
NEWS UPDATE FROM THE NBI

23 October 2017

Business Partnering with Local Government – NBI Dialogues

In 2017, the NBI ran a number of seminars on how business is already partnering with local government, drawing on key programmes implemented in South Africa to date by Anglo American, Santam, Old Mutual and the iLimaLethu Trust.

The findings from this dialogue process are summarised below:

Finding 1: Business is actively engaging with local government in specific programmes

Anglo American has run its **Municipal Capacity Building Programme** since 2011, with the programme initially working with 11 local municipalities across 5 provinces.

The programme focuses on enhancing the ability of municipalities to provide basic services, with an emphasis on smaller municipalities that struggle to operate and maintain services in a cost-effective and sustainable manner.

The programme focuses on the following areas:

1. Municipal revenue management
2. The development of municipal master plans
3. Stakeholder communications and customer behaviour change
4. The replacement of dysfunctional water and electricity meters

Amongst other benefits, the programme has seen an average improvement in revenue collection of 11.7%, thousands of faulty water and electricity meters replaced, as well as over 25 municipal master plans developed.

A detailed presentation overview of Anglo American's Municipal Capacity Building Programme, which is now moving into its second phase, can be accessed [here](#).

Santam's Partnership for Risk and Resilience (P4RR) has also been active in South Africa for a number of years. Following the completion of a pilot phase involving 11 local municipalities and 5 district municipalities, the P4RR programme is currently being expanded to include a further 16 local and 3 district municipalities across 7 provinces nationwide.

The overall mission of the P4RR programme is to:

“Proactively and collaboratively help to manage landscape-level risks – with a focus on fire and flood – in vulnerable communities, particularly in poor, black communities – targeting in excess of 5 million vulnerable people in 53 local municipalities.”

The programme's key areas of involvement are:

1. Supporting enhanced GIS capability within municipalities
2. The installation of smoke alarms in informal housing settlements
3. Disaster education and awareness

At present, flood risk areas have been mapped for all pilot areas (with the associated development of extensive GIS datasets), over 1,000 smoke detectors are being rolled out in 3 vulnerable communities and over 250 community leaders, councillors and municipal officials are obtaining an improved understanding of disaster management requirements and risk reduction measures.

A detailed presentation overview of Santam's Partnership for Risk and Resilience is available [here](#).

Old Mutual has also been working with the **iLimaLethu Trust** in 5 pilot municipalities within 4 provinces. The iLimaLethu Trust is made up of a number of experienced associates, many of whom are previous Old Mutual Executives.

A key emphasis of this pilot programme has been the implementation of the 'Care and Growth' leadership model, which works with middle to senior management in municipalities to instil a leadership style that encourages results and balances performance with nurture.

Key areas of support and intervention under this initiative include the following:

1. Rollout of the Care and Growth change management programme
2. Project management support
3. Local economic development support
4. The review of economic development strategies and performance monitoring frameworks

A detailed presentation overview of Old Mutual's work with municipalities can be accessed [here](#).

Further detail on the work of the iLimaLethu Trust is available [here](#).

Finding 2: There is some agreement on the challenges to be addressed

Key challenges experienced by local government, particularly smaller municipalities, can broadly be characterised within 3 major categories:

1. **Financial constraints**, including customer billing issues and inaccurate asset registers. Poor revenue collection also hampers a municipality's credit rating and its ability to access external finance
2. **Institutional deficiencies**: this can include a lack of standard operating procedures, limited project management and planning capability, and in more serious instances, an inability to identify and penalise corrupt practices
3. **Personnel problems**: this includes a high number of vacancies, high staff turnover due to employee dissatisfaction or political changes, personnel appointments where the appointee is unfit for the role and the ability to attract skilled employees

Finding 3: A number of key lessons have been learnt through existing partnerships

Key lessons learnt to date by partnering companies include:

1. Business must avoid a paternalistic approach at all costs and enter with humility. Business must enter with an open mind, be ready to listen and learn, including understanding municipal realities and operating environments. Proper diagnostics and the co-creation of systemic solutions within each municipality is needed
2. Municipalities must be ready for support. A municipality must be willing to engage and ready to partner. Political instability can also compromise an initiative and delay implementation
3. There is an opportunity to build on existing programmes, such as the initiatives developed by Anglo American, Santam and Old Mutual. Between them these company programmes now cover large sections of the country
4. It is also important to work in alignment with key national government programmes aimed at strengthening local government, in particular the Department of Cooperative Governance and Traditional Affairs (CoGTA) Back to Basics (B2B) programme and the work of the South African Local Government Association (SALGA) and Municipal Infrastructure Support Agency (MISA)
5. District municipalities have an important role to play. District municipalities can help facilitate the allocation of business support across the local municipalities within their area of jurisdiction, in line with local government needs
6. Investing in systems and planning can play an important role, especially in instances of high staff turnover. A number of the programmes focus on supporting enhanced municipal operating procedures, billing systems, GIS

- data management, planning capability and project management arrangements
7. Companies can support municipal revenues through focusing their procurement on supporting local industries, working with municipal officials to support Local Economic Development (LED), and improving town infrastructure in an effort to attract skilled employees
 8. Technology, whether in the form of GIS or smart devices, can be used to support municipal service delivery and wider resilience
 9. Business partnerships with municipalities must balance capacity building efforts with delivering tangible results, as municipal officials are also under pressure to meet internal and external expectations
 10. Longer term engagement and monitoring may be required to achieve and track the outcomes and successes of programme intervention
 11. And finally: 'Partnerships are tough. But necessary and worthwhile'

Getting involved

Companies interested in working with the private sector partnerships highlighted above, as well as companies that would like to participate in a pilot project that adopts a broader risk management approach in working with municipalities, are kindly requested to contact [Alex McNamara](#).

Further information

This News update is published by the NBI under the [NDP Business Action Plan](#), in particular in support of *Action 1: Strengthen partnerships between the private sector and local government*. Fostering greater collaboration between business and local government emerged as the key priority in the NBI's National Development Plan (NDP) process.

For more information on the NBI's NDP programme please visit:

<http://www.nbi.org.za/focus-areas/integrating-strategic-projects/national-development-plan-implementation/>

For further information please contact [Alex McNamara](#).

Business Action for Sustainable Growth

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