 27

⁴⁵ Strategic Plan Evaluation 2012/13 Online <http://psam.org.za/wp-content/uploads/2016/11/Strategic-Plan-Evaluation-2-3-2013-14.pdf>

Plan.⁴⁶ In the introduction by the Director-General in the national Strategic Plan, there is mention of implementation of strong vertical and horizontal mechanisms to improve coordination across the three spheres of government.⁴⁷ What these mechanisms are and how they are implemented at provincial and municipal level must be clearly outlined in the APP and OP.

The operational plan does not provide previous achievements or planned targets for municipality accreditation in the province. There is need for a breakdown of targets and activities under programme indicator 'number of municipalities supported on human settlement programmes'. It must be clear what form of support is rendered to municipalities and what has been achieved thus far. There are a lot of challenges municipalities are faced with, including service delivery protests, maintaining infrastructure, financial viability problems, poor planning just to mention a few. The Department could include for instance, 'number of municipalities supported with critical and technical skills' which enable the municipalities to structure and manage its administration, budget and plan as required in section 154 of the constitution.⁴⁸ There could also be training in the area of conflict management in order for municipalities to be capable of dealing with protests they are confronted with often, hence planning has to be specific on the areas where municipalities need capacity. Training can be offered also that specifically focuses on raising revenue and financial management. A lot more could be added on the section on capacity building and municipal support section with specific and measurable goals set. Often municipalities are placed under provincial administration, yet the province would not have done much in terms of capacitating these municipalities.

Programme 3 Housing Development

The programme is critical to housing delivery through informal settlements upgrading, housing subsidy provision and creating housing opportunities for destitute and vulnerable groups. The number of individual subsidies approved have drastically dropped over the years from 400 during financial year 2012/13 to a target of 62 in 2017/18.⁴⁹ The Department has done well to be realistic and set targets focusing on the most vulnerable in the society in accordance with the shrinking budget. It is important to set targets that are attainable and realistic. Chasing a moving target on housing backlog is not sustainable. Although the Department is shifting towards providing individual housing units for the destitute and vulnerable, all incomplete RDP projects should be completed and be handed over to the people. Plans should continue to reflect targets on housing units until a time all incomplete houses are finished and handed over to beneficiaries. There is no evidence of plans for public participation aiming at engaging with the communities on the new policy stance government is taking which evidently reduces the individual housing subsidies. Housing register of the targeted groups for housing units be made as a matter of urgency.

It is not adequate to provide information on targets on consumer education. There is need to provide information that shows the effects of consumer education on the beneficiaries.

⁴⁶Eastern Cape Human Settlements Annual Performance Plan 2017/18 pg 2

⁴⁷ National Human Settlements Strategic Plan 2014-2019 pg 9

⁴⁸ The Constitution of the Republic of South Africa, Section 154 (1) of the Constitution requires that the National and Provincial government by legislative and other measures must support and strengthen the capacity of municipalities to manage their affairs, to exercise their powers and perform their functions

⁴⁹ Eastern Cape Human Settlements Annual Performance Plan 2017/18

Statistics and targets such as reduction of house transfers and/or illegal sell of state provided houses, RDP houses owned/occupied by foreign nationals and number of beneficiaries who renovate or extend their own houses should be indicated. Such information is important as it reflects the impact of consumer education and provides some kind of feedback on the success of a sub-programme. There is a notable decrease on the annual targets from 25 826 housing beneficiaries educated in 2014/15 to between 11 000 and 13 000 in the medium term (2017/18-2019/20). Consumer education is critical to the success of the Housing Development Programme and the Department should therefore do more in educating beneficiaries. The beneficiaries should know and understand the benefits of owning a house and how security of tenure can open up opportunities for entry into the property market.

Programme 4: Housing Property Management

Sub-programmes outline targets and activities involved for the targets to be achieved. One major concern is the lack of plans for land procurement which ceased to have performance indicators and annual targets in 2014/15. The MEC in her foreword mentions one of the key considerations for the Department, which is the efficient utilisation of state land.⁵⁰ The financial oversight and performance report for the April- September 2017 indicates that no land procurement was undertaken or planned for the 2017/18.⁵¹ The provincial Human Settlements Department indicated that they were instructed by the National Department to stop procurement and make use of the land they have efficiently.⁵² Land is essential not only for building houses, but for bulk infrastructure and upgrading of informal settlements. It is therefore recommended therefore that going forward the Department must reconsider purchasing more land, albeit for efficient and effective use. The Department is therefore encouraged to make provision again in the plans for land procurement processes to happen. Performance indicators and targets should be set up and be measured against performance. The Operational Plan outlines the key high level activities for the land procurement which include among other things scrutinising proposals and identification of suitable land. If the activities have no targets set for them there is less drive to achieve anything and that should be a point for concern.

There is need for consumer education on social rental housing beneficiaries as this helps reduce defaulting on rentals. The potential beneficiaries must also be informed on the processes of applying for social rental housing. Indicators and targets should be indicated in the plans for consumer education.

IV. Budget and Costing Plans

Relating the Human Settlements budget to strategic delivery targets

The Department's priorities over and above delivery of individual subsidy units and social housing to low income earners, focuses on reducing the current backlog on title deeds, providing housing to the destitute, the elderly and military veterans.⁵³ Accelerating housing delivery is at the core of the Department's strategic objectives targeting 78000 housing

⁵⁰ Eastern Cape Human Settlements Department Annual Performance Plan 2017/18 pg 2

⁵¹ Eastern Cape Human Settlements Financial Oversight and Performance Report April-September 2017 pg 8

⁵² Portfolio Committee Meeting, Parliament, 06 November, 2017

⁵³ Ibid pg 2

opportunities⁵⁴ in the current financial year. Funding for Human Settlements has generally decreased over the years from R2.827 billion in 2013/14 to R2.363 billion in 2016/17 due to National Treasury revision on the Human Settlements Development Grant.⁵⁵ This year the budget increased 11% from a revised estimate of R 2.363 billion in 2016/17 to R2631 billion in 2017/18. 11% nominal increase in 2017 is not appealing relative to an increase of 29% and 19% in 2011/12 and 2010/11.⁵⁶The increased targets in Human Settlements and expanded programs to rural areas is not congruent with the budget which is relatively low compared to previous nominal increases. The slow economic growth is not helping the situation. The plan to cut down on operational costs and increasing revenue collection as outlined in the provincial budget speech⁵⁷is greatly welcome. In order for this to happen there is need for clear targets in the APP and OP on operational costs reduction for that to be realised and ways of revenue collection should be specified.

Conditional grants, Public entities and Public Private Partnerships (PPPs)

The grants are critical for human settlements delivery and the Human Settlement Development Grant is often allocated over 80% of the total provincial budget for human settlements development programme. The Urban Settlements Development Grant (USDG) funds the upgrading of informal settlements, housing subsidy units, emergency housing, integrated residential programme and RDP/BNG housing. The USDG provides additional capital revenue to support the national human settlements development programme, focusing on poor households. It is the only supplementary grant at local government level.⁵⁸ Some of the uses for this grant include land purchase, access to well-located land, enhancing tenure security, spatial densities, municipal Infrastructure and access to basic services and Informal settlement upgrading.⁵⁹

The HSDG has been fluctuating in recent years following reductions and increases on the grant from the National Treasury. In 2016/17 financial year funding for Human Settlements was reduced due to revised estimates on the HSDG and was increased in 2017/18 financial year.⁶⁰ The medium term estimates on the grant shows a constant trend of 85% of the total share of the provincial budget with the remaining portion shared between the Expanded Public Works programme (0.1%) and equitable share (14.8%). However there has been a nominal growth of 11.1% over the MTEF estimates from financial year 2016/17.⁶¹ This translates to an average growth of less than 4% each year in nominal terms. There has been an increase of 18% on the grant from an allocation of R1 891 457 000 in 2016/17 to an allocation of R2 239 316 000 in 2017/18. In the Medium Term Budget Statement 2017, the

⁵⁴ Housing opportunities refers to all housing deliverables for the Department, which include individual housing subsidy units, social housing, Informal settlements upgrading, issuing of title deeds and FLISP

⁵⁵ Estimates of provincial revenue and expenditure 2017 Vote 11 pg 551

⁵⁶ Eastern Cape Department of Human Settlements 2011/12-2013/14 Annual Performance Plan pg 17
Eastern Cape Department of Human Settlements 2010/11-2012/13 Annual Performance plan pg 15

⁵⁷ The Eastern Cape Provincial Treasury Budget Speech Pg 10

⁵⁸ Department of Human Settlements Report on the design and implementation evaluation of the Urban Settlements Development Grant (USDG) pg 1

⁵⁹ Ibid pg 5

⁶⁰ Eastern Cape Treasury Vote 11 Human Settlements Online

<http://www.treasury.gov.za/documents/provincial%20budget/2017/4.%20Estimates%20of%20Prov%20Rev%20and%20Exp/EC/2.%20Estimates%20of%20Prov%20Rev%20and%20Exp/EC%20-%20Vote%2011%20-%20Human%20Settlements.pdf>

⁶¹ Ibid

Minister of Finance proposed a review of the HSDG which will result in the reduction of funds through reprioritization of the funds towards two new grants to respond to emergencies and to clear the title deeds backlogs. The implications of a reduction on the HSDG will impact negatively on human settlements delivery given the role the grant serves. As a way of adjusting to the economic environment and budget cuts on the grant, the Department should have clear and measurable targets on operational costs cuts in the APP and OP. The section on Grants in the OP should be useful to expound on the use of grants and any adjustments to the grants. In the current OP there is no information provided.

V. Conclusion

There is generally coherence in the planning documents with clear performance targets on informal settlements upgrade/assessment, on title deeds, consumer education and social housing. However, the Department fails to include in the APP and OP specific measures to improve coordination in planning between departments and other sectors. The plans also reflect a lack of adequate provision of social and economic amenities to support informal settlements upgrades. More so, the focus on informal settlements according to performance targets in the APP and OP show progress on assessment of informal settlements. In fourth quarter reports no information is provided on the number of approved informal settlements or the number on the actual upgrades undertaken. Given limited resources available for the Department, there is need to get priorities right based on a thorough analysis of the housing needs of the less privileged. There is need to have clear statistics on housing backlogs and these have to inform planning for future delivery as well as to track progress against targets. The lack of the Multi Year Development Plan in the APP could be one reason for failure to have the statistics on housing backlogs and also a clear outline of the pressing needs of the communities. The reduction on funding due to slow economic growth requires the implementation of strategic cost cutting measures. The Department plans to cut operational costs yet it is not clear in the plans how this will be implemented and by how much the Department intends to reduce costs. The Department also plans to improve revenue collection but the measures are not clearly outlined in the plans. Cost cutting measures must be implemented as a matter of urgency and be carried out effectively and efficiently.

OUR ORGANISATION

The PSAM was founded in 1999 as a research project in the Rhodes University Department of Sociology. Its initial aim was to monitor incidents of corruption within the Eastern Cape government. From 2005, recognising the systemic nature of poor governance and corruption in the province, the PSAM began a concerted advocacy effort to systematically strengthen public resource management by key Eastern Cape government departments. In 2007,

PSAM introduced a training and academic component. The training component has developed to be what is known as the Regional Learning Programme and the academic component has changed to become what is known as the Advocacy Impact Programme. The various activities and interventions by PSAM over the years have emphasised the on-going need for greater and improved accountability interventions by civil society organisations across the region. Through our work we seek to achieve improved networking and advocacy to leverage impact and enhanced learning so that achievements are shared, evaluated and used to bolster social accountability interventions in sub-Saharan Africa.

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