

POLICY : ECONOMIC DEVELOPMENT : COMMUNITY BASED PARTNERSHIP IN THE RENDERING OF PRIORITY ECONOMIC DEVELOPMENT SERVICES

ITEM LED 1-2002
CM : 26.03.2002

REPORT OF THE PORTFOLIO COMMITTEE : LOCAL ECONOMIC
DEVELOPMENT ON THE ECONOMIC DEVELOPMENT POLICY :
COMMUNITY BASED PARTNERSHIP IN THE RENDERING OF PRIORITY
ECONOMIC DEVELOPMENT SERVICES (Item LED 4-2002 - MC
14.03.2002)

RESOLVED:

1. **That** it **BE NOTED** that (3) three workshops at Springs, Germiston and Kempton Park Service Delivery Centres **WERE HELD** in July 2001 to discuss the above-mentioned matter.
2. **That** the proposed policy on Community Based Partnerships in the provision of Economic Development Services **BE APPROVED**.
3. **That** the Executive Director: Local Economic Development **BE AUTHORISED** to publicly invite applications for Council's Community Job Creation Projects.
4. **That** all applications received before a due date determined by the Executive Director : Local Economic Development, **BE APPRAISED** in terms of the proposed policy and available budget and that a further report **BE SUBMITTED** to Council.
5. **That** the workshop mentioned in (1) above **BE HELD** on a yearly basis.

ITEM LED 1-2001

REPORT OF THE PORTFOLIO COMMITTEE : LOCAL ECONOMIC DEVELOPMENT ON THE ECONOMIC DEVELOPMENT POLICY : COMMUNITY BASED PARTNERSHIP IN THE RENDERING OF PRIORITY ECONOMIC DEVELOPMENT SERVICES (Item LED 4-2002 - MC 14.03.2002)

PURPOSE OF THE REPORT

To submit a final draft of a policy on Community Based Partnerships, in the provision of economic development services.

BACKGROUND

The draft policy was developed, following a request from the Portfolio Committee. The draft, intended as a document for discussion, was submitted to the Portfolio Committee on the 26th of June 2001 where it was resolved that it be used as a basis for a broader public participation process.

PUBLIC PARTICIPATION

Following on the Portfolio Committee resolution, interested and affected parties were invited through adverts in the Sowetan to take part in three workshops. These workshops were held in Springs, Germiston and Kempton Park on 16th 18th and 20th of July respectively.

The workshops took the form of a presentation on the proposed policy where after discussion was allowed. In addition a week was allowed for written submissions. No written submissions were received.

The policy was very well received by most participants. The following issues were raised.

- The proposed policy must be accessible in African languages.
- While the policy tend to focus on community based partnerships, private sector involvement, as service provider, should not be ruled out
- The proposed criteria should not be used as an instrument to exclude deserving organizations.
- A Broader forum might be useful to evaluate project proposals.
- The implementation of the proposed policy should be adequately resourced i.e. supported by a database of job-creation projects, etc.
- The question of unsuccessful applications was raised and it was suggested that council develop a way of dealing with these.
- Multiple year funding of projects enhances sustainability of projects.

COMMENT ON ISSUES RAISED

With the exception of the issue of private sector involvement, none of the issues raised challenges the fundamentals of the proposed policy.

Policies by their very nature cannot be to detailed; hence it is proposed that the issues raised be noted, but that it not be included in the policy. Rather that the issues raised be dealt with in the operational recommendations.

In order to ensure that all proposals be evaluated it is further suggested that all proposals be placed before the Portfolio Committee. This would “force” project evaluators to look at the merits of every application and not to merely discard applications on technical flaws.

ANNEXURE 1-CBP Policy document,
ANNEXURE 2-Job creation fund-Procedures and application form,
ANNEXURE 3-INITIAL item on cbp.

The Local Economic Development Portfolio Committee considered this item and recommended as follows:

RECOMMENDATION :

1. **That it BE NOTED** that (3) three workshops at Springs, Germiston and Kempton Park Service Delivery Centres **WERE HELD** in July 2001 to discuss the above-mentioned matter.
2. **That** the proposed policy on Community Based Partnerships in the provision of Economic Development Services **BE APPROVED**.
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3rd Draft Policy:

Community Based Partnership in the Provision of Priority Economic Development Services.

EKURHULENI METROPOLITAN MUNICIPALITY AUGUST 2001

KEY DEFINITIONS

COMMUNITY BASED ORGANISATIONS:	In the context of this policy Community Based Organisations is used as a generic term for Civil Society, (CCO) community based (CBO) and non-governmental organisations (NGO). CBO and CCO's are normally based in communities and have broadly representative governance structures while NCO's are usually legally constituted entities that produce and sell services of a collective interest.
ECONOMIC DEVELOPMENT SERVICE:	refer to a programme or organized activity that facilitates and ensures economic development within a given context.
ECONOMIC DEVELOPMENT:	dynamic and sustainable human interaction with resources that creates wealth and raises standards of living.
SUPPLEMENT CAPACITY:	Service providers providing assistance to Municipalities to deliver services by way of contributions of finance, technical expertise, project facilitation, programme design and management, project implementation and direct service delivery.

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2. Rationale for a Community Based Partnership policy
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4. Policy Principles
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 - (ii) Development Impact
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 - (iv) Transparency
5. Community Based Partners Institutional Arrangements
6. Priority Economic Development Services
7. Partnership Models
8. Municipal Authority to Contract
9. Procedural Requirements
10. Conclusion

References

Key Definitions

1. AIM

The Policy aims at providing a coherent framework that will inform current and future community based partnership arrangements in the provision of priority economic development services.

2. RATIONALE FOR A COMMUNITY BASED PARTNERSHIPS POLICY

The need for a policy framework to regulate interaction between the Ekurhuleni Metropolitan Municipality and Community based partners, stems from the following:

- (i) Within the area of jurisdiction of the Ekurhuleni Metropolitan Municipality there are multiple community based organisations which provide economic development services including for example small business development, employment creation and sector support initiatives. Guidelines on partnership arrangement with these groups are required to ensure the:
 - (a) Maximization of the broader economic development service delivery system by increasing the reach of the Economic development rand.
 - (b) Supplement Municipal Capacity and
 - (c) Promote efficient and cost-effective service delivery.
- (ii) The Ekurhuleni Metropolitan Municipality is under considerable pressure by Community based groups to provide financial and non-financial assistance for various economic development projects. Hence the need for a policy framework to inform its decisions.

3. SCOPE OF THE POLICY

The Policy:

- (i) responds primarily to partnerships in the provision of priority Economic Development Services;
- (ii) Is limited to partnerships with community based organisations; and
- (iii) excludes Public Private Partnership.

4. POLICY PRINCIPLES

The Policy is based on the following principles:

(i) Best Value for the Public Rand

The Ekurhuleni Metropolitan Municipality will have to address growing needs without a corresponding increase in financial resources available. The efficient and effective use of resources are therefore critical. All partnership arrangements will thus have to be tested against the standard of whether it represent the best possible value in terms of both their efficiency, its effectiveness and the extend to which such partnerships are aligned with the social values of the city.

(ii) Development Impact

Again, the activities and partnerships of the City should seek to maximize its development impact in line with its development strategy. Partnerships are a key means to leverage additional resources (financial, human and knowledge) for services and development from the community.

(iii) Financial Sustainability

The third principle that should guide partnership arrangements is financial sustainability. The measurement in this regard include:

- ❖ healthy financial fundamentals and sound financial management.
- ❖ limiting expenditure growth (while expanding services) through achieving gains and a mire focused use of resources.
- ❖ maintaining and expanding income streams
- ❖ ensuring adequate investment in the maintenance of assets and infrastructure.

(iv) Transparency

Just and transparent processes are required for the identification, consultation and arrangements with potential partners.

(v) Compatibility with Social Values of the City

The Council will endeavour to enter into partnerships with organisations that supports the city's social values.

5. COMMUNITY BASED PARTNER'S INSTITUTIONAL ARRANGEMENTS

The Council, mindful of its development rate, but seeking partners who are most likely to achieve success, will only enter into community based partnerships, with organizations whose institutional arrangements satisfy most of the following criteria. The institutional arrangements must be:

- Clearly mandated to deliver economic development service in its mission, goals and objectives.
- Appropriately staffed and resourced, i.e. it must have the necessary expertise and capital to implement the defined objectives.
- Inclusive and legitimised - including relevant local stakeholders

- Operationally Sound - i.e. leadership that can provide both vision and managerial skills, financial system which allows controls and planning and a system for continuing relationships with stakeholders. Further, the sophistication of the proposed partners operational systems will depend on the complexity of proposed partnerships.
- Limited in Potential Liability - all organizations and projects undertaken should seek to limit the potential liability of stakeholders and or Council.
- Functioning within the law.

The criteria mentioned will enable the Ekurhuleni Metropolitan Municipality to decide on partners suitable to execute project compatible to their level of development. It is not intended to exclude potential partnerships, but if applied correctly it will increase the success rate of projects.

6. PRIORITY ECONOMIC DEVELOPMENT SERVICES

Complex Cities with diverse economics require a broad range of stimuli or economic development services to achieve economic development objectives such as job creation, economic growth and redistribution of wealth.

Although still under discussion, the Ekurhuleni Metropolitan Municipality's Economic Development Business plan identified the following Economic Development services, activities and functions as it's key Focus Areas i.e.:

- (i) Investment Promotion, Industrial Development and Trade Promotion
- (ii) Small, Medium and Micro Enterprise Development inclusive of
 - ❖ Infrastructure
 - ❖ Empowerment initiatives
- (iii) Policy, Research and Business Information.

7. PARTNERSHIP MODELS

For the purposes of this policy document only three Partnership options are discussed here:

(i) Service Contracts

Typically refers to a contractor that receives a fee from the Municipality to manage particular aspects of a Municipal service. Service Contracts are usually short term. In the context of this policy it is suggested that it does not exceed one financial year.

(ii) Management Contracts

The contractor is responsible for the overall management of all aspects of a Municipal service, but without the responsibility to finance the operating, maintenance repair and Capital cost of the service. Management Contracts are typically for medium to long periods. Payments under these contracts typically specifies the payment of a fixed fee plus a variable component, the latter being payable when the contractor meets or exceeds specified performance targets.

(iii) Lease

The contractor is responsible for the overall management of a municipal service and the metro's operating assets are leased to the contractor.

While the above models are generally used in Local Authorities, various permutations could be utilized to suit particular circumstances -e.g. Programme funding where only a particular programme is funded, with clear performance measurement standards.

8. MUNICIPAL AUTHORITY TO CONTRACT

All proposed Contracts with Community based Partners must be placed before Council for approval.

9. PROCEDURAL REQUIREMENTS

All procurement of services and or goods are subject to the provisions of the procurement policy of Council, the requirements of the Municipal Systems Act and other relevant legislation.

In instances of unsolicited proposals the following procedural guidelines are recommended.

- (i) The proposer must submit a formal application on Councils prescribed application form to the Head of Department (HOD) : Economic Development. The HOD reserves the right to request additional information, including a comprehensive Business Plan.
- (ii) The HOD will prepare a report to Council, through the relevant committee system, after applying his/her mind taking into account the contents of this policy, and specifically Sections 3, 4, 5 and 6.
- (iii) Notwithstanding the submission of a formal application, the proposer must also apply for any relevant planning permission. In such cases the HOD will refer the application to relevant parties for comment in accordance with the provisions of the Land Use Ordinance.

10. CONCLUSION

The Ekurhuleni Metropolitan Municipality regards the implementation of this policy to regulate its partnership with Community Based Organisations as both a challenge and an opportunity. The policy contributes to the strengthening of its overall economic development objectives and are not intended to frustrate those objectives.

References

Department of Provincial and Local Government: *Policy Framework for Municipal Service Partnerships*, 1998.

Department of Provincial and Local Government: *Municipal community Partnerships*, 1999

The Unicity Commission: *Towards a service delivery and Institutional Strategy for the Unicity Council (Discussion Document, 2000*

Republic of South Africa: *Municipal Systems Act, Act 32 of 2000, 2000.*

ANNEXURE 'B'

COMMUNITY DEVELOPMENT AND JOB CREATION FUND

BACKGROUND

The Economic Planning Unit: Urban Planning & Economic Development Department of the Ekurhuleni Metropolitan Council (EMC) has put aside funds for community development, poverty alleviation and Job creation projects. The fund is a grant not a loan and it is not given in the form of cash. Therefore, funds will be utilised for equipment and material. It might be necessary for the applicant to be in terms with the council's policy on Public Partnerships in the Provision of Economic Development Services. This policy is the outcomes of detailed stakeholder participation and it is on the basis of this policy that the funds will be managed. The following section will help you the applicant to understand terms of reference, conditions and procedures for funding.

TERMS OF REFERENCE, CONDITIONS AND PROCEDURES FOR FUNDING:

- a. Projects must demonstrate a high level of local benefits and potential to create jobs, empower local community and reduce poverty.
- b. Projects must respond to the council's wider plans (LDO/IDP) and to council's Economic Development Initiatives.
- c. They must target members of the historical disadvantaged groups, mainly the unemployed persons, women, youth and physically disabled persons.
- d. Project's sustainability is a primary requirement and priority in the selection criteria.
- e. Community based projects must:
 - (i) Have a committee comprising a chairperson, vice chairperson, secretary, vice secretary, a treasurer and two additional members.
 - (ii) At least three signatures of members with signing powers will have to be used. A cheque account must be in place.
 - (iii) Project membership must be the minimum of 8 and maximum of 30 dedicated members. However, the project can benefit more community members than the number of project members. In the case where the project benefits or employs more people than its members, details should be provided.
 - (iv) A constitution adopted by project members must be in place. (v) Two sets of previous meeting's minutes must be submitted with the application.
 - (vi) Letters of support from other participating members, project stakeholders, etc., must accompany the application.
- f. Projects facilitated by profit-making organisation will not access funding, however, deserving local community members can be assisted through this fund to participate and access the benefits of the project. However, projects will have to be evaluated by the council's project evaluation committee before applicants are funded to participate in the programme.
- g. Project management model must be motivated.
- h. A Project Business Plan (in a given format) for the application of EMC's Community Development and Job Creation Fund must be submitted with the application. A detailed programme of project implementation and further substantial information as the applicants might deem necessary, can be provided to accompany the application.
- i. Applications must be made through the covering letter and the Project Business Plan as referred to above. All relevant and supporting documents must be attached. Writings must be legible in black ink.
- j. All information supplied must be factual and accurately calculated. Incorrect information will jeopardise the project being approved.
- k. Only projects **in the manufacturing and agro-processing** will be funded in the financial year 2000/2001 financial year. Applications for funding will be directed to the Urban Planning and Local Economic Development and addressed to Head of Department. Screening of applications, evaluation will be Led by the Head of the Department, facilitated by the Economic Empowerment task team, which will work with the project evaluation committee constituting one or two seconded portfolio councillors and senior officials in the Economic Planning Unit. The duties of this committee will be to make recommendations to the portfolio committee. External experts from various metro departments or outside might need to be brought in where necessary e.g. if the application is engineering based, engineers might need to participate on request. Participation can be through circulating the application for comments or by invitation to attend the committee's screening and selection meeting. The committee will assemble once month to evaluate applications. All applications that were received in that particular month will be evaluated at that month's committee meeting and will be forwarded to the portfolio committee a week after the meeting. After the project has been evaluated, recommendations will be made to the portfolio council and funds will be made as soon as applications are approved. Applicants might be requested to provide more information and make presentations for the project evaluation committee or portfolio council. **Site visit for project readiness** will be done before any funding is made available.
- l. The project must be in a capacity to begin two weeks from the date the application is approved and funds made available.
- m. All equipments and other resources purchased with project funds should remain assets of the project and should only be used for the project purposes. Ownership will be transferred to the council should the project dissolve or for any reason, fails to continue.

**PROJECT BUSINESS PLAN FOR THE APPLICATION
OF EKURULENI METROPOLITAN MUNICIPALITY'S
COMMUNITY DEVELOPMENT AND JOB CREATION FUND**

1. DETAILS OF APPLICANT :

1.1 Name of Applicant (Organisation): _____

1.2 Applicant's Contact Details and Physical Address

1.3 Details of Contact Person:

Name: _____

Tel: _____

Fax: _____

Email: _____

Cell: _____

1.4 Designation of Contact Person _____

2. PROJECT DETAILS AND BACKGROUND

2.1 Name of Project: _____

2.2 Project Background _____

2.3 Duration of Project (Starting & Completion date): _____

2.4 Project Goals and Objectives: _____

3. PROJECT DESCRIPTION

3.1 Which sector does the project relate? (Mark with X):

Agro-processing, Give details:

Manufacturing, Give details:

3.2 Project Location _____

Number of Targeted Beneficiaries _____

3.3 Brief summary of Market Research, Feasibility study, Environmental and Socio-Economic Impact Assessment. (Please attach detailed report)

3.4 Does the project respond to the Council's LDO/IDP? YES NO
 Give details _____

4. PROJECT OUTCOMES

4.1 Job Creation

Number of permanent direct jobs to be created _____

Number of permanent indirect jobs to be created _____

Number of temporary direct jobs to be created _____

Number of temporary indirect jobs to be created _____

4.2 SMME Capacity Building, Community Development and Black Economic Empowerment

Number of SMME's to be created _____

Number of existing SMME to be utilised _____

Number of community members to be empowered _____

How does the project meet objectives of black empowerment and transformation?

4.3 Skills Transfer

- Will the project members gain new skills by participating in this project? List all skills to be transferred (Give details in terms of quantity and levels)

- Will your project members need training/skills development before they can participate in the project? (Give details in terms of number of member to be trained and skills required)

4.4 Project Sustainability

Give details why the project is sustainable _____

5. FINANCIAL INFORMATION

5.1 Available funds (give details of funds and sources)

5.2 Available equipment (give details of equipment costs and sources):

5.3 Confirmed Funds/Contributions/Equipments you expect to get from other sources (give specific details)

5.4 Estimated project cost _____

5.5 Financial and/or Equipment contribution still required to leverage project costs:

5.6 Funding request from Ekurhuleni Metropolitan Municipality Community Development and Job Creation Fund: (Give details on the amount required and how is it going to be used):

5.7 Give Details of project's (association's/cooperative/s and not personal) cheque account:

5.8 Give names of people with signing powers

6. STAKEHOLDERS AND PARTICIPANTS

6.1 List all partners/stakeholders and state their level of involvement in funding, implementing and management of the project:

6.2 List all documents proving support (financial and non-financial) you have from other stakeholders and partners (Please attach all letters of financial and other support listed below)

7. METHOD OF EXECUTION

7.1 Give **specific** details on how the project will be implemented and managed (i.e. whether by individual, integrated team or consultant) (Please motivate for your management model).

EKURHULENI METROPOLITAN MUNICIPALITY
Home for Economic Empowerment