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PROVINCE OF THE EASTERN CAPE

CONSOLIDATED MUNICIPAL PERFORMANCE REPORT FOR 2021/22 FINANCIAL YEAR

COMPILED IN TERMS OF SECTION 47 OF THE LOCAL
GOVERNMENT: MUNICIPAL SYSTEMS ACT (ACT NO 32
OF 2000)

CONSOLIDATED MUNICIPAL PERFORMANCE REPORT FOR 2021/22 FINANCIAL YEAR

Our Vision

Development-oriented municipalities and institutions of traditional leadership that deliver sustainable quality services to communities in an integrated, responsive and accountable manner.

Our Mission

To co-ordinate support through government spheres and partnerships to municipalities and institutions of traditional leadership to fulfil their developmental mandates, for a better quality of life for all communities.

Our Values

Innovation, Transformative, Professionalism, Equality, Highest ethical standards, Staff our greatest assets, Responsiveness

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LIST OF ACRONYMS

AFS	Annual Financial Statements
AG	Auditor General
CDWs	Community Development Workers
CFO	Chief Financial Officer
DBSA	Development Bank of Southern Africa
DDG	Deputy Director General
DCOGTA	Department of Cooperative Governance and Traditional Affairs
DM	District Municipality
DDM	District Development Model
EPWP	Extended Public Works Programme
ES	Equitable Share
FBE	Free Basic Electricity
FBS	Free Basic Services
FBW	Free Basic Water
GM	General Manager
HH	Household
HoD	Head of Department
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
IHH	Indigent House Hold
ISRDP	Integrated Sustainable Rural Development Programme
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LM	Local Municipality
MEC	Member of Executive Council
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MPAC	Municipal Public Accounts Committee
MSA	Local Government Municipal Systems Act
MSIF	Municipal Support & Intervention Framework
MSIP	Municipal Support & Intervention Plan
NBI	New Business Initiative
NMBMM	Nelson Mandela Bay Municipality
NSDP	National Spatial Development Perspective
OTP	Office of the Premier
PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
PT	Provincial Treasury
QS	Quality Assurance
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SIU	Special Investigation Unit
URP	Urban Renewal Program
WSA	Water Service Authority
WSP	Workplace Skills Plan
5YLGSA	5 Year Local Government Strategic Agenda

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FOREWORD BY THE MEC FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS IN THE PROVINCE OF THE EASTERN CAPE, HONOURABLE ZOLILE WILLIAMS

This report on the performance of municipalities in the Province of the Eastern Cape in respect of the 2021/22 Financial Year has been compiled in accordance with the provisions of s.47 of the Local Government: Municipal Systems Act (Act No. 32 of 2000). It is a consolidated report that is, to a large extent, based on the performance reports prepared by individual municipalities in terms of s.46 of the Municipal Systems Act and submitted to the department. The report further attempts to measure the progress made by local government in the province in the year under review. Municipalities are required to submit their performance reports to departments responsible for local government in provinces.

It is rather a concern for me to be able to report that of the thirty – nine (39) municipalities in the Province of the Eastern Cape thirty – six (36) municipalities (92%) have complied and submitted their reports to my department. The exception is Dr Beyers Naude' Amathole, & Senqu municipalities. These two latter municipalities have not submitted due to a delayed issuance of their audit reports by Auditor General and political instability in Dr Beyers Naude'. This therefore means the report will only provide a picture of thirty-six municipalities instead. I also wish to commend municipalities for ensuring that the statutory requirement of compiling their Annual Reports is adhered to.

The results of the analysis of these reports will to a larger extent determine how municipalities have fared in delivering services to the communities during 2021/22 Financial year. The failure by a municipality to provide good and accurate information in their annual performance reports (or not to submit a report at all) will severely hamper the ability of my department to appropriately support municipalities in carrying out their constitutional mandate, build and strengthen their capacity. I also wish to remind municipalities that the compilation and submission of s.46 reports is a statutory requirement.

This report further highlights areas of weakness and of strength in the various municipalities per each Key Performance Indicator (KPI) and proposes remedial actions to be taken. Remedial

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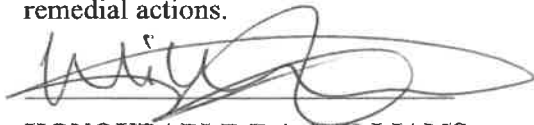
actions proposed are premised on the need to ready municipalities for the new paradigm shift that is associated with the need to synchronise planning reporting and budgeting.

In the foreword to the report for the 2020/21 Financial Year my predecessor committed himself to focus in improving the state of municipalities through the development of the State of Local Government Report together with National CoGTA to ensure that challenges experienced by municipalities are known and that relevant support is provided by government. This support continues and is augmented by the development of the *Risk Adjusted Strategy* which focuses on expediting expenditure on grants thus improving service delivery in municipalities.

Acknowledging challenges faced by my department in the preparation of this report, I am proud to present the Annual Performance Report in respect of municipalities in the Province of the Eastern Cape for the 2020/21 Financial Year. This report further specifies slight increase in performance by municipalities in three out of five key performance areas e i.e. KPA1,3 &4 which is very encouraging for the future.

In an effort to ensure better working relations with various key stakeholders in the province, various engagements, regular meetings of the three provincial coordinating departments (CoGTA, OTP and PT) are being held as well as active participation in the provincial government cluster system which ensures that all working groups channel the outputs of their specific indicators towards the attainment of provincial plans.

In conclusion, I wish to extend my sincere appreciation to all municipalities who submitted their s.46 reports but in the same vein wish to encourage them to provide the information in accordance with the format presented to them for easy diagnosis of challenges and appropriate remedial actions.



HONOURABLE Z.A. WILLIAMS

MEMBER OF THE EXECUTIVE COUNCIL

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL
AFFAIRS**

DATE: 11/09/2023

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2. MESSAGE FROM THE HEAD OF DEPARTMENT (HOD) OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, MR ANDILE FANI

Section 47 of the Local Government: Municipal Systems Act no. 32 of 2000 requires that the MEC for local government must annually compile and submit to the provincial legislature and the Minister a consolidated report on the performance of municipalities in the province. This report has been compiled from the thirty – six reports received from municipalities. The three municipalities that have not submitted their reports are Dr Beyers Naude` Amathole, & Senqu municipalities. These municipalities had various reasons with the latter two, having a delayed issuance of their audit reports by Auditor General and political instability in Dr Beyers Naude`

The importance of developing the consolidated report on the performance of municipalities cannot be overemphasised as it assists the department to have informed decisions on how municipalities should be supported.

Municipalities were supported through various initiatives which were implemented to fulfil what the MEC had committed in his policy speech. These were implemented to improve our approaches and work with integrity with the aim of replicating all these at the local government level. We are thus committed to changing the image of our department and in turn of all municipalities in the province in order to improve their credibility and creditworthiness.

Finally, I wish to extend my gratitude all the officials of the department who have contributed to the compilation of this report for all their hard work.



MR. A.A FANI

HEAD OF DEPARTMENT

DEPARTMENT OF COOPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS

DATE: 11/09/2023

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3. OVERVIEW OF PERFORMANCE

The overview of the performance of municipalities is presented per key performance area as reflected below:

KPA 1: Municipal Transformation and Organisational Development

The consolidated report for the 2021/22 financial year is a sum-total of thirty-six municipalities that have submitted their annual reports and were assessed. Three municipalities did not submit their Annual Reports at the time of this assessment despite the ample time provided to them to do so. Those include Senqu, Dr Beyers Naude` local municipalities, and Amathole District municipality. It is concerning that although a majority of municipalities have conformed to the Annual Reporting Circular (MFMA Circular 63), some have not reported according to that Circular, in that, in certain instances some would follow the table of contents as prescribed but not include the information required. Furthermore, after numerous interventions by officials from the Department, municipalities still continue to provide information in their own formats. It has been noted that an overall performance per district has increased in this KPA, with **Alfred Nzo** maintaining its status of the best performing district having performed at (69%) with 1% increase from the previous year; followed by **Buffalo City** (63%) and **Nelson Mandela** at (63%) **Sarah Baartman** (54%) at third place. The overall performance of all other districts is below 40%

KPA 2: Basic Service Delivery

The overall performance in this KPA has decreased in the year under review with a 1% regression from the previous year. However there are four districts that have shown improvement although their performance is below 50% and only the two metros are above 50%.

The performance in this KPA is rather concerning as this is the area where municipalities report on the delivery of services and seems that they rather fail to have clear plans nor report on the planned targets for the year.

KPA 3: Local Economic Development.

Generally, there is a decline in the filling of LED posts in LED units in municipalities in the current financial year. Not all municipalities have standalone LED Units. In some of the

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municipalities the LED Unit is either placed under the Municipal Managers office or under Spatial Planning. In some District Municipalities LED activities are delegated to Development Agencies.

There is a decline in the development and adoption of LED strategies in municipalities, whereas in some of the municipalities there is a lack of information regarding the implementation. The highest performing metro is the **Nelson Mandela Bay Metro**, with an overall performance of **82%** compared to **Buffalo City Metro Municipality** with overall performance of **50%** in the current financial year.

In 2021/22 financial year, the highest performing district is Alfred Nzo DM at **71%** followed by Amathole DM at **63%**. The lowest performing district is Joe Gqabi DM at **39%**.

KPA 4: Municipal Financial Management & Viability

There is generally a slight increase in the performance by municipalities under KPA 4 with both Nelson Mandela & Buffalo City Metros at 81%. Alfred Nzo DM is the second-best district at 72% with Or Tambo and Sarah Baartman district Above 60% and all other districts below 60%. The performance of municipalities in the year under review is satisfactory, the overall performance of municipalities per district and metros have shown an improvement across all indicators. They have managed to achieve more than 60% overall performance as compared to previous financial year.

The number of municipalities that have obtained *unqualified audit opinions with no matters of emphasis (Clean)* have decreased from four municipalities in previous year to three municipalities in the year under review. All municipalities have adhered to Section 126 (1) of the Municipal Finance Management Act (MFMA) and have submitted their Annual Financial Statement within the prescribed timeframe. While all municipalities have improved in spending their capital budget there are three municipalities have failed to disclose their capital budget information in this regard.

The number of municipalities that have managed to pay their creditors within the prescribed timeframe has increased as compared to the performance of previous financial year. Most Municipalities have shown an improved performance on the rate of consumer debt reduction, whereas most municipalities reported an increase on their debtors. Twenty-four municipalities have reported to have been unable to reduce their consumer debtors in the province.

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Three municipalities have failed to provide information on the establishment and functionality of its audit committee in the year under review. This is the committee that is established in order to advise the municipal council in all matters relating to the running of the municipality.

KPA 5: Good Governance and Public Participation

The performance under this KPA has been below 50% in the previous year and in the year under review the overall performance is below 60%. This has shown a slight improvement compared to previous year although they continue to perform below the required standard.

The highest performing municipality is **Amathole DM** in this KPA at 50% followed by **Alfred Nzo DM** at 44% which is an improvement compared to previous year. **Buffalo City Metro** has improved from 28,13% in the last financial year to 40,63% in the current financial year. **O.R Tambo DM** regressed from 48,44% compared to 39,58% in this current financial year. **Joe Gqabi DM** continues to decline in performance from 35,94 in 2020/21 to 32,03 in 2021/22 financial year. **Sarah Baartman DM** has improved from 28,52 in 2020/21 to 25,78 in 2021/22 financial year. **Chris Hani DM** has drastically declined from 32,59% in 2020/21 to 15,63% in 2021/22. **Nelson Mandela Metro** performance regressed from 40,63% in 2020/21 to 31.25% in 2021/22 financial year.

CHAPTER 1: INTRODUCTION AND BACKGROUND

1.1 The purpose of the report

Chapter 6 of the Local Government: Municipal Systems Act (Act No 32 of 2000) (hereinafter referred to as the Municipal Systems Act) and Chapter 12 of the Local Government Municipal Finance Management Act (Act No.56 of 2003) (hereinafter referred to as the MFMA) requires the development of this report in terms of:

Sec 46 (1) of the Municipal Systems Act requires a municipality to prepare for each financial year a performance report reflecting on the following:

- a) The performance of the municipality and of each external stakeholder during that financial year.

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- b) A comparison of the performance referred to in (a) with targets set for and performances of the previous financial year.
- c) Measures taken to improve performance.

Sec 127 (2) of the MFMA a municipality must compile and table in the municipal council its Annual Report within a period of seven months after the end of the financial year i.e. by no later than the 31st of January of each year. The Annual Performance Report that the municipalities must compile in terms of s. 46 of the Municipal Systems Act is one of the eleven (11) elements which comprise the Annual Report as is stipulated in s. 121 (3) of the MFMA.

Once the Annual Report has been tabled in the municipal council, the council must adopt an oversight report that contains council's comments on the Annual Report within a period of two months i.e. by no later than the 31st of March of each year but due to delays in the release of the audit outcome reports, municipalities adopted their Annual reports in May 2023. The council's comments must include, *inter alia* a statement as to whether the council has approved the annual report with or without reservations. The accounting officer is obligated in terms of s. 127 (5) (b) of the MFMA to submit, *immediately*, the annual report to, amongst others, the provincial department responsible for local government in the province and the provincial legislature.

The accounting officer of a municipality must, in terms of s. 129 (3) of the MFMA in accordance with s. 21A of the Municipal Systems Act, make public an oversight report referred to above within seven (7) days of its adoption.

Section 47 of the Municipal Systems Act requires the MEC for local government to annually compile and submit to the relevant provincial legislature and the Minister (responsible for local government) a consolidated report on the performance of municipalities in the province.

The report must:

- a) Identify municipalities that under-performed during the year;
- b) Propose remedial action to be taken; and
- c) Be published in the Provincial Gazette.

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The MEC for Local Government must submit a copy of the report to the National Council of Provinces as well.

This report herein referred to as a **S.47 report** has therefore been compiled in accordance with the requirements of s. 47 of the Municipal Systems Act.

1.2 Methodology followed in compiling the report

The primary source of data for the compilation of this s. 47 report is the individual reports that municipalities have compiled in terms of s. 46 of the Municipal Systems Act. In addition, the department has used the following documents to supplement the information supplied by the individual municipalities:

- Annual Financial Statements of municipalities
- The audit reports of individual municipalities for the year under review.
- The annual report of the department for the corresponding year in as far as it relates to support which the department rendered to municipalities.
- Support the various role-players and other strategic partners have rendered to municipalities in addressing specific challenges in the 2021/22 Financial Year.
- Report on the Municipal Infrastructure Grant expenditure for the year under review.
- Municipal budgets for the year under review.

This report has been compiled in accordance with the five (5) Key Performance Areas (KPA's) which are:

- KPA 1 – Municipal Transformation and Organisational Development
- KPA 2 – Basic Service Delivery
- KPA 3 – Local Economic Development
- KPA 4 – Municipal Financial Management and Viability
- KPA 5 – Good Governance and Public Participation

Each KPA encapsulates a number of Key Performance Indicators (KPIs) which have been proposed by the Department for Cooperative Governance. The performance of municipalities is measured against these KPIs. All municipalities were furnished with these KPIs.

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In previous years the municipalities submitted their respective Annual reports to the department and a preliminary assessment conducted and feedback given to municipalities to address the gaps identified before adoption of Annual report.

For the year under review, thirty-six (36) municipalities have submitted their reports and they are the basis on which the consolidated report on the performance of municipalities in the province has been compiled.

The methodology followed in the development of this report is reflected hereunder as follows:

- Five departmental assessment teams comprising officials with relevant knowledge and insight into the five (5) KPAs of local government were established to assess the s.46 reports using the proposed key performance indicators.
- Each team assessed the performance information uploaded by municipalities per KPAs and KPIs.
- Only the most relevant KPIs were selected and prioritised to serve as the basis for the performance assessment.
- For each KPI the assessment team members who are functionaries of the relevant functional areas identified key elements that were considered to determine the extent to which a municipality fulfils the requirements of the applicable KPI.
- The fulfilment of each KPI has been expressed in terms of Quality Standards through an **Assessment Tool** viz. *Excellent, Very Good, Good, Weak and Disclaimer (where no information has been submitted)*. The expression of these quality standards depended on how many of the identified elements of a KPI have been or not been met.
- **Excellent** is obtained when all five key elements defining a KPI have been met and **disclaimer is** reflected where zero (0) or no information is provided. Each quality standard is weighted in terms of a score with **4** being the highest and **1** being the lowest. **Zero (0)** represents the non-submission of information altogether represented with **Blue** colour whilst **Black** represents non applicability of the KPI to that municipality, **Red** represents target not set by a municipality.
- If all elements are met, a municipality obtains the highest score for that particular KPI. If fewer elements are reflected in an indicator the score drops accordingly.

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NB: It should be noted that a disclaimer does not necessarily indicate that 'achievement' in a particular KPA is poor but that 'no information was provided in the document'. It therefore does not reflect actual performance level.

Despite this, returning a 'disclaimer' is rather serious, because it totally precludes insight into what the municipality is doing with regards to that KPI and hence what support it needs thereof if any. As a result, for the purposes of this assessment, a 'disclaimer' will be considered as a 'non-performance'.

All the above information is captured in an Excel Spread Sheet and graphs are automatically generated to reflect the performance of a municipality based on the satisfaction of the elements per indicator. This information in turn, is used to develop a Consolidated Municipal Annual Performance Report (s47) per KPA reflected below: -

2. MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT (KPA 1)

2.1. Introduction

For effective and efficient service delivery in a municipality, there has to be committed political and administrative leadership with sound administrative and management processes in place. The performance of municipalities in meeting their IDP milestones and becoming sustainable institutions depends on their capacity to transform themselves and appropriately use the available resources. Each year, the report on KPA 1 aims at reflecting on how the organisational structures and the employment patterns of municipalities are contributing to municipal transformation and institutional development. While progress is slow in many municipalities, there are some that are striving towards meeting the expected standards.

As part of the Section 46 Municipal Report, KPA 1 is assessed to give clear indication on municipal performance and challenges encountered in respect of organisational development and transformation.

The assessment is undertaken on all twelve (12) Key Performance Indicators (KPIs) however as guided by the section forty-seven (47) report, this report is developed and limited to the following KPIs:

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- Vacancy rate for all approved posts
- Percentage of appointment in strategic positions (Section 54 & 56 Managers)
- Employment Equity
- Performance Management Systems

As guided by the above indicators, KPA 1 report reflects on how municipalities performed in respect of the vacancy rate on the approved posts, filling of section 54 & 56 manager's positions, meeting of employment equity targets and implementation of performance management systems.

2.2 Measurement of selected KPIs

The performance of municipalities on this KPA was assessed using twelve (12) KPIs. It should be noted that, the report will only reflect four (4) KPI's on municipalities' performance as required by the Department of Cooperative Governance and Traditional Affairs (CoGTA).

They are as follows:

- Vacancy rate in respect of all approved posts
- Filling of Section 54A/56 positions
- Employment Equity
- Performance Management Systems

2.2.1 Vacancy rate in respect of approved posts

In accordance with the provisions of Section 66 of the Municipal Systems Act, (Act No. 32 of 2000) which provides clear guidelines on the staff establishment of a municipality, the institutions must reflect on the vacancy rate of the approved posts. After approval of the staff establishment by the council, the Municipal Manager is expected to ensure that all approved posts are filled. The filling of the posts will give an indication that the municipalities will be able to deliver in the objectives and fulfil the mandate of their institutions. The inability of municipalities to have adequate human resources will have an adverse impact in their endeavours to deliver effective and sustainable services.

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The reduction of the high vacancy rate continues to be a challenge for most municipalities and some have opted to request assistance from the department through secondment of officials which is also a huge challenge for both the department and the municipalities.

It is worth mentioning that disregarding the inadequate financial resources that our municipalities may have; the geographic rural nature of our province is a hindrance for the municipalities to attract and/ or retain skilled and competent personnel. It is on this basis that our department has determined that a **15%** vacancy rate is acceptable.

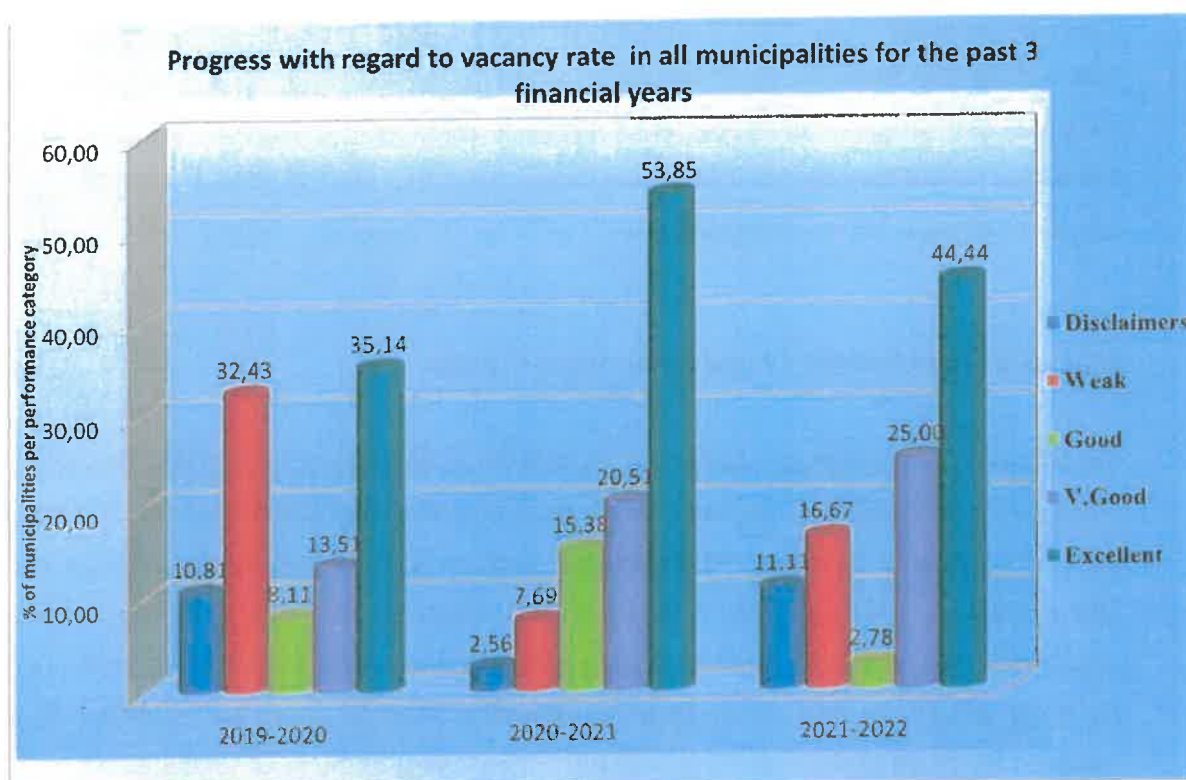
It is encouraging to observe that the number of municipalities who are able to reduce their respective vacancy rate in particular where posts are budgeted for has continued to increase.

The performance of municipalities in relation to this KPI was assessed based on the following performance standards:

- **Excellent** : If up to 15% of approved and funded posts are vacant;
- **Very good** : If 16% - 30% approved and funded posts are vacant;
- **Good** : If 31% - 45% approved and funded posts are vacant;
- **Weak** : If 46% and above of approved and funded posts are vacant; and
- **Disclaimer:** If no information is provided in the annual report.

Reflected below is a graphical presentation of the performance assessment results in respect of progress regarding the vacancy rate in all municipalities.

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The graph above reflects a significant decrease in the number of municipalities that have obtained “excellent” performance in reducing their vacancies since their vacancy rate is less than 15% for the approved and budgeted posts during the year under review as compared to the previous year. Sixteen (16) municipalities (44%) have obtained “excellent” performance as compared to the twenty one (21) municipalities (54%) in the previous financial year. These municipalities are as follows:

Buffalo City, Umzimvubu, Winnie Madikizela Mandela, Mbhashe, Mnquma, Ngqushwa, Raymond Mhlaba, Kouga, Sundays River Valley, Ndlambe, Emalahleni, Sakhisizwe, Mhlontlo, Nyandeni, Elundini and Matatiele

Of the sixteen (16) municipalities with “excellent” performance four (4) fall within Amathole DM, three (3) within the jurisdiction of Sarah Baartman DM, three (3) are under Alfred Nzo DM, two (2) under Chris Hani DM, two (2) under OR Tambo, one (1) under Joe Gqabi and Buffalo City Metro

The percentage of municipalities that have obtained “very good” performance has increased from 21% to 25%. There is a drastic decrease in the percentage of municipalities that have obtained good performance. The municipalities have decreased from 15% to 3%. There is a

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remarkable decrease in the number of municipalities that have obtained “weak” performance from 32% to 7%. There is also an increase in the number of municipalities that have obtained disclaimers from 8% to 17%. Although the number has decreased there are still municipalities that do not submit the required information on this indicator. Overall, there is an increase in filling of vacancies in most municipalities.

2.2.2 Filling of Section 54 and 56 Managers’ posts

The filling of the key strategic positions in municipalities do not only warrant them to comply with Sections 54A and 56 of the Local Government Municipal Systems Amendment Act, (Act No. 7 of 2011) but it is a matter of the strategic location of the position for the effective and efficient running of the municipal administration. In enhancing municipal transformation and organisational development, the Department continues to support municipalities by facilitating the filling of s.54A and 56 managers posts that are budgeted for and it has yielded positive results as the graph below shows a remarkable improvement in the number of municipalities that have filled the critical positions. Political and administrative instability are contributing factors to the delays in the recruitment process in various municipalities in the event of employment contracts having expired as well as when there are resignations and or expulsions in the management positions.

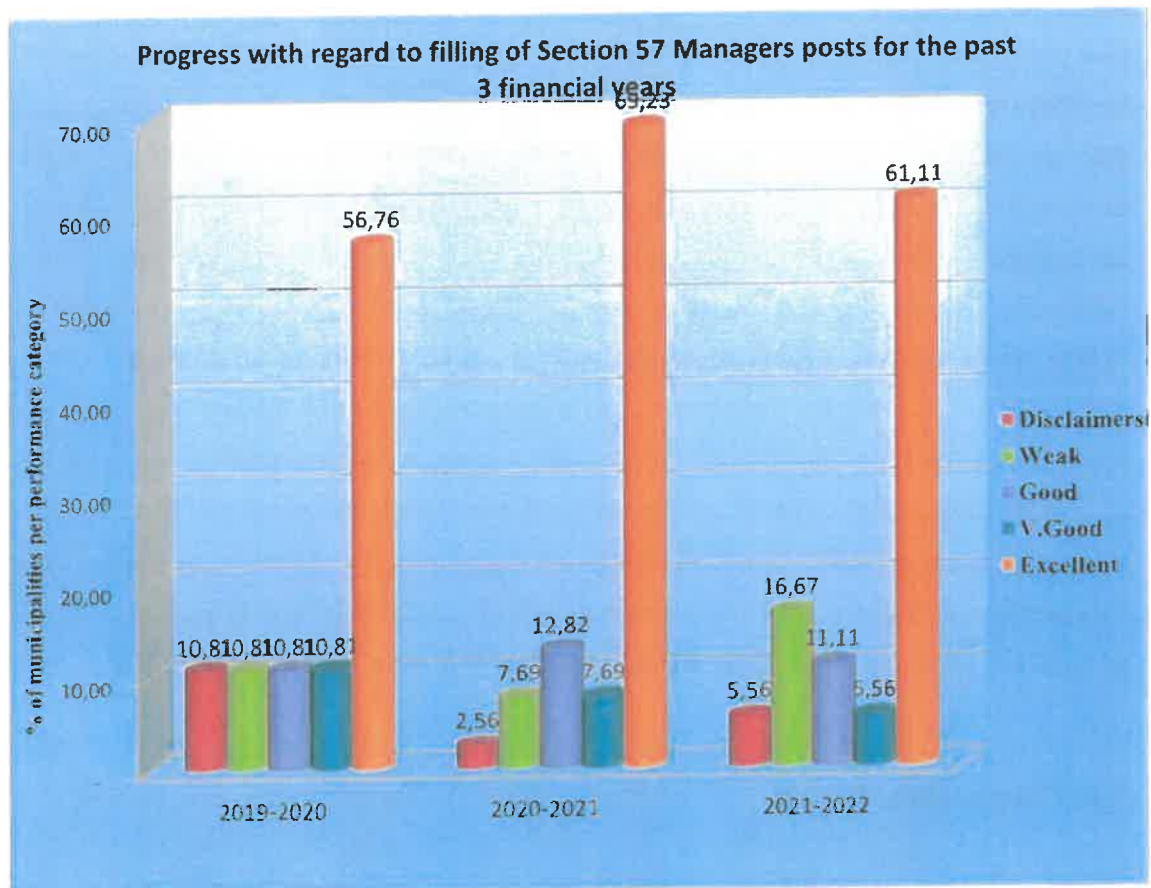
All municipalities are encouraged to comply with the Municipal Systems Act as amended by ensuring that qualified, experienced, competent and skilled personnel are appointed as well ensuring that employment contracts are signed before commencement of duties and performance agreements are signed and submitted to the MEC for local government within the legislated timeframes. The assessment of the performance of municipalities in the filling of s.54A & 56 Managers’ posts was based on the following performance standards:

- **Excellent** : If the municipality reports 100% appointment of MM and S.56 Managers;
- **Very good** : If the municipality reports 85–99% appointment of MM and S.56 Managers;
- **Good** : If the municipality reports 70–84% appointment of MM and S.56 Managers;

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- **Weak** : If the municipality reports 69% and less of non-filling of MM and S.56 Managers;
- **Disclaimer:** If no information is provided in the annual report.

The performance assessment result for the year under review is graphically reflected below:



The graph above reflects that there is a decrease in the number of municipalities that have obtained “excellent” in the filling of sec 54A and 56 manager posts. Twenty-two (22) municipalities (61%) have obtained excellent as compared to the previous financial year where there were twenty seven (27) municipalities (69%). These municipalities are as follows:

Buffalo City, Matatiele, Ntabankulu, Umzimvubu, Winnie Madikizela Mandela, Mnquma, Ngqushwa, Sarah Baartman, Kouga, Ndlambe, Sundays River Valley, Inxuba Yathemba, KSD, PSJ, Joe Gqabi, Mbhashe, Amahlathi, Raymond Mhlaba, Intsika Yethu, Nyandeni, Sakhisizwe, Blue Crane Route

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Of the twenty two (22) municipalities with “**excellent**” performance five (5) fall within the jurisdictional area of *Sarah Baartman DM*, three (3) are under *Chris Hani DM*, Joe *Gqabi DM*, three (3) under *OR Tambo DM*, five (5) under *Amathole DM* and four (4) under *Alfred Nzo DM & Buffalo City*

There is a decrease in the number of municipalities that have obtained “**very good**” performance. Two (2) municipalities (6%) had obtained “very good” as opposed to the previous year where three (3) municipalities (8%). This shows that there is a decline in municipalities in filling of sec 54A and 56 manager posts. There is a decrease in the number of municipalities that have obtained good. The percentage moved from 13% to 11%. There is a noticeable increase in the number of municipalities that have obtained weak from 8% to 17%. There is an increase in the number of municipalities that have obtained disclaimers due to non-submission of the required information. The municipalities have increased from 3% to 6%. Walter Sisulu and Chris Hani municipalities did not submit the required information.

There is a decline in the appointments of sec 54&56 managers in municipalities due to the end of term of employment contracts and the delays in the recruitment processes. There is still a need for the department to put more efforts into supporting municipalities in filling senior management posts (sec 54 and 56) to ensure compliance with Municipal Systems Act, Act 32 of 2000 as well as the Local Government Regulations that were promulgated in 2014.

2.2.3 Employment Equity

To monitor the strides that are undertaken by government at all levels to redress the employment imbalances of the past, the government has introduced the Employment Equity Act, (Act No. 55 of 1998) as a monitoring and measuring tool. In terms of this Act municipalities are expected to develop plans with clear targets on how they intend implementing the provisions of the Act in their endeavour to redress the existing situation in their institutions. Their plans must reflect on the planned employment targets of the youth, people with disabilities, gender and race.

The assessment of performance in implementing employment equity plans looked at the following target groups:

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- Percentage of female employees;
- Percentage of staff complement with a disability; and
- Percentage of employees that are aged 35 or younger.

The performance assessment in respect of each of the above indicators was based on the following performance standards:

Percentage of female employees;

- **Excellent** : if the municipality reports at least 50% or more of employees are female;
- **Very good** : if the municipality reports at least 40% of employees are female;
- **Good** : if the municipality reports at least 30% of employees are female;
- **Weak** : if the municipality reports 29% and less female employees; and
- **Disclaimer:** If no information provided in the annual report.

Percentage of staff complement with a disability;

- **Excellent** : if at least 2% of disabled staff members against the total number of staff;
- **Very good** : if at least 1.5% of disabled staff members against the total number of staff;
- **Good** : if at least 1% of disabled staff members against the total number of staff;
- **Weak** : if at least 0.5% of disabled staff members against the total number of staff; and
- **Disclaimer:** if no information is provided in the annual report.

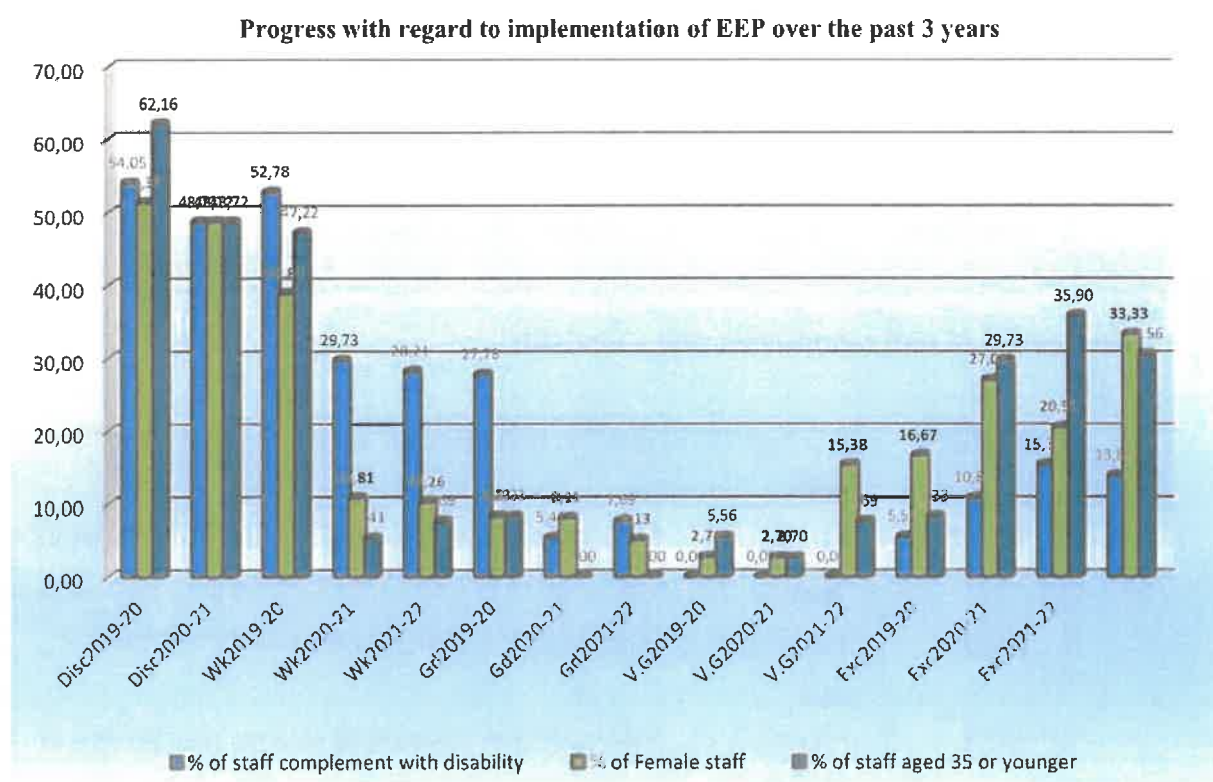
Percentage of employees that are aged 35 or younger;

- **Excellent** : if the municipality reports at least 20% of employees are aged 35 or younger;
- **Very good** : if the municipality reports at least 15% of employees are aged 35 or younger;

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- **Good** : if the municipality reports at least 10% of employees are aged 35 or younger;
- **Weak** : if the municipality reports 9% and below of employees are aged 35 or younger; and
- **Disclaimer:** if no information provided in the annual report.

The performance assessment result of municipalities for the year under review is graphically reflected below:-



There are three (3) indicators used to assess the performance of municipalities with regard to employment equity.

The graph above shows that: -

There is a decrease in the employment of people with disabilities which is concerning. There are five (5) municipalities (14%) that have obtained “excellent” as compared to the previous financial year where there were six (6) municipalities (15,4%) . This shows that municipalities still do not comply with this indicator as required by legislation.

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The following are the municipalities that have obtained “excellent”:

Great Kei, Winnie Madikizela Mandela, Makana, Ntabankulu & Umzimvubu

There is a commendable increase in the number of municipalities that have obtained “excellent” in the appointment of females. There are twelve (12) municipalities (33%) that have obtained excellent in this indicator as compared to the previous year where there were eight (8) municipalities (21%) .

The following are the municipalities that have obtained “excellent” in the appointment of females:

Elundini, Winnie Madikizela Mandela, Ntabankulu, Matatiele, Alfred Nzo, Buffalo City, Umzimvubu, Great Kei, Mnquma, Raymond Mhlaba, Sarah Baartman, & Makana

Of the twelve municipalities five (5) are under Alfred Nzo, three (3) under Amathole and three (3) under Sarah Baartman and Buffalo City Metro

There is a decrease in the employment of youth in municipalities. The graph above shows eleven (11) municipalities (31%) that obtained “excellent as compared to the previous financial year where there were fourteen (14) municipalities (36%) . Municipalities are urged to prioritise the appointment of youth in order to reduce youth unemployment rate.

The following are the municipalities that have obtained “excellent” in the appointment of youth:

Alfred Nzo, Matatiele, Ntabankulu, Umzimvubu, Winnie Madikizela Mandela, Great Kei, Makana, Sundays River Valley, Koukamma, Elundini & Kouga

Of the eleven (11) municipalities, only one (1) municipality under Amathole, five (5) under Alfred Nzo, four (4) under Sarah Bartmaan and one (1) under Joe Gqabi. Nineteen (19) municipalities (49%) obtained a disclaimer. These are the municipalities that did not submit the required information. This is most municipalities and red flag should be raised by the department.

The department needs to develop strategies to assist municipalities to report correctly in the submission of information. Most municipalities have not submitted this information.

The non-submission of the statistical information in this regard will hinder government’s agenda of addressing the past imbalances which continue to haunt our governance strategy.

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Mentioned below and for purposes of noting and to make the necessary follow-ups are municipalities that have failed to submit this critical information:

Nelson Mandela Metro, Buffalo City, Amathole, Dr Beyers Naude, Ndlambe, Chris Hani, Emalahleni, Engcobo, Enoch Mgijima, Intsika Yethu, Inxuba Yethemba, Sakhisizwe, O.R Tambo, Ingquza Hill, Nyandeni, PSJ, Elundini, Walter Sisulu & Senqu

The number of municipalities not submitting information continues to increase even after the efforts made by the department to inform and remind them to submit.

This is a serious concern as this is critical compliance information that seeks to acknowledge the strides taken by municipalities to address and recognise recruitment of female employees, the number of municipalities that did not respond is a concern.

The non-submission of information by municipalities on the implementation of employment equity targets is a major concern as the majority of municipalities did not submit information in all the three elements of this indicator despite them being guided through the reporting indicators and constant interaction with departmental officials to do that.

This situation poses a serious challenge and renders it impossible to portray a true picture of the situation in municipalities in all the areas of employment equity.

2.2.4 Performance Management System (PMS)

The Constitution of the Republic of SA, the White Paper on Local Government and with specific reference to Section 38 of the Municipal Systems Act mandate all municipalities to:

- Promote a culture of performance management among its political structures, political office bearers, councilors and in its administration; and
- Administer their affairs in an economical, effective, efficient and accountable manner.

Sec.40 of the same Act - states that a municipality must establish mechanisms to monitor and review its performance management system.

A municipality must develop a PMS commensurate with its resources, best suited to its circumstances and in line with its IDP. In terms of s.54A and 56 of the Systems Act a person

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appointed to the position of Municipal Manager and a person reporting directly to the Municipal Manager may only be appointed to that position in terms of an employment contract and subject to a separate Performance Agreement being concluded annually.

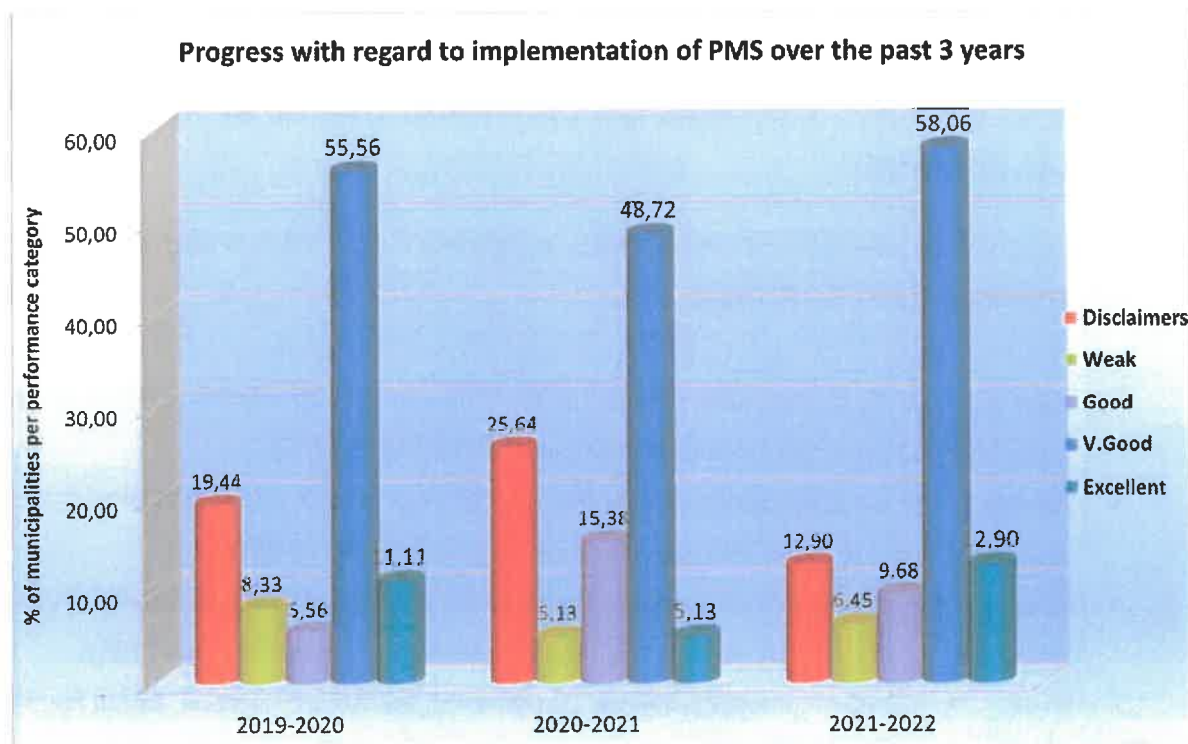
Additional to the above, municipalities have a responsibility to cascade the PMS to all levels of their staff members.

The performance assessment of municipalities in implementing a PMS was this year based on the following performance standards:

- **Excellent** : if the municipality reports that the PMS has been developed, adopted by the council and is fully implemented (institutional and individual PMS);
- **Very good** : if the municipality reports that the PMS has been developed, adopted by the council but is partially implemented (institutional and individual PMS);
- **Good** : if the municipality reports that the PMS has been developed, adopted by the council but is not yet being implemented (neither institutional nor individual PMS);
- **Weak** : if the municipality reports that the PMS has been developed, tabled but not yet adopted by the council; and
- **Disclaimer**: if no information is provided in the annual report.

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The results of the performance assessment for the 2020/21 financial year are reflected in the graph below.



The graph above shows an increase in the number of municipalities that have obtained “excellent” on PMS implementation. There are four (4) local municipalities (13%) and two (2) district municipalities (40%) that have obtained excellent in the PMS implementation. The following municipalities have obtained “**excellent**” in PMS implementation: -

Nyandeni, Ntabankulu, Great Kei, Mnquma, Saraah Baartman and Joe Gqabi

There is an increase in the number of municipalities that have obtained “**very good**” on PMS implementation with eighteen (18) local municipalities and Alfred Nzo DM (20%).

There is a remarkable increase in the number of municipalities that have obtained “**disclaimer**” performance from 26% to 13% which represents one district, four local municipalities that have not submitted the required information.

The following are the municipalities that did not submit the required information.

Ingquza Hill, Umzimvubu, Sakhisizwe, , Walter Sisulu & Chris Hani

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The implementation of the performance management system will enable municipalities and the national and provincial spheres of government to make meaningful interventions on the challenges that are affecting and/or hindering municipal accepted levels of performance.

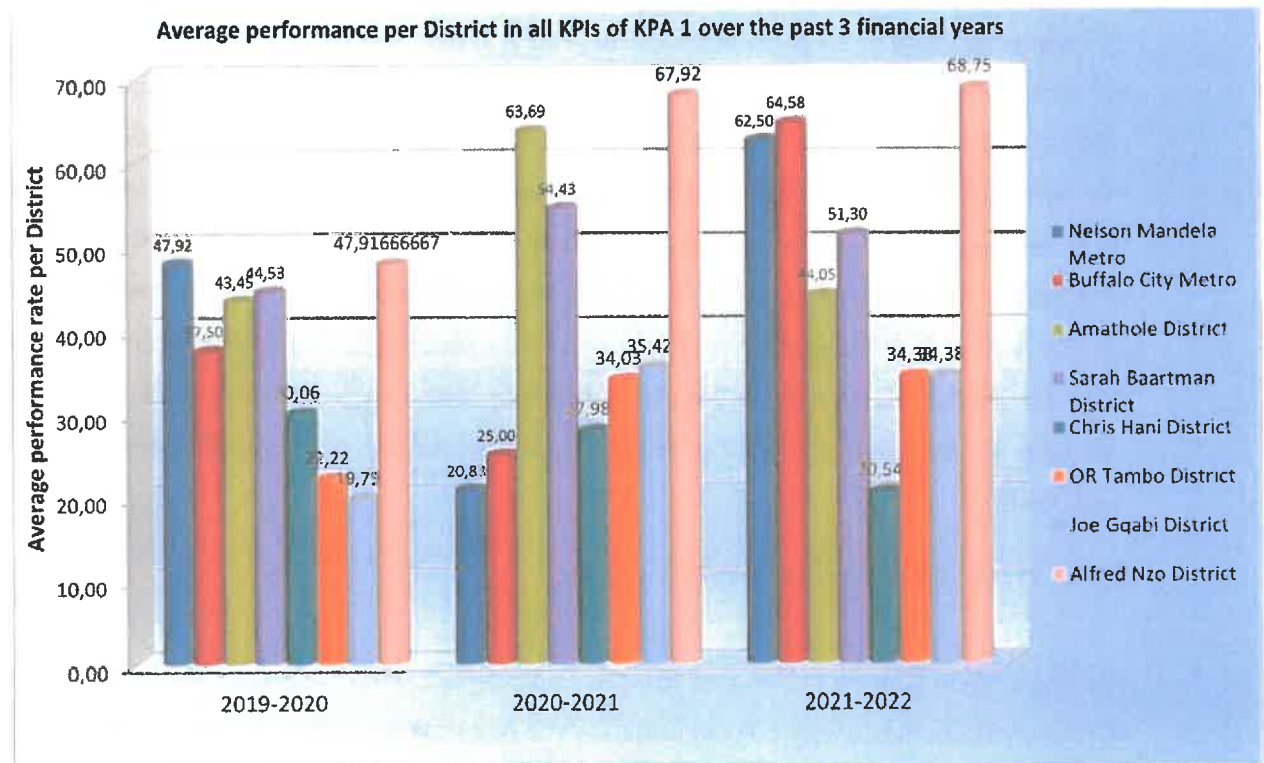
The failure of the municipalities to submit information on the status of the implementation of their performance management is really disturbing to say the least. Performance Management Systems are underpinned by a plethora of legislative frameworks which all municipalities must comply with. It is the responsibility of the political leadership of all municipalities to ensure that their institutions do comply with the legislation. This shows weakness in the oversight structures in managing, monitoring, reviewing and accounting on the performance of their municipalities.

2.3 Overall performance achievement

The Department is using twelve (12) key performance indicators to measure the performance of municipalities in Municipal Transformation and Organisational Development. In this report the Department has only focused on those indicators which CoGTA has identified. However, it is important for the department to obtain a complete picture of the performance of municipalities in all twelve (12) indicators to be able to design effective support programmes.

The assessment results showing the average performance per DM area regarding all twelve (12) KPIs used is represented in the graph below:

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The graph above reflects the performance in this KPA. Alfred Nzo is taking over as the best performing district increasing from 68% to 69%. followed by Buffalo City from 25% to 65, followed by Nelson Mandela from 21% to 63%, followed by Sarah Baartman from 54% to 51%, followed by Amathole from 63% to 24%. This is due to Amathole DM that did not submit the report. Chris Hani has decreased from 28% to 21%. O.R. Tambo is stagnant at 34%. Joe Gqabi has decreased from 35% to 34%.

2.4 Observations

The observations reflect that there is inconsistency in the performance of the districts. Two metros and two districts have improved across all Key Performance Areas (KPAs). The municipalities do not maintain their level of performance.

The department will continue to engage municipalities and convince them to use the prescribed local government indicators through reminders and workshops.

2.5 Challenges

Below are the challenges that have been identified during the financial and previous years as some are not easily resolved on KPA 1 (Institutional Transformation and Organisational Development): -

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- Certain municipalities delay the filling of critical positions including the strategic positions.
- Municipalities delay submitting the Organograms to the department (MEC) to ensure whether they have been developed in compliance with the Local Government Regulations.
- Workplace Skills plan (WSP) in a majority of municipalities is adopted, however the municipalities struggle to implement the plan (LGSETA takes too long to provide funds to conduct training as well as financial constraints from municipalities).
- Mandatory grants received from LGSETA are being utilised in other programmes.
- Certain municipalities do not have Human Resource (HR) Plans, others take too long to review their plans, while most municipalities have Human Resource Plans but these plans are not aligned to the IDP as a result they are not properly implemented.
- In most municipalities it seems difficult to cascade PMS implementation to the lowest level due to the nature in which employees are employed;
- Delays in the finalizing labour related cases or matters;
- Organisational structures still need urgent attention because although the department has provided hands on support to municipalities there is still a challenge;
- Poor implementation of Employment Equity Plans

2.6 Support Interventions

- The department is already conducting workshops for municipalities officials and Councillors to capacitate them on the processes in the reviewing and implementation of staff establishment / organogram;
- The department is responsible for assisting in the filling of critical vacant posts of Senior Managers to ensure compliance with the **Municipal Systems Act, Act 32 of 2000 as well as the Local Government Regulations promulgated in 2014** by assisting in the crafting of compliant advertisements and participating in the shortlisting and interview processes. The department monitors and analyses recruitment submissions and submits reports to the MEC and Minister on the compliance with regard to the appointment of senior managers.

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- Workshops to be conducted on how to review or establish HR plans during the first quarter of 2023/24 financial year;
- Aligning the Organogram with IDP of the municipalities through several workshops in line with the **Municipal Systems Act, Act 32 of 2000 as well as the Local Government Regulations of 2014** has been done.
- The Department also assisted municipalities to resolve their labour disputes and conducted section 106 investigations as per the **Municipal Systems Act, Act 32 of 2000 as amended** in respect of suspected maladministration referred to the MEC.
- The Department also assisted in the submission and analysis of the employment contracts of the senior managers in terms of the **Municipal Performance Regulations of 2006** as well as the Systems Act to ensure compliance and alignment with the Government Gazette on the Upper Limits of Senior Managers.
- The department has a constitutional and legislative mandate to support and strengthen the capacity of municipalities

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3. BASIC SERVICE DELIVERY (KPA 2)

3.1 Introduction

The provision of infrastructure is critical for the delivery of basic services and central to the functional responsibilities of municipalities to ensure the quality of lives of all citizens. National and provincial spheres of government are mandated by legislation to support and build capacity for municipalities to pursue this mandate to their communities. It is of outmost importance for municipalities to ensure that the services they deliver are sustainable.

Delivery of basic services constitutes the core business of local government. Without the necessary provision of infrastructure, attempts to deliver on this mandate will be futile. The Eastern Cape remains one of the most predominantly rural provinces in the country which requires effective implementation of the free basic services through indigent policies.

Due to limited technical capacity, the National Department of Cooperative Governance in collaboration with the Provincial department responsible for local government, Municipal Infrastructure Services Agency (MISA) was established as a vehicle to provide the most needed capacity through deployment of highly skilled personnel in municipalities.

This report therefore provides information on how municipalities have performed in the 2021/22 Financial Year in relation to their core mandate which is the provision of basic services such as water, electricity, sanitation, roads and refuse removal including Spatial Development Frameworks and Land Use Management as well as Free Basic Services.

3.2 Measurement of selected KPIs

In analysing the performance of municipalities with regards to this KPA, the Department of Cooperative Governance and Traditional Affairs (CoGTA) has identified eighteen (18) KPIs which are regarded as very critical to address service delivery challenges in the municipalities.

Out of eighteen (18) KPIs assessed, the report focuses on progress and the performance of eight (8) key KPIs as follows:

- Access to Potable Water
- Access to Free Basic Water

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- Access to Sanitation
- Access to Free Basic Sanitation
- Access to Electricity
- Access to Free Basic Electricity
- Access to Roads
- Indigent Policy Implementation

The performance of municipalities for each KPI reflected above was assessed according to the following performance standards:

- ***Excellent performance*** : If the municipality reports at least 90% achievement of their yearly target;
- ***Very good performance*** : If the municipality reports between 70% - 89% achievement of their yearly target;
- ***Good performance*** : If the municipality reports between 50% - 69% achievement of their yearly target;
- ***Weak performance*** : If the municipality reports less than 50% achievement of their yearly target; and
- ***Disclaimer*** : If there is no information provided in the report on a particular indicator.

3.2. 1 Access to Potable Water

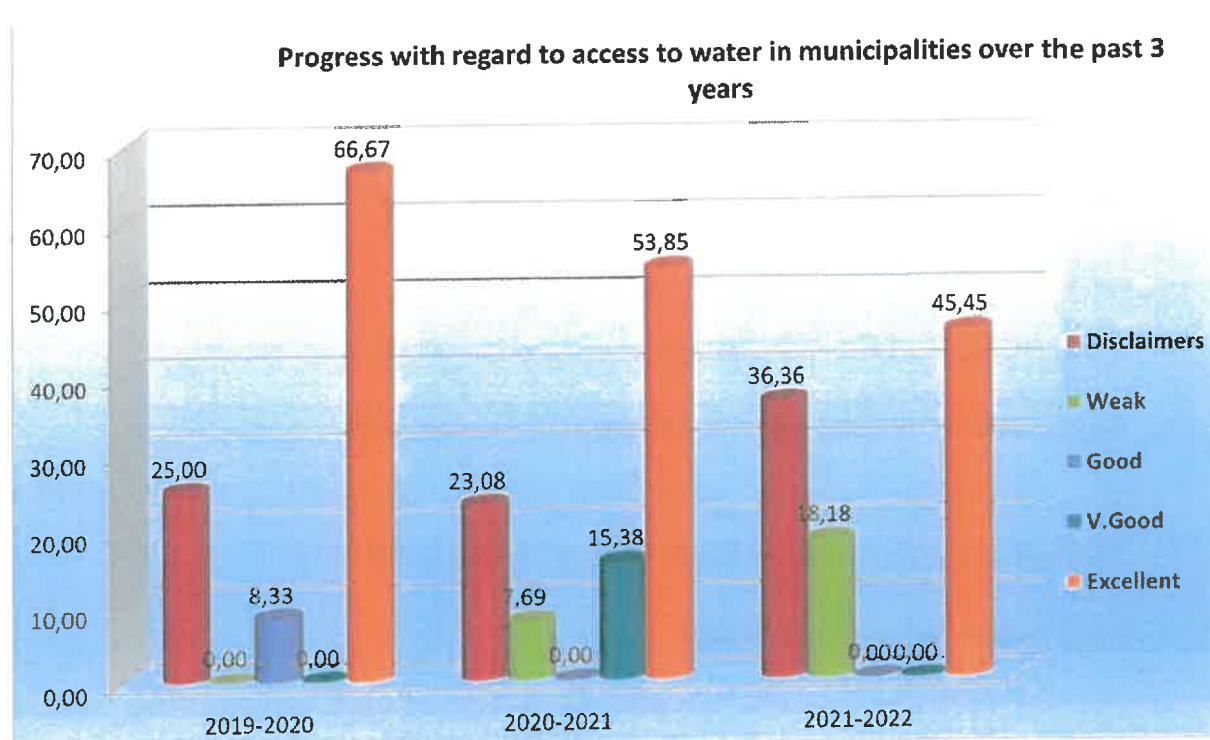
Performance on water provision is assessed on the number of households receiving above minimum level of services i.e piped water inside dwellings, outside yard, public taps within 200m and those receiving water below minimum level service that is taps more than 200m and no water supply in both formal and informal settlements.

It should also be noted that not all municipalities are water service authority and provider. All municipalities in the Sarah Baartman District Municipality perform water and sanitation services except for the district. In other districts, only district municipalities that are water service authority and provider therefore fourteen (14) municipalities were assessed for this indicator.

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One of the mandates of the government is to ensure that every citizen of the country has access to potable water. From the analysis of the municipal performance reports of 2021/2022 regarding access to potable water it is noted the province has slightly improved as compared to the previous year.

Results of the performance regarding access to Potable Water are reflected in the graph below:



The graph above shows a gradual decline with the number of municipalities that obtained “**Excellent**” in the access to potable water. From 2019-2020 financial year 66.67% has been achieved with 53.85% in the following year, in the current financial year the excellent municipalities have dropped to 45.45%. In the year under review the number of “**Disclaimer**” municipalities has increased from 25.0% in 2019/20 and 23.08% 2020/21 to 36.36%. There are no municipalities that have obtained good or very good in the current year, that have resulted to the increase in the number of municipalities performed weak 18.18% whilst there were few numbers performed very good and good in the previous years. where the drop in the “**Disclaimer**” resulted in the increase in the number of municipalities obtaining “**Good**”, this is not the case currently. It is worth noting that there has been an increase in municipalities obtaining the “**Very Good**” standard.

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In the current year under review, Five (5) municipalities have received “Excellent” standard while a slight increase is noted with Five (5) municipalities receiving “Disclaimer” standard and two (2) receiving the “Disclaimer” standard.

The following municipalities have achieved “excellent” performance with regards to provision of potable water:

Nelson Mandela Bay, Buffalo City Metro, Kouga LM, Ndlambe LM, Sunday’s River Valley LM .It must be noted that Sundays River and Kouga have maintained an “Excellent” standard which is a good practice.

The following is a list municipality that have performed “weak”.

Alfred Nzo DM and Blue Crane LM

The following is a list of municipalities that have obtained “*Disclaimer*” standard:

Koukamma LM, Makana LM, OR TAMBO DM, Joe Gqabi DM

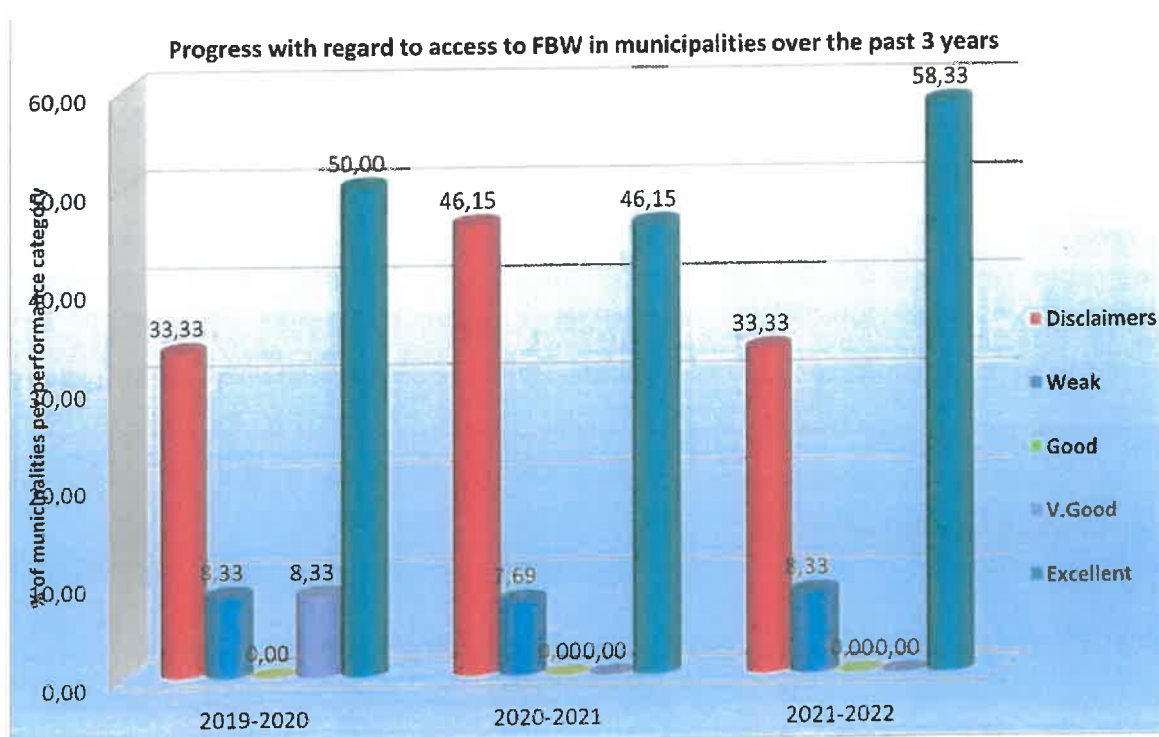
It is a cause for concern that the O.R. Tambo is still in the “Disclaimer” category and that Blue Crane has performed “weak” in the previous year and the current year.

3.2.2 Access to Free Basic Water

Only indigent households qualify for Free Basic Water. Municipalities must determine whether households meet the criteria to qualify for free basic water. FBW consists of a minimum of 6KLs of free basic water per month per household.

The Reconstruction and Development Programme (RDP) of 1994 states that all households must be provided with a minimum standard of 200m to the standpipe.

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The graph above shows increases with the number of municipalities that obtained “Excellent” in the access to Free Basic Water from 2019-2020 financial year 50% has been achieved with 46% in 2020/21 to 58% in the current financial year 2021/22. The disclaimer municipalities have dropped from 46% in the before 33.33% the year under review. There are no municipalities that have obtained good or very good in the current year, which have caused a slight increase in the weak category.

The following are the municipalities that have performed in the “*Excellent*” category:

Nelson Mandela Bay Metropolitan, Blue Crane Route LM, Kouga LM, Ndlambe LM, Sunday’s River Valley LM, Chris Hani DM, Joe Gqabi DM

The following list of municipalities are in the “Disclaimer” Category:

Alfred Nzo DM, Koukamma LM, Makana LM, O.R Tambo DM

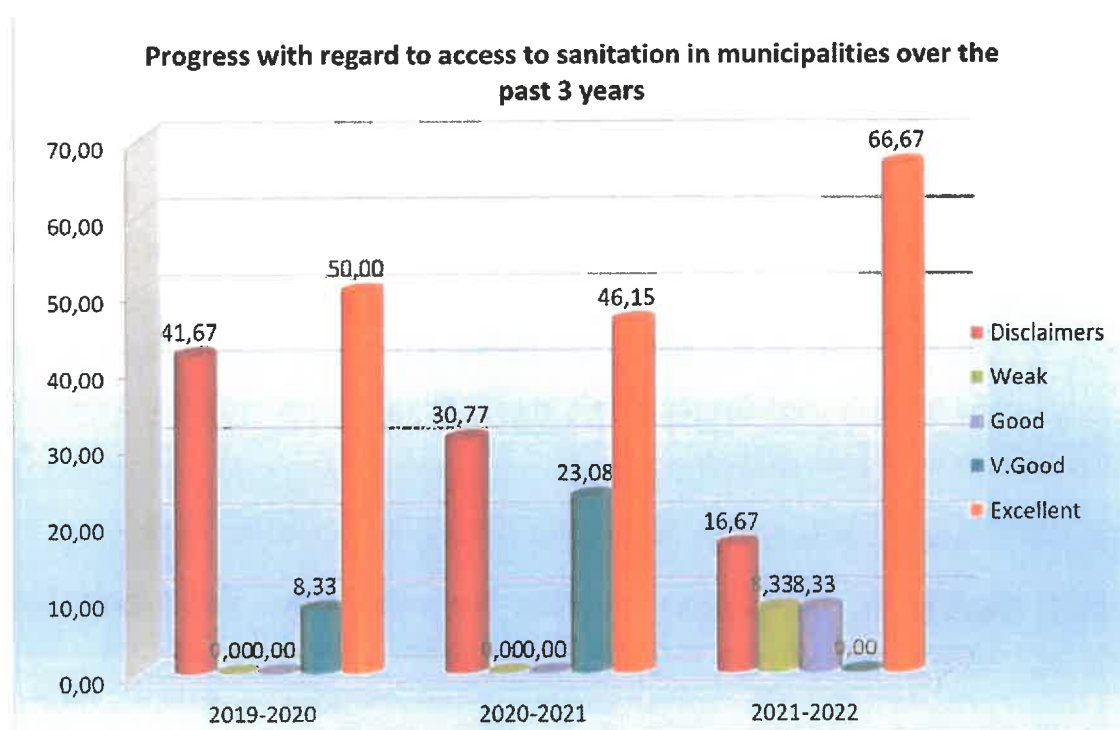
It must be noted that *Nelson Mandela Bay, Sundays River Valley and Joe Gqabi* municipalities have maintained an “Excellent” standard which is a good practice. It is a cause for concern that *Makana LM* is still in the “Disclaimer” category.

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3.2.3 Access to Sanitation

In their effort to provide access to sanitation, municipalities are faced with the reality of having to establish both provision of bulk infrastructure and reduction of sanitation backlogs that will address provision of services.

The Municipal Infrastructure Grant (MIG), the Regional Bulk Infrastructure Grant (RBIG) and the Water Service Infrastructure Grant (WSIG) are the grants that are utilised for the purpose of implementing water services. The performance of municipalities is assessed on the number of households with access to sanitation above and below minimum level of services in both formal and informal settlements.



The graph reflects drastic increase from 46.15% in the previous year to 66.67% in the current financial year with regards to “**excellent**” category contributing to the dropping of municipalities in the “**disclaimer**” category, from 30.77%- 16.67% in the previous year. Municipalities that have performed “**Very Good**” have alarmingly dropped from 33% in the previous year (2020/21) to 0% in the current financial year.

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Unlike six (6) municipalities in the previous year, there are eight (8) municipalities that have performed in the excellent category.

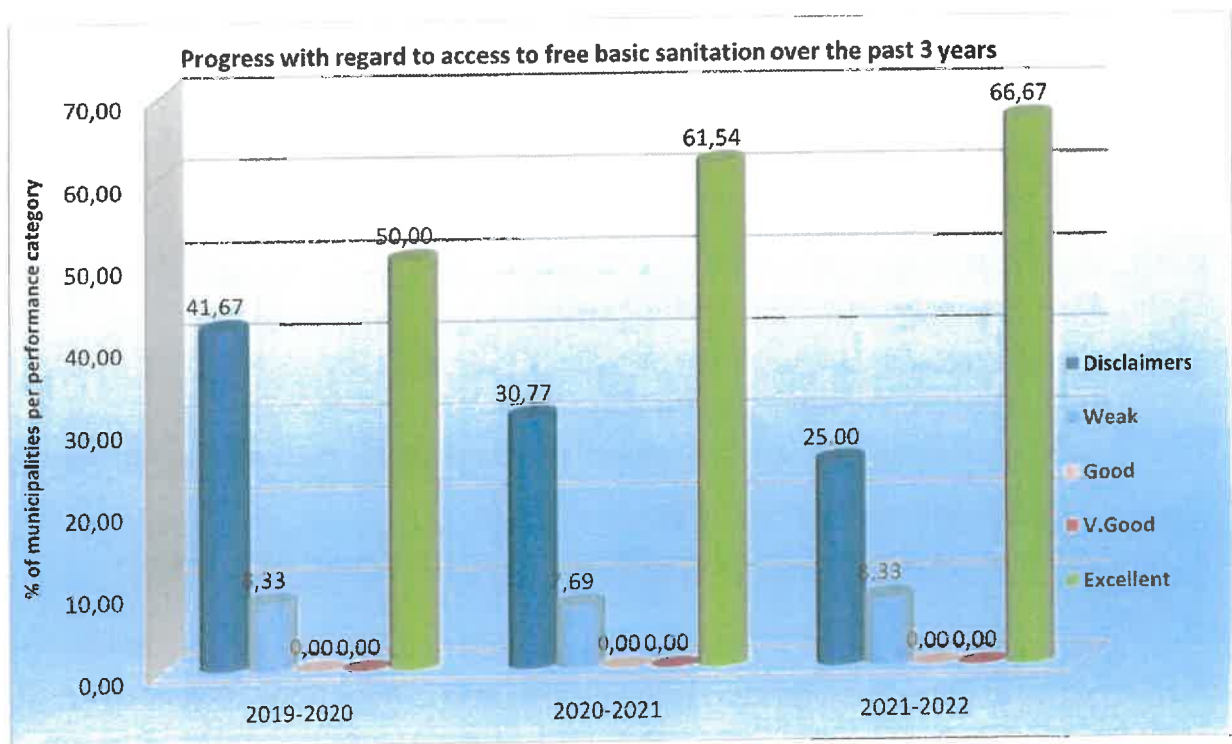
Nelson Mandela Bay Metropolitan, Buffalo City Metropolitan, Kouga LM

Makana LM, Ndlambe LM, Sunday's River Valley LM, Chris Hani DM, Joe Gqabi DM

Only two (2) municipalities i.e. *Koukamma LM, OR Tambo DM* have not disclosed their information on access to sanitation.

3.2.4 Access to Free Basic Sanitation

The provision of free-basic sanitation is subsidized 100% to indigent across all municipalities an analysis of the municipal performance reports reflects an improvement by municipalities in ensuring access to free basic sanitation by citizens, this is evident in the graph reflected below.



A notable improvement in the number of municipalities that have provided Free Basic Sanitation information. In the year under review, eight (8) municipalities have obtained “excellent” standard with 66, 67% increased from 61, 54% in the previous year.

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The best performing municipalities that achieved “excellent” performance with regards to p provision of free basic sanitation are as follows:

Buffalo City Metropolitan, Alfred Nzo DM, Blue Crane Route LM, Kouga LM, Makana LM Ndlambe LM, Sunday’s River Valley LM, and Joe Gqabi DM

The graph also shows that the number of municipalities that fall into “Disclaimer” category, have improved, with a reduction from 30, 7% to 25% in the year under review.

These are the three (3) municipalities that did not provide information in the report:

Nelson Mandela Bay Metropolitan, Koukamma LM and OR TAMBO DM

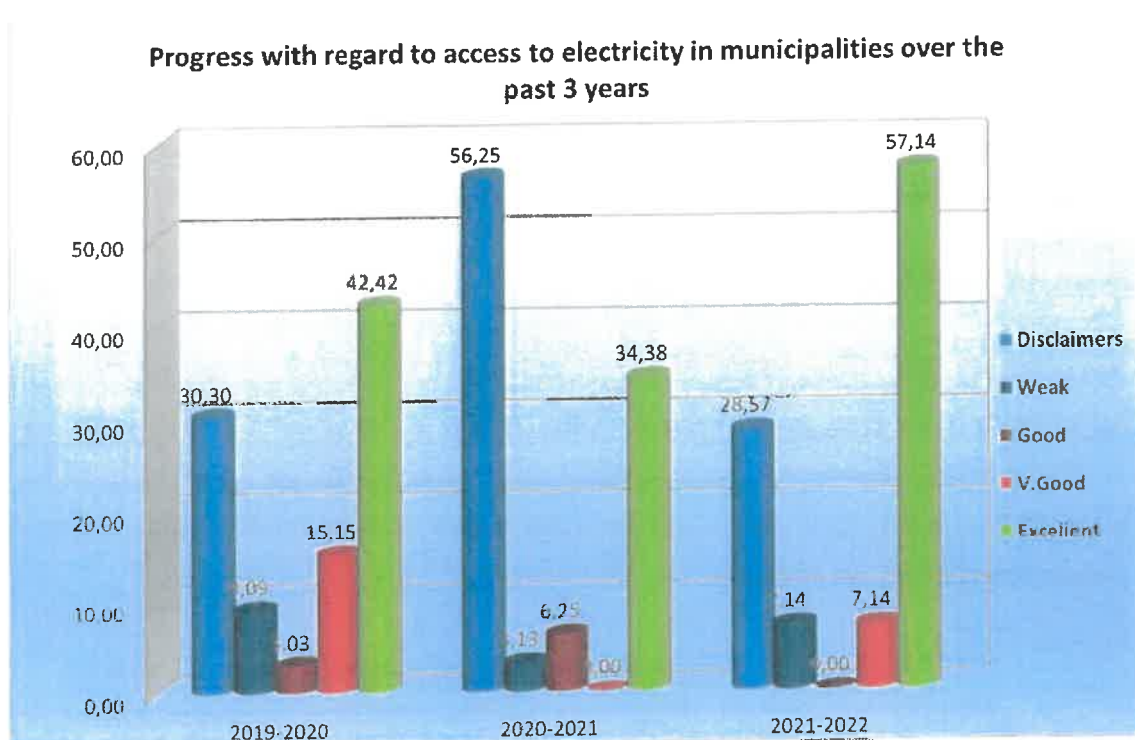
3.2.5. Access to Electricity

Access to electricity is essential for improvements in people’s lives and a driving factor for economic growth. Local government plays a central role in electricity provision. In terms of the Electricity Regulation Amendment Act (2007), a municipality must:

- Comply with all technical and operational requirements for electricity networks determined by the regulator.
- Progressively ensure access to at least basic reticulation services through appropriate investments in electricity infrastructure.
- Provide basic reticulation services free of charge or at minimum cost to certain classes of end-users within its available resources.
- Ensure sustainable reticulation services through effective and efficient management and adherence to national norms and standards.
- Execute its reticulation functions in accordance with national energy policies.

Integrated National Electricity Program Grant (INEP) is allocated to the municipalities and National Electricity Program Grant (NEP) is allocated to ESKOM that utilised for the purpose of implementing electricity projects.

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The graph reflects a significant improvement in the number of municipalities that obtained an “**excellent**” category. The percentage went from 34,38 % to 57,14%. compared to the last assessed financial year 2020/21. It has also been noted that there has been great improvement on the “**disclaimer**” category. The municipalities obtain the “**disclaimer**” category improved from 56, 25% to 28, 57%. the remaining municipalities maintained a performance on the two middle categories “**very good, and weak**”.

The best performing municipalities that achieved “**excellent**” performance with regards to access to electricity services are as follows:

Nelson Mandela Bay Metropolitan, Matatiele LM, Ntabankulu LM, Winnie Madikizela-Mandela LM, Amahlathi LM, Great Kei LM, Mbashe LM, Mquma LM Raymond Mhlaba LM, Kouga LM, Ndlambe LM, Sunday’s River Valley LM, Ingquza Hill LM, Port ST Johns LM, Elundini LM, Walter Sisulu LM

The municipalities that maintained excellent performance in the past two years are as follows.

Amahlathi LM, Great Kei LM, Matatiele LM, Sundays River LM, Ntabankulu LM, Mbashe LM, Kouga LM.

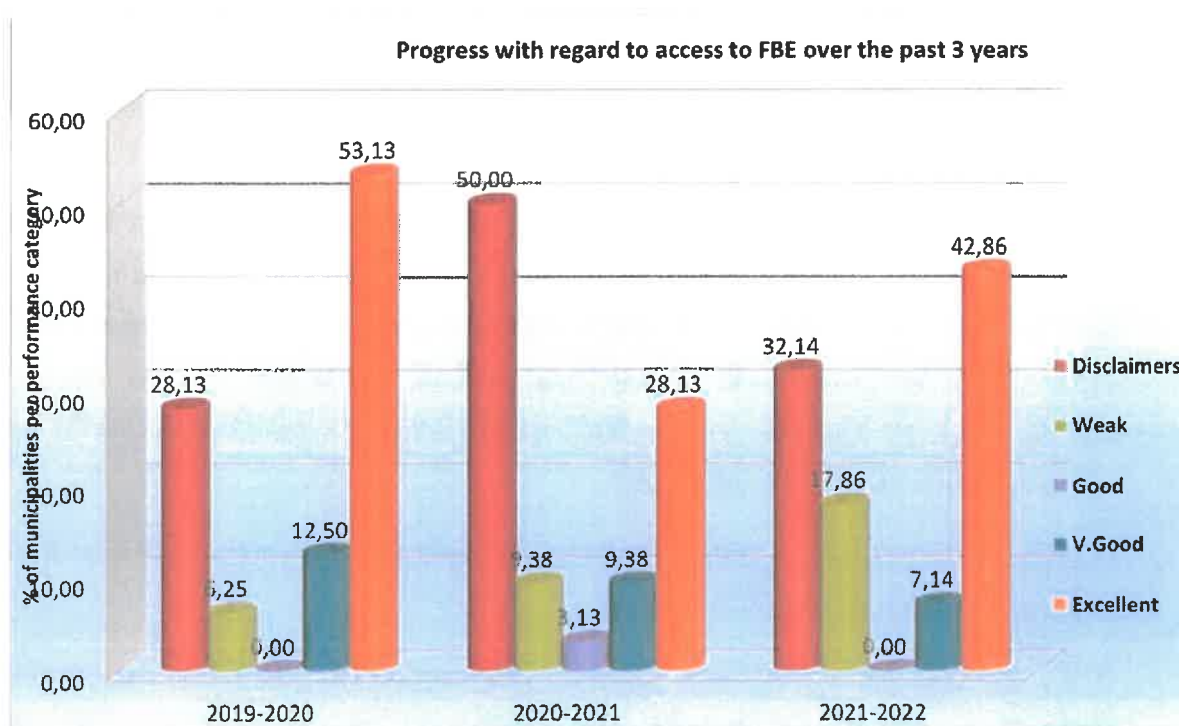
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Below is a list of the municipalities that did not provide the required information hence received a “disclaimer”.

Koukama LM, Emalahleni LM, Dr AB Xuma LM, Enoch Mgijima LM, Intsika Yethu LM, Inxuba Yethemba LM, Sakhisizwe LM, King Sabata Dalindyebo LM.

3.2.6 Access to Free Basic Electricity

Access to free basic electricity is essential to improve the lives of indigent people in the communities. Local government, again with the use of its equitable share, plays a central role in electricity provision. In view of the problems experienced with the generating of electricity, municipalities across the country have been encouraged to focus on developing efforts to reduce demand and save on energy.



The number of municipalities that “excelled” has improved from 28, 13% to 42, 86%, in the year 2021/22.

Following are nine (12) best performing municipalities that achieved “excellent” performance with regard to the provision of free basic electricity are as follows:

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Nelson Mandela Bay Metropolitan, Buffalo City Metropolitan, Winnie Madikizela-Mandela LM, Great Kei LM, Mnquma LM, Blue Crane Route LM, Kouga LM, Makana LM, Ndlambe LM, Sunday's River Valley LM, Mhlontlo LM, Elundini LM.

Municipalities that have maintained “excellent” performance are as follows.

Winnie Madikizela Mandela LM, Mhlontlo LM, Sundays River LM, Kouga LM.

The above graph reflects a reduction in the number of municipalities that have obtained a “disclaimer” from 50% in 2020/2021 to 32, 14% in the current financial year. Non provision of information resulted in the eleven (11) municipalities below to obtain a “disclaimer” standard:

Ntabankulu LM, Raymond Mhlaba LM, Koukama LM, Emalahleni LM, Dr AB Xuma LM, Enoch Mgijima LM, Intsika Yethu LM, Inxuba Yethemba LM, Sakhisizwe LM, Ingquza Hill LM, King Sabata Dalindyebo LM

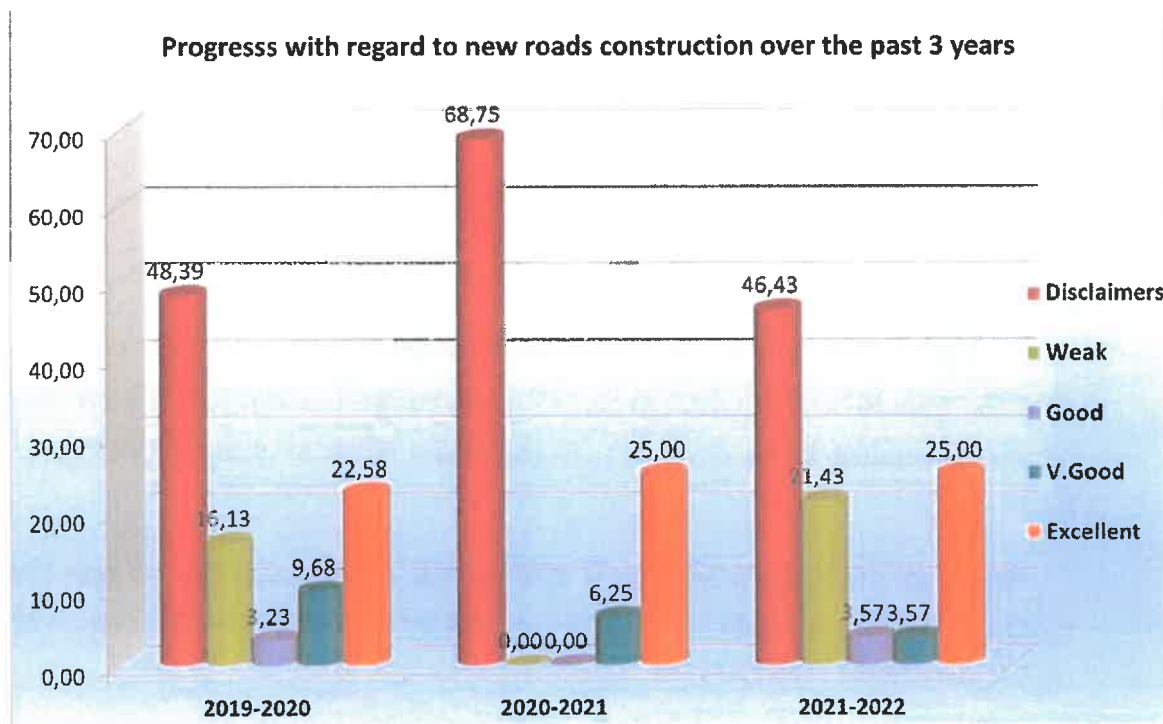
3.2.7 Access to Roads

Among the services that municipalities are expected to deliver, access roads are part of the core functional areas of local municipalities. The Transport Act requires that municipalities develop a Transport Master Plan. Department of Transport has through the Rural Roads Asset Management System assisted municipalities in quantifying their roads which helps the municipalities in determining their backlogs.

A number of roads and transport infrastructure projects were implemented in municipalities during the year under review and these projects varied in size. Some of these projects were linked to the creation of job opportunities for local communities and provided some boost to the local economies.

Among the services that municipalities are expected to deliver, access roads are part of the core functional areas of local municipalities. The Transport Act requires that municipalities develop a Transport Master Plan. The picture below is a reflection of thirty-three (33) municipalities that were assessed with regards to new road construction.

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The graph above reflects municipal performance on roads infrastructure during the period under review.

From the information captured it can be highlighted that there is a reduction in the number of municipalities that obtained a “*disclaimer*” from 68, 75% in the previous financial year to 46% in the year under review, that translates to a decrease of 22%. These are the municipalities that did not provide information with regard to planned new road infrastructure actually constructed. They are:

Nelson Mandela Bay Metropolitan, Matatiele LM, Umzimvubu LM, Ngqushwa LM, Raymond Mhlaba LM, Makana LM, Ndlambe LM, Emalahleni LM, Dr AB Xuma LM, Enoch, Mgijima LM, Intsika Yethu LM, Inxuba Yethemba LM, Sakhisizwe LM, Port ST Johns LM, Walter Sisulu LM

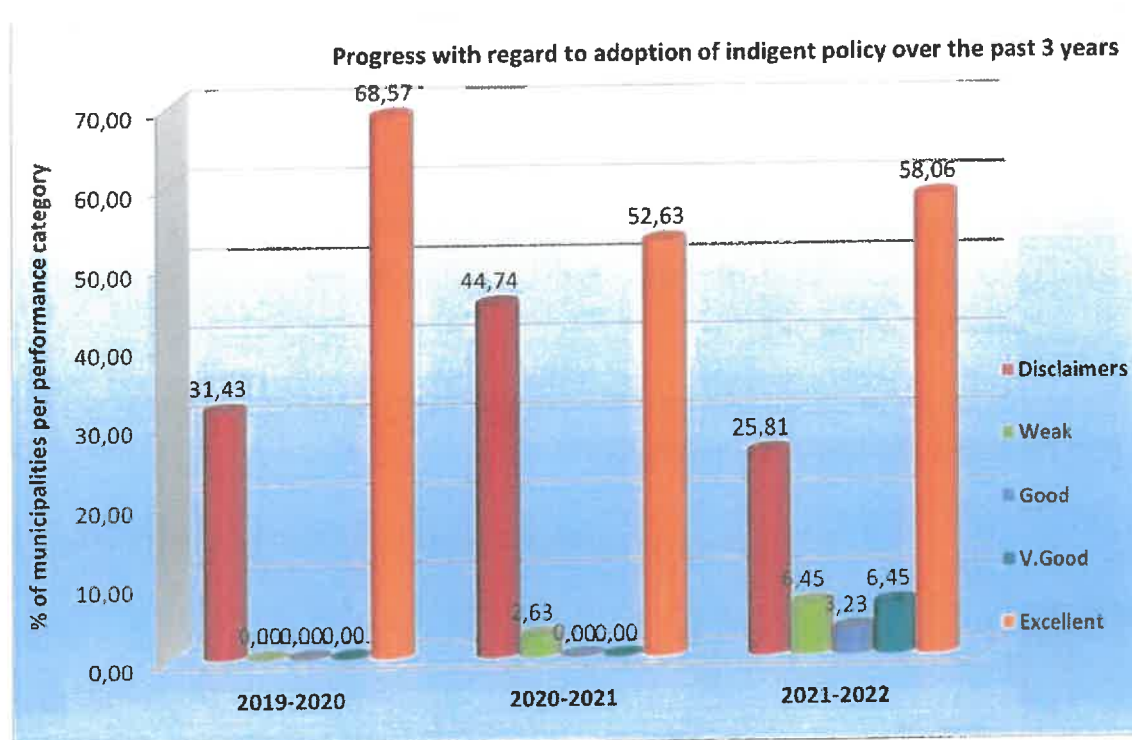
The municipalities that obtained “*excellent*” category has increased from 23% to 25% with regards to access roads are as follows:

Matatiele, Ntabankulu, Umzimvubu, Winnie Madikizela Mandela, Amahlathi, Mquma, Ngqushwa, Raymond Mhlaba

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3.2.8 Indigent Policy Implementation

The Eastern Cape Province has high unemployment rate with limited resources and other external factors which influence the commitment to achieve access to basic services. There is a decline in municipalities who failed to meet the required standard as a result only 9(nine) municipalities have no information. The departmental data reveals that all municipalities were assisted in developing their indigent policies to be in line with the National Guidelines and as result it shows that the support by the department is yielding some results.



The graph above shows increases in the number of municipalities that have obtained “excellent” from 52,63% in the previous financial year 2020/21 to 58.06% during the year under review. Below are twenty-one (21) municipalities that have best performed with regard to adoption of Indigent Policy:

Nelson Mandela Bay Metropolitan, Buffalo City Metropolitan, Alfred Nzo DM, Matatiele LM, Ntabankulu LM, Winnie Madikizela-Mandela LM, Amahlathi LM, Great Kei LM, Mnquma LM, Ngqushwa LM, Koukama LM, Makana LM, Chris Hani DM, Dr AB Xuma LM, Enoch Mgijima LM, Intsika Yethu LM, Mhlontlo LM, Nyandeni LM, Port ST Johns LM and Walter Sisulu

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The municipalities that have maintained “excellent” category are as follows:

Nelson Mandela Bay Metro, Ntbankulu LM, Winnie Madikizela Mandela LM, Great Kei LM, Chris Hani DM, Intsika Yethu LM, Mhlontlo LM and Port St Johns LM

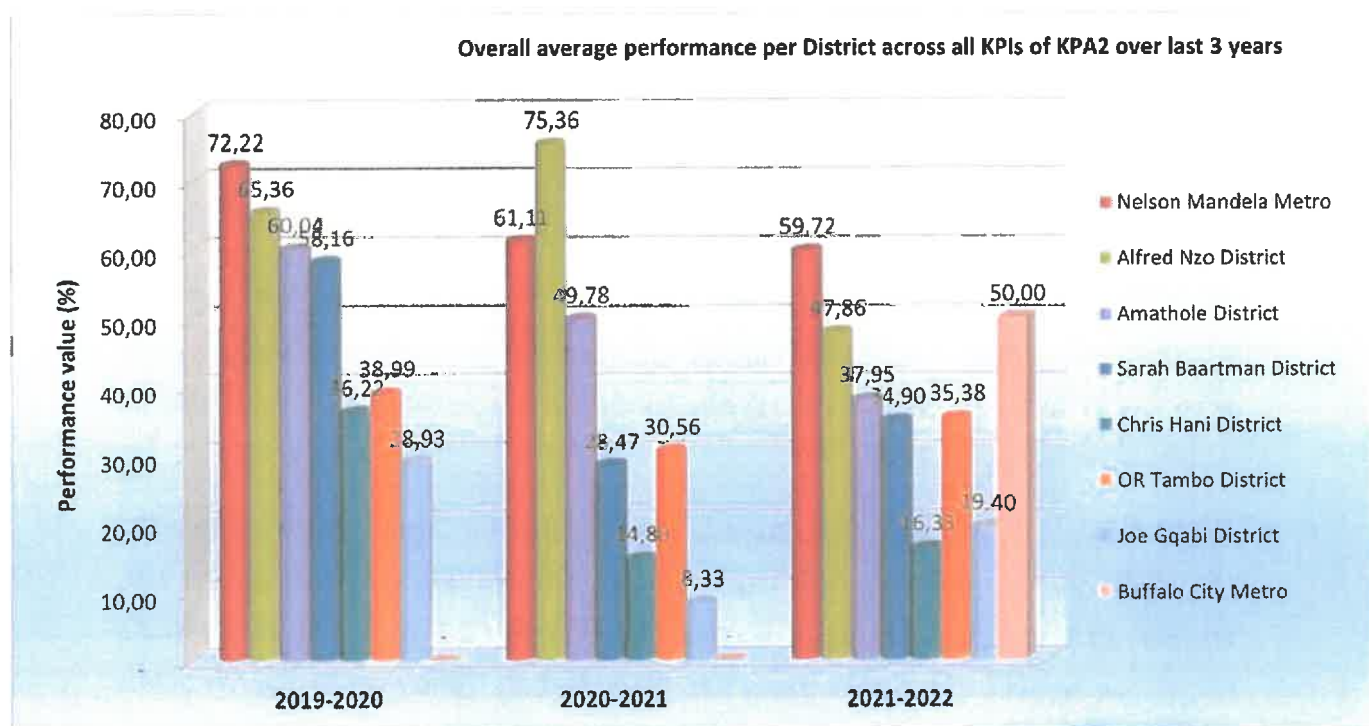
The number of municipalities that have obtained “Disclaimer” category has decreased from 44.47 % in the last financial year 2020/21 to 25.81% in the current financial year. The list below shows the number of municipalities that have a non-provision of information and non-achievement of set targets:

Umzimvubu LM, Blue Crane Route LM, Kouga LM, Sunday’s River Valley LM, Emalahleni LM, Inxuba Yethemba LM, Sakhisizwe LM, Ingquza Hill LM

3.3 Overall Performance Achievement

The Provincial Department is using eighteen (18) Key Performance Indicators to monitor the performance of municipalities with regards to Basic Service Delivery, for reporting purposes we only use 8 (eight) indicators.

The assessment results showing the average performance per DM area with regard to all eight (8) KPIs used is presented in the graph below:



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The above graph represents overall municipal performance in service delivery for 2021/22 financial year as compared to 2020/21 financial year.

The results of the 2021/22 assessment as presented in the above graph reflects an overall improvement although there is a regression in one metro and two districts compared to 2020/21 financial year. There are three (3) municipalities that have not submitted 2021/22 Annual Reports for assessment which has resulted to the performance indicated above. Some municipalities did not use the guiding template for the provision of information that resulted to under reporting and therefore poor performance. Some municipalities are not consistent in reporting as such the submitted information was not considered authentic. In some cases, the provided information does not meet the required standard or planned targets are not met.

The information shows that in the current financial year, the municipalities have taken the area of Basic Service Delivery seriously, this is shown by the performance improvement reflected in the graph above.

Municipalities	Performance 2020/21	Performance 2021/22
Nelson Mandela Bay Metro	61%	60%
Buffalo City Metro	0%	50%
Alfred Nzo DM	75%	48%
Amathole DM	50%	38%
O.R Tambo DM	31%	35%
Sarah Baartman DM	28%	35%
Joe Gqabi DM	8%	19%
Chris Hani DM	15%	16%

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8.4 Observations

- Generally, municipal performance with regards to Basic Services has improved even though the performance in most municipalities is substandard with four districts and one metro have improved while one metro and two districts have regressed.
- It is of great concern that information provided by municipalities is not credible.
- It is noted that the increase in the non-provision of information in the reports is alarming. There are three municipalities that have not submitted the annual reports assessment namely: *Amathole DM, Senqu LM and Dr Beyers LM* This is despite the support provided to municipalities through the guiding template tool.

Challenges

- The following challenges were encountered in the year under review. Poor provision of services is attributed to:
 - Inadequate funding to meet infrastructure backlogs.
 - Poor utilization of capital grants by municipalities
 - Lack of technical capacity by municipalities
 - Poor performance by appointed service providers delays project delivery.
 - Information provided by municipalities in their annual reports is not credible.
 - Non submission of annual report by some municipalities
 - Inconsistency in the setting and reflecting of targets and achievements.
 - Non prioritization of spatial planning and land use management policies by some municipalities resulting in delayed adoption and effective implementation.
 - There is a limited budget for maintenance of infrastructure which result to dilapidating infrastructure and therefore poor service delivery.

8.5 Support Interventions

The Municipal Infrastructure Services Agency (MISA) intervention provided capacity through the deployment of highly skilled personnel in municipalities. Capacity within the existing technical personnel was insured in the form of training and bursary offers. A war-on-leaks programme has been introduced to fight leaks and spillages that cause water shortages in most WSAs. The department has provided support in the institutionalisation of ISD guidelines.

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Municipalities are allowed to use part of MIG for Maintenance of rural roads according to the Revised DoRA Framework.

For municipalities that are struggling to spend Infrastructure grants, CoGTA has arranged to assist them under Cost Reimbursement strategy wherein Municipalities are assisted to improve expenditure and construction management.

The department continues to facilitate the implementation of SPLUMA through the development of compliant Spatial Development Frameworks and Land Use Schemes. The support provided by the Directorate ensures that municipal SDF's and LUS's align both to the Provincial and National Planning Tools to achieve a holistic and integrated planning within the province. This support further entails engaging in municipal processes of drafting the SDF's and Land Use Schemes by forming bilateral and participating in Project Steering Committees to completion of projects. The spatial planning unit also provides hands on support in terms of implementing these policies through the secondment of town planners to facilitate the processing of land development applications through screening and evaluating them for disposal.

4. LOCAL ECONOMIC DEVELOPMENT

4.1 Introduction

Local Economic Development (LED) is a framework concept that Municipalities are implementing to ensure growth in the local economy, to promote the second economy and ensure socio economic development. LED is a legislative requirement for municipalities using the limited resources at their disposal. In order to overcome the legacy of uneven development in the country, the national government has prioritised rural development and urban renewal as key strategies towards addressing unemployment and poverty alleviation. This will be achieved by promoting the local economy with the establishment of small enterprises and creating job opportunities in the second economy.

The intended outcome is the creation of viable and sustainable businesses/projects that will grow the local economy, create jobs and provide an income for individual entrepreneurs, workers and their families. LED is based on local initiatives and driven by local stakeholders.

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It requires co-operation between government, civil society, local businesses and higher learning institutions.

Community involvement plays a critical role in affording the poor and unemployed an opportunity to influence local decision-making in priority setting and capital investments aimed at poverty reduction. However, it must be stated that LED and the generation of employment require many actions, many of which are outside the direct control of municipalities.

However, as in previous years, the national government stipulates that the scope of this Report be limited to three areas namely:

- a) The establishment of a functional LED Unit in municipalities;
- b) The existence of credible municipal LED Strategies/Plans; and
- c) The number of job opportunities created through Community Work Programmes (CWP) and the Expanded Public Works Programme (EPWP).

The importance of each of these is outlined in the relevant sections below.

4.2 Measurement of selected KPIs

The assessment tool for LED has the following seven (7) Key Performance Indicators (KPIs).

- Capacity for planning and implementing LED functions in municipalities through an effective LED Unit
- Percentage of LED allocated budget spent on LED related activities
- Existence and implementation of credible LED strategies and plans
- Functionality of LED stakeholder forums
- Plans to stimulate the second economy
- Percentage of SMMEs supported through municipal initiatives
- Number of employment opportunities created through Extended Public Works Programmes (EPWP) and Community Works Programmes (CWP).

However, even though 2.3.2 above shows seven indicators assessed, this report covers only three of them in accordance with the directives of the National Department of Cooperative Governance and Traditional Affairs. These are as follow:

- i. Capacity for planning and implementing LED functions in municipalities through an effective LED Unit
- ii. Existence of credible LED strategies and plans

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- iii. Number of employment opportunities created through Extended Public Works Programmes (EPWP) and Community Works Programme (CWP).

It is important to note that, as indicated in the reports of previous years, this assessment is based solely on information provided in the Section 46 reports of the various municipalities.

This implies that the report does not reflect any information that might have been withheld or omitted by a municipality even if available from other sources.

The reason for adopting this approach is to avoid subjectivity and produce a Report that is supported by evidence (based entirely on the various Section 46 Reports)

4.2.1 Capacity for implementing LED in municipalities through an effective LED Unit

Although it is important for a municipality to have an established and dedicated LED Unit/Department, that alone is not sufficient. The Unit must also have the necessary capacity to plan and implement LED functions and activities that are critical in achieving success in this sector. Such capacity is not limited to human resources only but also refers to financial and physical resources such as dedicated budget, office space and equipment. Municipalities are building this capacity in a variety of ways including establishing dedicated LED offices and appointing competent LED practitioners and managers. Some municipalities in the Province have gone further than this by establishing Local Economic Development Agencies (LEDAs). Examples in this regard are the Nelson Mandela Bay Development Agency, Sarah Baartman Development Agency, Chris Hani Development Agency, Alfred Nzo Development Agency, Ntinga Development Agency in the OR Tambo District Municipality, Joe Gqabi Development Agency, Aspire Development Agency (Amathole District Municipality), and Kouga Development Agency.

All these Special Purpose Vehicles, which are municipal entities, are meant to augment and strengthen the LED planning and implementing capacity of the respective municipalities.

In terms of this KPI, the assessment was conducted in accordance with the following quality standards:

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- **Excellent performance:** The municipality must have an LED unit in the organogram; approved budget for posts; all approved posts must be filled and have adequate resource allocation.
- **Very Good performance:** An LED unit is in place; approved posts have been budgeted for and filled but without provision of adequate resources.
- **Good performance:** The municipality has a dedicated LED unit in place; LED approved posts have been budgeted for; but not all posts have been filled and no adequate resources allocated.
- **Weak performance:** Either the municipality has an LED unit in place, but approved posts have not been budgeted for and filled or there is no dedicated Unit.
- **Disclaimer¹:** No information provided in the annual report with regards to LED Units.

The pattern of movement along the performance scale (improvement or decline) by specific municipalities for this KPI compared with the previous year (2020/21) is shown in the table below.

Table 1: Effective LED unit in municipalities in the Eastern Cape, 2021/22

District/ Metro Municipality	Performance Assessment				
	Disclaimer	Weak	Good	Very Good	Excellent
Alfred Nzo DM	Matatiele LM			Alfred Nzo DM Umzimvubu LM	Winnie Madikizela LM Ntabankulu LM
Amathole DM			Buffalo City MM Amahlathi LM		Mnquma LM Ngqushwa LM Raymond Mhlaba LM Great Kei LM Mbashe LM
Sarah Baartman DM		Koukamma LM Blue Crane LM Makana LM Sundays River Valley	Ndlambe LM Kouga LM		Sarah Baartman DM

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District/ Metro Municipality	Performance Assessment				
	Disclaimer	Weak	Good	Very Good	Excellent
Chris Hani DM		Chris Hani DM	Inxuba Yethemba LM AB Xuma Intsika Yethu LM Sakhisizwe LM	Emalahleni LM	Mgijima LM
Joe Gqabi DM	Joe Gqabi DM		Walter Sisulu LM	Elundini LM	
O. R. Tambo DM		Ingquza Hill LM	OR Tambo DM PSJ LM Mhlontlo LM		Nyandeni LM
Buffalo City Metro			Buffalo City MM		
Nelson Mandela Bay Metro			Nelson Mandela metro		

The following categorisation of performance ratings per municipalities for this KPI is observed from the table above:

- i. **Disclaimer** – 2 municipalities
- ii. **Weak** – 14 municipalities
- iii. **Good** – 5 municipalities
- iv. **Very Good** – 5 municipalities
- v. **Excellent** – 10 municipalities

The table above shows that **Joe Gqabi DM** and **Matatiele LM** scored in “**disclaimer**” category in LED unit KPA in the current financial year. There are fourteen (14) municipalities (*Koukamma LM and Blue Crane Rooute LM, Makana LM, Sundays River Valley LM, Chris Hani DM, Ingquza Hill LM, Buffalo City Metro, Amahlathi LM, Kouga LM, Ndlambe LM, DR.A.B. Xuma LM, Intsika Yethu LM, Inxuba Yethemba LM and Sakhisizwe LM*) in the current financial year scored under “**weak**” category compared to five (5) municipalities in the previous financial year. *Sakhisizwe LM* remained in the “**weak**” category even in the 2021/22 financial year.

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There are five (5) municipalities (*OR Tambo DM, King Sabata Dalindyebo LM, Mhlontlo LM, Port St Johns LM and Walter Sisulu LM*) in “good” category in the current financial year. There are five (5) municipalities (*Alfred Nzo DM, Emalahleni LM, Elundini LM, Umzimvubu LM and Nelson Mandela Metro Bay*) scored in “very good” category in the current financial year, which is the same number as the previous financial year. Only *Umzimvubu LM* remained in the “very good” category as compared to 2020/21 financial year.

In 2021/22 financial year, ten (10) municipalities (*Sarah Baartman DM, Winnie Madikizela Mandela LM, Mbhashe LM, Great Kei LM, Ngqushwa LM, Raymond Mhlaba LM, Enoch Mgijima LM, Nyandeni LM, Ntabankulu LM and Mnquma LM*) scored under “excellent” category as compared to seventeen (17) municipalities in the previous financial year.

Generally, there is a decline in the filling of LED posts in LED units in municipalities in the current financial year. *Not all municipalities have standalone LED Units. In some of the municipalities the LED Unit is either placed under the Municipal Managers office or under Spatial Planning. In some District Municipalities LED activities are delegated to Development Agencies.*

4.2.2 Existence of credible LED Strategies/plans in municipalities

To achieve a coordinated and integrated LED planning, municipalities need to develop and implement ‘credible’ LED Strategies or Plans.

A Strategy is deemed ‘credible’ if its implementable, it has clearly defined development priorities with relevant objectives, development strategies, implementation plans and adequate resources (both financial/non-financial) to implement it. The process of developing LED strategy must be participatory and inclusive of all relevant stakeholders. Finally, the strategy or plan must have been adopted by the Municipal Council to ensure its legitimacy.

The assessment of this KPI was based on the following five (5) performance quality standards:

- **Excellent Performance:** The Municipality indicates that the LED strategy has been developed, adopted by municipal council and fully implemented.
- **Very Good performance:** The Municipality indicates that the LED strategy has been developed, adopted by the council but is, however, not being implemented fully.
- **Good performance:** The Municipality indicates that the LED strategy has been developed but there is no evidence of its implementation.

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- **Weak performance:** The Municipality indicates that the LED strategy has been developed but has not been adopted by council.
- **Disclaimer:** No information provided in the annual report with regards to the LED strategy / Plan.

The figure below depicts progress regarding the existence of credible LED Strategies over the past 3 financial years.

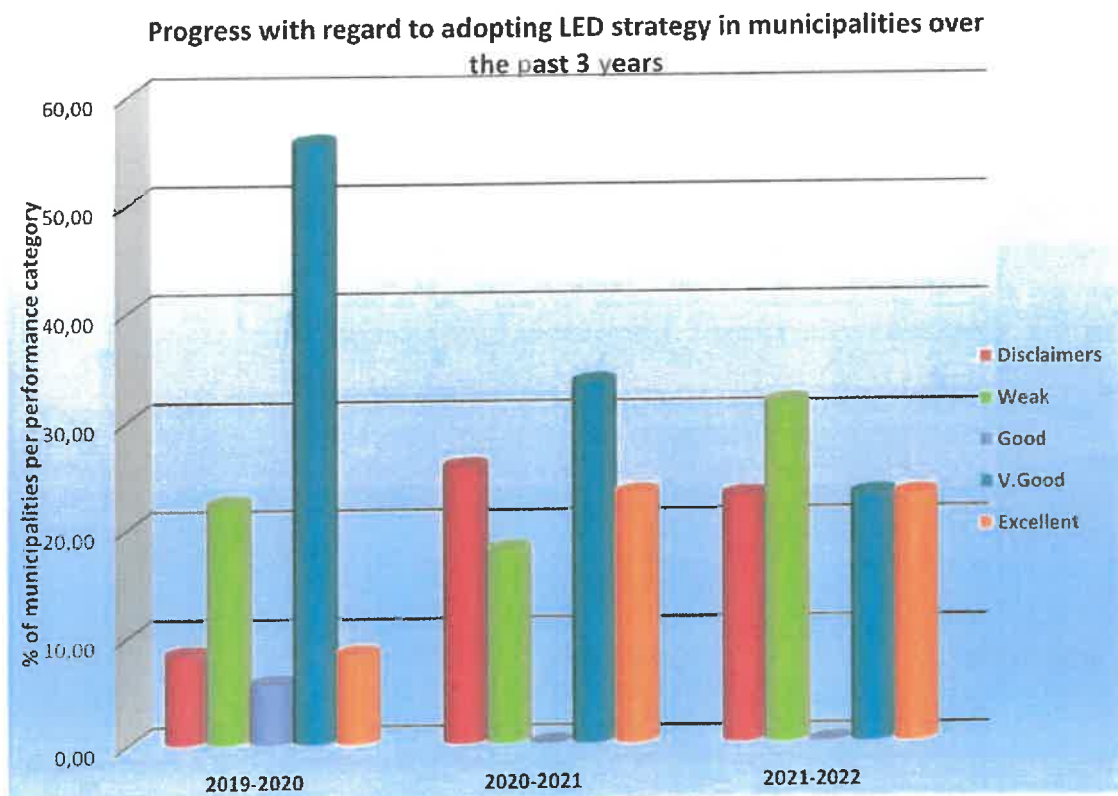


Figure 2 above shows the number of municipalities with credible LED strategies in 2021/22 financial year. The number of municipalities in “**disclaimer**” category has decreased from **26%** in 2020/2021 financial year to **23%** in 2021/22 financial year.

This current financial year depicts a decrease in the number of municipalities in the “**disclaimer**” category as compared to the previous financial year. Even though we have noted a slight improvement in the adoption of LED Strategies by Municipalities as compared to previous year, however municipalities are failing to adopt the strategies as an LED guiding document.

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The “**excellent**” category has decreased from **26%** in 2020/21 financial year to **23%** in 2021/22 financial year. The “**very good**” category has decreased from **33%** in 2020/21 financial year to **22%** in 2021/22 financial year. In the current financial year 2021/22 there are no municipalities rated under “**good**” category.

There is an increase in the number of municipalities in “**weak**” category from **18%** in 2020/21 financial year to **31%** in 2021/22 financial year.

The overall performance of this KPI, deducing from the above analysis shows that there is minimal implementation of LED programmes and Economic Recovery Plans in municipalities due to non-adoption by Councils.

The table below shows the ratings of performance in this KPI by specific districts and local municipalities.

Table 2: Number of municipalities with credible LED Strategies/Plans

District/ Metro Municipality	Performance Assessment				
	Disclaimer	Weak	Good	Very Good	Excellent
Alfred Nzo DM	Matatiele LM	Winnie Madikizela Mandela LM		Umzimvubu LM Alfred Nzo DM	Ntabankulu LM
Amathole DM		Amahlathi LM Mbhashe LM Raymond Mhlaba LM			Great Kei LM Mnquma LM Ngqushwa LM
Sarah Baartman DM	Blue Crane LM Ndlambe LM	Koukamma LM Sundays River Valley LM Makana LM Kouga LM			Sarah Baartman DM
Chris Hani DM	Intsika Yethu LM	Sakhisizwe LM		Chris Hani DM Emalahleni LM Inxuba Yethemba LM	DR AB Xuma Enoch Mgijima LM
Joe Gqabi DM	Joe Gqabi DM	Walter Sisulu LM		Elundini LM	

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District/ Metro Municipality	Performance Assessment				
	Disclaimer	Weak	Good	Very Good	Excellent
O. R. Tambo DM	OR Tambo DM King Sabatha Dalindyebo LM Ingquza Hill LM	Mhlontlo LM		Port St Johns LM	Nyandeni LM
Buffalo City Metro	Buffalo City Metro				
Nelson Mandela Bay Metro				Nelson Mandela Bay Metro	

According to the table, the number of municipalities per performance rating is shown below:

- i. Disclaimer – 9 municipalities
- ii. Weak – 11 municipalities
- iii. Good – 0
- iv. Very Good – 8 municipalities
- v. Excellent – 8 municipalities

Table above shows that in 2021/22 financial year, there are **nine (9)** municipalities (*Buffalo City Metro, Blue Crane LM, Ndlambe LM, Ingquza Hill LM, Intsika Yethu LM, King Sabatha Dalindyebo LM, Joe Gqabi DM, OR Tambo DM and Matatiele LM*) obtained “disclaimer” category for credible LED strategy.

In 2021/22 financial year, there are **eleven (11)** municipalities (*Amahlathi LM, Koukamma LM, Makana LM, Winnie Madikizela LM, Mbhashe LM, Raymond Mhlaba LM, Kouga LM, Sundays River Valley LM, Sakhisizwe LM, Mhlontlo LM and Walter Sisulu LM*) scored under “weak” category as compared to seven (7) municipalities in 2020/21 financial year.

There are no municipalities rated under “good” category for the current financial year.

In 2021/22 financial year, there are **eight (8)** municipalities (*Nelson Mandela Bay Metro, Alfred Nzo DM, Umzimvubu LM, Chris Hani DM, Emalahleni LM, Port St Johns LM, Elundini LM and Inxuba Yethemba LM*) obtained “very good” category as compared **thirteen (13)** municipalities in 2020/21 financial year which represents a slight regression in the year under review.

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In 2021/22 financial year, the number of municipalities in the “excellent” category **eight (8)** municipalities i.e. (*Great Kei LM, Ntabankulu LM, Sarah Baartman DM, Mnguma LM, Ngqushwa LM, Dr. A.B. Xuma, Enoch Mgijima LM and Nyandeni LM*).

There is a decline in the development and adoption of LED strategies in municipalities, whereas in some of the municipalities there is a lack of information regarding the implementation.

4.2.3 Number of employment opportunities created through EPWP and CWP

This indicator measures the implementation of government’s public employment programmes through the Expanded Public Works (EPWP) and the Community Works (CWP) Programmes. This is in accordance with government’s strategy of reducing unemployment through public employment initiatives to alleviate poverty.

However, only three quality standards that were used to assess the municipalities unlike in the other KPIs. These are:

- **Good Performance:** The municipality indicates the number of jobs created through EPWP and CWP during the year under review.
- **Weak Performance:** The municipality indicates the existence of EPWP and CWP without mentioning the number of jobs created.
- **Disclaimer:** No information provided in the annual report.

The Figure below shows the performance of municipalities with regard to employment opportunities created through EPWP and CWP in municipalities over the past 3 financial years.

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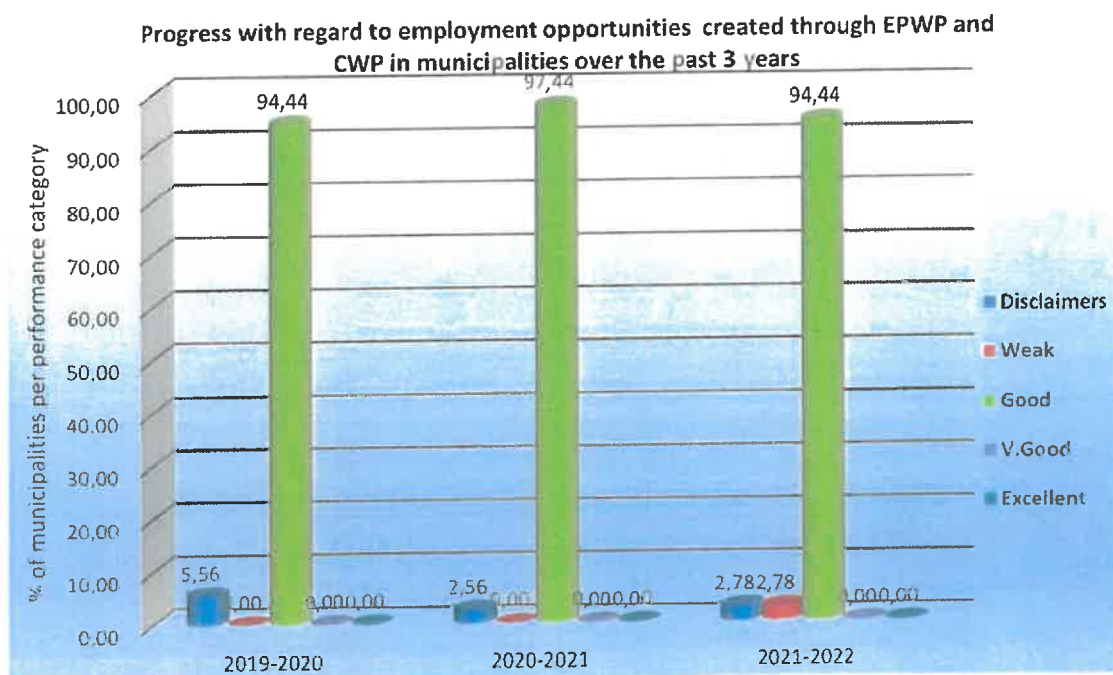


Figure 3 above shows the number of municipalities with employment opportunities created through EPWP and CWP in 2021/22 financial year. The number of municipalities in “**disclaimer**” category has increased from 2,5% in 2020/21 financial year to 2,7% in 2021/22 financial year. There is a decline in “**good**” category from 97% in 2020/21 financial year to 94% in the current financial year.

The overall performance of this KPI deducing from the above analysis, shows a slight decline in the number of municipalities that provided information on the number of job opportunities created through EPWP and CWP in 2021/22 financial year.

Table 3: Number of job opportunities created through EPWP and CWP

District/ Metro Municipality	Performance Assessment		
	Disclaimer	Weak	Good
Alfred Nzo DM			Matatiele LM Winnie Madikizela Mandela LM Ntabankulu LM Umzimvubu LM Alfred Nzo DM
Amathole DM			Amahlathi LM Great Kei LM Mbhashe LM Mnquma LM Ngqushwa LM Raymond Mhlaba LM

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District/ Metro Municipality	Performance Assessment		
	Disclaimer	Weak	Good
Sarah Baartman DM		Blue Crane Route LM	Sarah Baartman DM Kouga LM Makana LM Ndlambe LM Sunday's River Valley LM Koukamma LM
Chris Hani DM			Chris Hani DM Sakhisizwe LM Dr. A.B. Xuma LM Intsika Yethu LM Emalahleni LM Enoch Mgijima LM
Joe Gqabi DM			Elundini LM Walter Sisulu LM Joe Gqabi DM
O. R. Tambo DM	Ingquza Hill LM		Mhlontlo LM King Sabata Dalindyebo LM Port St Johns LM Nyandeni LM OR Tambo DM
Buffalo City Metro			Buffalo City Metropolitan
Nelson Mandela Bay Metro			Nelson Mandela Bay Metropolitan

The following categorisation of performance can be discerned from the table.

- i. **Disclaimer – 1 municipality**
- ii. **Weak – 1 municipality**
- iii. **Good – 34 municipalities**

Table above shows that there is **one (1)** municipality (*Ingquza Hill LM*) scored in “**disclaimer**” category for no information on the number of jobs created provided in the Annual Report in 2021/22 financial year.

Blue Crane Route LM is scored under the “weak” category in the current financial year.

There are **thirty-four (34)** municipalities rated in the “good” category that provided the required information.

4.3 Overall Performance of municipalities in the Eastern Cape

The local municipalities in the Eastern Cape were ranked from the best performing local municipalities to the lowest performing local municipalities. The best top eight performing

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local municipalities in the province were *Amahlathi LM (93%), Ngqushwa LM (93%), Umnquma LM (93%), Great Kei LM (93%) and Nyandeni LM (82%), Ntabankulu LM (82%) Winnie Madikizela Mandela (82%), Emalahleni (82%)*

The five worst performing local municipalities in the Eastern Cape were *Blue Crane Route LM (0%), Sakhisizwe LM (25%), King Sabata Dalindyebo (11%), Ndlambe LM (21%), Raymond Mhlaba (39%)*

Figure 4 below gives an overall performance in all the KPIs in LED for Metro and District municipality for 2021/22 financial year.

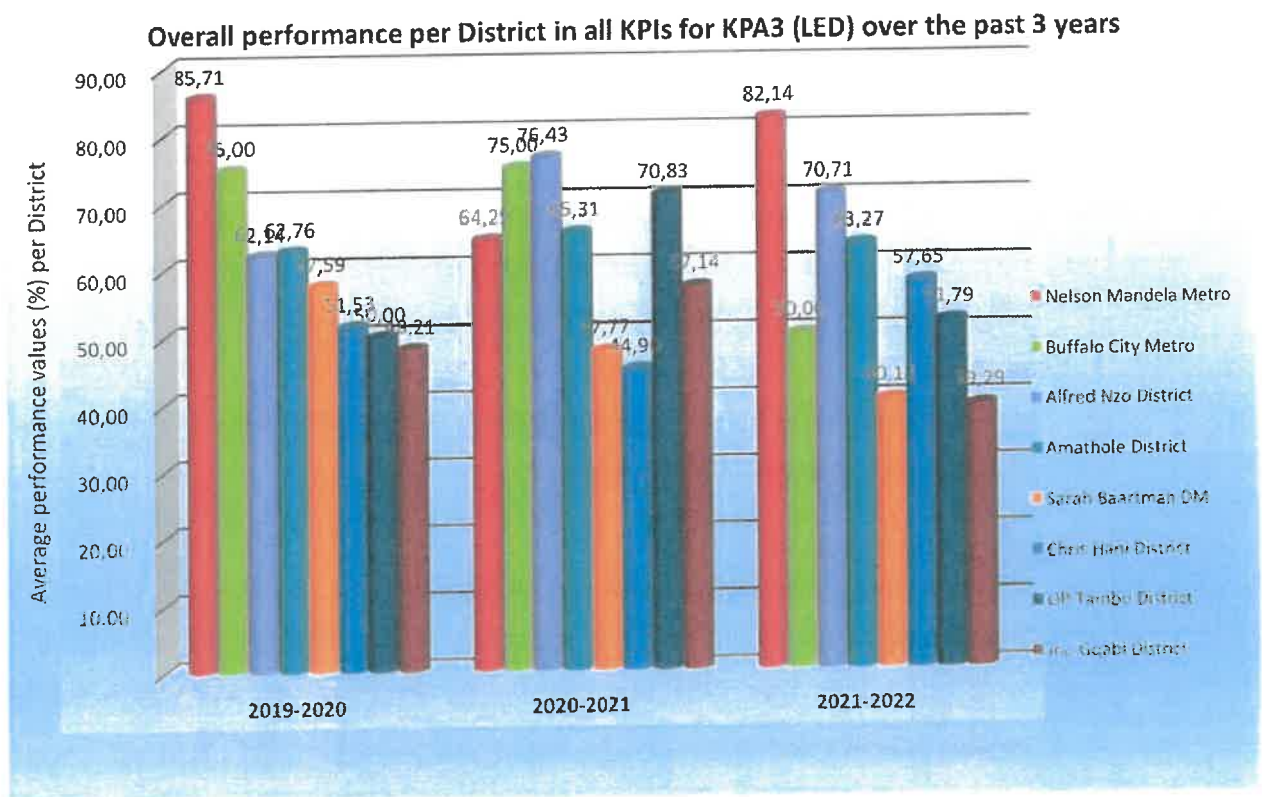


Figure above gives an overall performance within each district and metro municipality for the 2021/22 financial year. The highest performing metro is the **Nelson Mandela Bay Metro**, with an overall performance of **82%** compared to **Buffalo City Metro Municipality** with overall performance of **50%** in the current financial year.

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In 2021/22 financial year, the highest performing district is Alfred Nzo DM at 71% followed by Amathole DM at 63%. The lowest performing district is Joe Gqabi DM at 39%.

4.4 Observations

- i. Some municipalities still report according to their SDBIP format and not the tool provided by COGTA.
- ii. In some municipalities there is no detailed narrative report on LED, hence some have regressed and scored low.
- iii. In some of the reports targets are not quantified therefore making it difficult to determine performance against plan.
- iv. In most municipalities there is an existence of an effective LED Unit, however in some municipalities' organogram is not fully fledged.
- v. The information reported on the narrative should correspond with the information provided in the tool.

4.5 Challenges

These are some of the challenges encountered whilst assessing this KPA

- i. Poor quality of reports, not enough or credible information.
- ii. Lack of adoption of LED strategies and limited budget lead to non-implementation of plans.
- iii. Non functionality of LED IGR Forums results to uncoordinated LED initiatives.
- iv. LED units are operating on Zero budget.

4.6 Support Interventions

- The department provides support to municipalities in guiding the process of implementation of the LED strategies through the coordination of funding institutions.
- In support of credible LED Strategies in the Province, the department should collaborate with stakeholders such as, Statistics South Africa (Stats SA) and Eastern Cape Socio-Economic Consultative Council (ECSECC) to assist municipalities in reviewing strategies in house.
- The department in collaboration with National DCOG are embarking on a process of developing meaningful useful work for participants through site business plan development and working with SETAs.

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- The department has developed Urban and Small-Town Development Framework to guide the implementation of the program through the development of Master Plans and Precinct Plans.

5. MUNICIPAL FINANCIAL MANAGEMENT AND VIABILITY : (KPA) 4

5.1 Introduction

Financial management and viability refer to the organisation's ability to generate sufficient income to meet operating obligations, debt commitments and where applicable to allow growth while maintaining service levels.

Some municipalities have been successful in this regard while others have not made any progress from the previous year.

Financial management and viability entail the following:-

- ability of a municipality to maintain and sustain itself financially by collecting revenue due to it for services rendered and from property rates for which the communities are billed.
- ability of a municipality to provide improved living conditions to ensure a happy, healthy and secure community and environment.
- extent to which citizens can access quality standard of living so as to fulfil their dreams for the future generations to come.

In order for the performance of municipalities to be measured in this regard, the evidence is measured against the set Key Performance Indicators (KPIs) shown and discussed below.

5.2 Measurement of selected KPIs

The Department has utilised a set of indicators to measure the performance of municipalities with regards to their financial management and viability, over the past 3 years. These KPIs are as follows:

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- Status of the audit outcome.
- Submission of Annual Financial Statements.
- Percentage of capital budget expenditure.
- Actual salaries versus operational budget.
- Total amount of actual trade creditors as a percentage of total own revenue.
- Total municipal own revenue as a percentage of the total budget.
- The rate of municipal debtors' reduction.
- Percentage of Municipal Infrastructure Grant (MIG) budget appropriately spent and;
- Functionality of Audit Committee.

The indicators are measured as shown below: -

5.2.1 Status of the audit outcome

Section 126 1 (a) of the MFMA states that “The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor General (AG) for auditing”. Besides the issue of compliance, assessors also measured the status of the audit outcome. The following standards of performance were set:

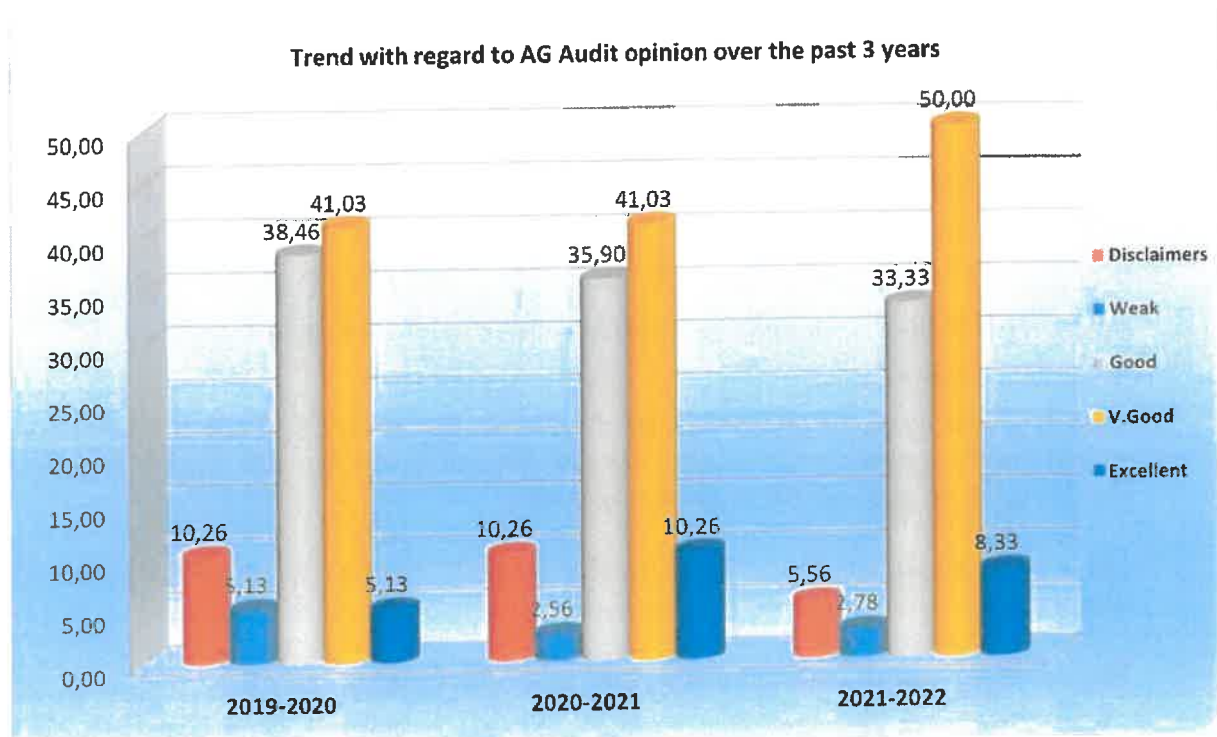
- **Excellent performance** : if the municipality obtained unqualified audit opinion with no emphasis of matter (clean);
- **Very good performance** : if the municipality obtained an unqualified audit opinion with emphasis of the matter;
- **Good performance** : if the municipality obtained a qualified audit opinion;
- **Weak performance** : if the municipality obtained an adverse audit opinion;
- **Disclaimer** : if the municipality obtained a disclaimer.

Audit opinion	Improved	Unchanged	Regressed
Qualified with no findings = 3	<ul style="list-style-type: none"> Mnquma 	<ul style="list-style-type: none"> Joe Gqabi Winnie Madikizela Mandela 	
Unqualified with findings = 10	<ul style="list-style-type: none"> Buffalo City King Sabata Dalindyebo Ngqushwa Dr AB Xuma Ndlambe 	<ul style="list-style-type: none"> Amahlathi Great Kei Mbhashe Nyandeni Alfred Nzo Matatiele Umzimvubu Inxuba Yethemba 	<ul style="list-style-type: none"> Elundini

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Audit opinion	Improved	Unchanged	Regressed
		<ul style="list-style-type: none"> Sarah Baartman Blue Crane Route Kouga Koukamma 	
Qualified = 13	<ul style="list-style-type: none"> Chris Hani 	<ul style="list-style-type: none"> Raymond Mhlaba OR Tambo Ingquza Hill Enoch Mgijima Emalahleni Sakhisizwe Intsika Yethu Nelson Mandela Dr Beyers' Naude 	<ul style="list-style-type: none"> Port St Johns Mhlontlo Ntabankulu
Disclaimers = 2		<ul style="list-style-type: none"> Makana Sunday's River 	
Adverse = 1			<ul style="list-style-type: none"> Walter Sisulu

The performance of municipalities in the 2021/22 Financial Year compared to the two (2) previous financial years with regards to audit outcomes is presented in the graph below.



The number of municipalities that obtained unqualified with no emphasis of matter (clean) have regressed from four to three (3) municipalities in the year under review. Those municipalities are: *Mnquma LM*, *Joe Gqabi DM* and *Winnie Madikizela Mandela LM*. It is

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regrettable that only *Mnquma* municipality have managed to improve from unqualified with emphasis of matter to clean audit opinion in the year under review.

The municipalities that have achieved a “very good” standard of performance has increased from sixteen 16 (41%) to 18 (50%) municipalities. These municipalities have obtained unqualified audit opinion with emphasis of matter.

Buffalo City Metro, King Sabata Dalindyebo LM, Ngqushwa LM, Dr AB Xuma LM, Ndlambe LM, Amahlathi LM, Great Kei LM, Mbhashe LM, Nyandeni LM, Alfred Nzo DM, Matatiele LM, Umzimvubu LM, Inxuba Yethemba LM, Sarah Baartman DM, Blue Crane Route LM, Kouga LM, Koukamma LM and Elundini LM

It is noticeable that five (5) municipalities have improved from qualified to unqualified audit opinion, these are: - *Buffalo City Metro, King Sabata Dalindyebo LM, Ngqushwa LM, Dr AB Xuma LM and Ndlambe LM*

The following twelve (12) municipalities have maintained their status of unqualified audit opinion: -

Amahlathi LM, Great Kei LM, Mbhashe LM, Nyandeni LM, Alfred Nzo DM, Matatiele LM, Umzimvubu LM, Inxuba Yethemba LM, Sarah Baartman DM, Blue Crane Route LM, Kouga LM and Koukamma LM

Only *Elundini* municipality has regressed from Unqualified (Clean) to unqualified with matters of emphasis.

The number of municipalities that achieved a “good” performance has slightly decreased from fourteen (14) to thirteen (13) municipalities in the current financial year.

These municipalities are : -

Chris Hani DM, Raymond Mhlaba LM, OR Tambo DM, Ingquza Hill LM, Enoch Mgijima LM, Emalahleni LM, Sakhisizwe LM, Intsika Yethu LM, Nelson Mandela Metro, Dr Beyers’ Naude LM, Port St Johns LM, Mhlontlo LM and Ntabankulu LM

Out of the 13 municipalities only *Chris Hani DM* has improved from disclaimer to qualified audit opinion.

Nine (9) municipalities maintained their status of qualified opinion, namely -

Raymond Mhlaba LM, OR Tambo DM, Ingquza Hill LM, Enoch Mgijima LM, Emalahleni LM, Sakhisizwe LM, Intsika Yethu LM, Nelson Mandela Metro and Dr Beyers’ Naude LM

Three municipalities namely: *Port St Johns LM, Mhlontlo LM and Ntabankulu LM* have regressed from unqualified to qualified audit opinion.

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Walter Sisulu LM municipality obtained an adverse audit opinion while *Makana LM and Sunday's River LM* obtained a disclaimer.

5.2.2. Submission of Annual Financial Statements (AFS)

Section 126 (1) of the Municipal Finance Management Act (MFMA) states that “The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing; and must in addition prepare consolidated annual financial statements within three months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing”.

The following performance standards were set:

- **Excellent performance** : if AFS were submitted by 31 August and end September for consolidated AFS signed by Municipal Manager (MM) and Chief Financial Officer (CFO).
- **Very good performance** : if AFS were submitted by 31 August and end September for consolidated AFS not signed by Municipal Manager.
- **Good performance** : if AFS were submitted to Auditor-General (AG) not later than one (1) month after the due date.
- **Weak performance** : if AFS were submitted to Auditor-General more than one (1) month after the due date.
- **Disclaimer** : if no information provided.

The performance of municipalities is reflected in the graph below.

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Thirty-five (35) municipalities have achieved “**excellent**” performance standard in the current financial year as they submitted their AFS within the legislated timeframe which is 31st August.

Only *Sunday’s River Valley* municipality submitted AFS to Auditor General more than one month after the due date.

5.2.3 Capital expenditure

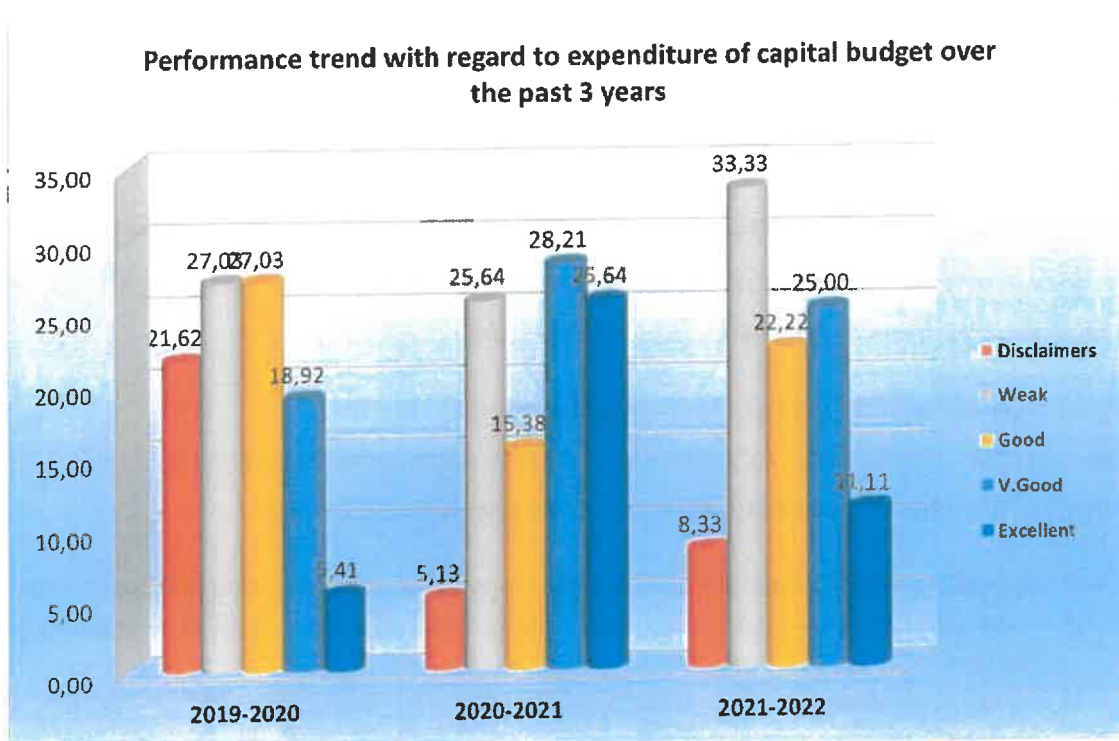
This indicator measures the extent to which municipalities spent their capital budget. The absence of budget information negatively affected the assessment as it was not possible for the assessment team to determine the extent to which many municipalities had spent their capital budget and hence municipalities who have failed to provide complete information have been assessed as a “**disclaimer**” regarding this KPI. However, where the capital budget and the expenditure amounts were disclosed, the following standards were used to measure the performance:

- **Excellent performance** : if the municipality reports 90-100% of capital budget utilised.
- **Very good performance** : if the municipality reports 80-89% of capital budget utilised.
- **Good performance** : if the municipality reports 70-79% of capital budget utilised;
- **Weak performance** : if the municipality reports less than 70% of capital budget utilised;

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▪ **Disclaimer** : if no information is provided.

The performance of municipalities this year compared to last year for capital expenditure is presented in the graph below:-



Only four (4) municipalities that have obtained “**excellent**” performance in level of spending their capital budget compared to ten (10) municipalities in the last financial year.

Those municipalities are: *Matatiele LM (90%), Raymond Mhlaba LM (91%), Kouga LM (124%)* and *Sunday's River Valley LM (93%)*

The number of municipalities who performed “**very good**” performance has decreased from eleven (37%) to nine (25%) municipalities in the current year under review; those are:-

Buffalo City Metropolitan (88%), Winnie Madikizela-Mandela LM (84%), Great Kei LM (88%), Makana LM (88%), Chris Hani DM (84%), King Sabata Dalindyebo LM (86%), Nyandeni LM (88%), Elundini LM (81%) and *Walter Sisulu LM (88%)*

Eight (22%) municipalities have obtained “**good**” performance in spending their capital budget in the current financial year compared to six (15%) municipalities previously, those are:

Nelson Mandela Bay Metropolitan (79%), Alfred Nzo DM (77%), Mbashe LM (77%), Mnquma LM (75%), Ngqushwa LM (78%), Emalahleni LM (77%), Sakhisizwe LM (70%), Ingquza Hill LM (74%)

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The number of “**weak**” municipalities has slightly increased from ten (10) to twelve (33%) in the year under review. The following municipalities reported spending of less than 70% of their capital budget: -

Ntabankulu LM (62%), Umzimvubu LM (69%), Amahlathi LM (69%), Sarah Baartman DM (7%), Blue Crane Route LM (54%), Ndlambe LM (63%), Dr AB Xuma LM (61%), Enoch Mgijima LM (68%), Intsika Yethu LM (68%), Mhlontlo LM (63%), Port St Johns LM (55%) and Joe Gqabi DM (69%)

The following three (8%) municipalities did not disclose information on Capital Expenditure in the year under review as compared to two (2) that have not reported in the previous financial year: - *Koukamma LM, Inxuba Yethemba LM and OR Tambo DM*

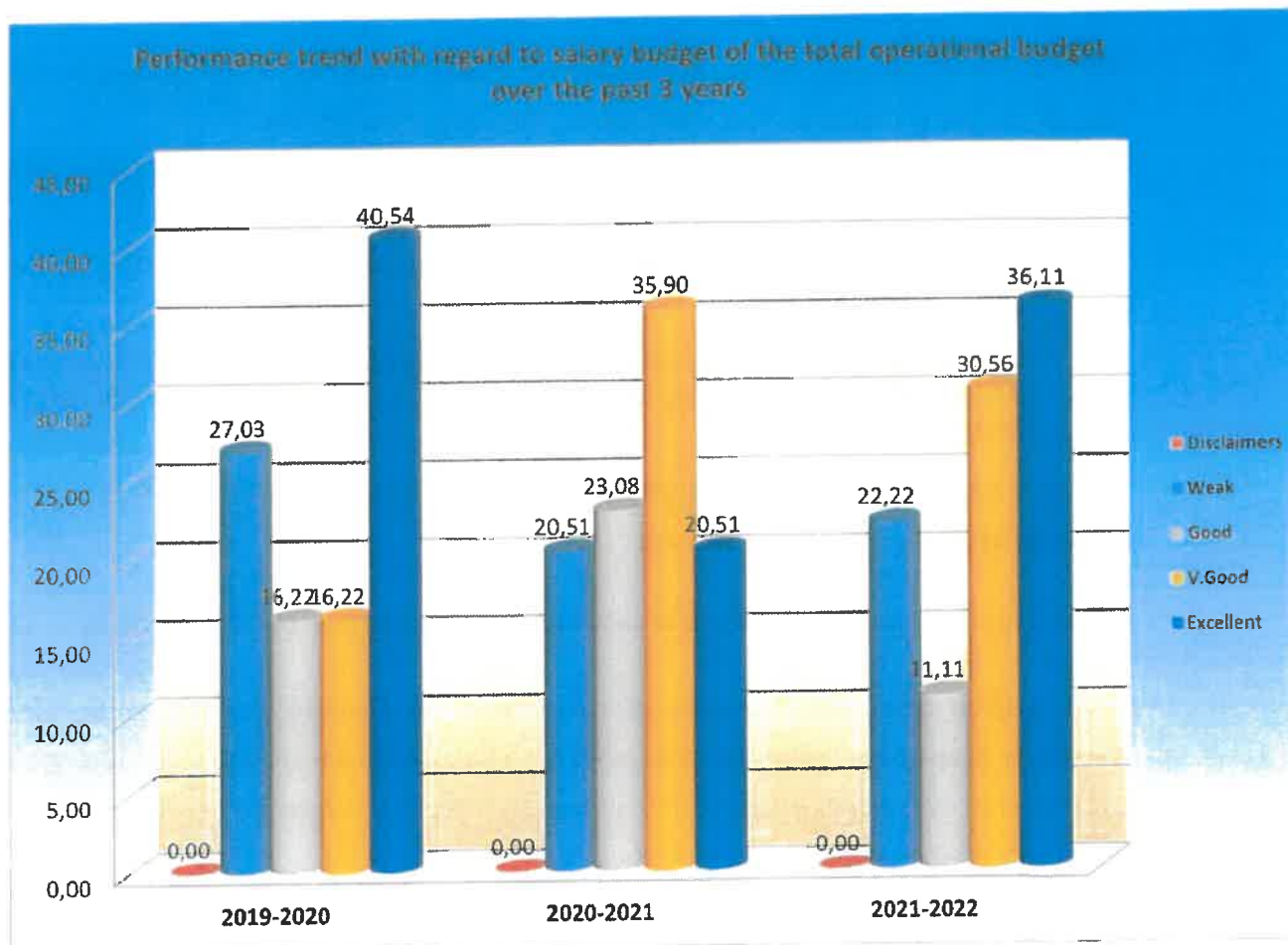
5.2.4 Actual Salaries versus Operational Budget

This indicator measures the extent to which municipalities spent their operational budget on salaries. The following standards were used to measure the performance: -

- **Excellent performance:** if the municipality spends at most 35% of operational budget;
- **Very good performance:** if the municipality spends between 36-40% of operational budget.
- **Good performance** : if the municipality spends between 41-45% of operational budget;
- **Weak performance** : if the municipality spends more than 45% of operational budget;
- **Disclaimer** : if the municipality does not report on actual expenditure.

The performance of municipalities this year compared to last year for actual salary expenditure is reflected in the graph below:-

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The following thirteen (36%) municipalities have obtained “excellent” performance during the year under review compared to eight (21%) municipalities in the previous financial year; those are: -

Nelson Mandela Bay Metropolitan (28%), Buffalo City Metropolitan (27%), Matatiele LM (33%), Umzimvubu LM (28%), Winnie Madikizela-Mandela LM (30%), Great Kei LM (26%), Blue Crane Route LM (28%), Kouga LM (35%), Sunday's River Valley LM (32%), Chris Hani DM (32%), Mhlontlo LM (35%), Ingquza Hill LM (34%) and Walter Sisulu LM (33%),

The following eleven (31%) municipalities have achieved a “very good” performance in the year under review compared to fourteen (14) municipalities, those are: -

Alfred Nzo DM (39%), Ngqushwa LM (38%), Raymond Mhlaba LM (40%), Sarah Baartman DM (38%), Koukamma LM (39%), Ndlambe LM (39%), Inxuba Yethemba LM (36%), Sakhisizwe LM (37%), King Sabata Dalindyebo LM (40%), Joe Gqabi DM (38%) and Elundini LM (38%)

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The number of municipalities that have achieved a “good” performance has decreased from nine (9) to four (11%) in the year under review, those municipalities are:-

Mbhashe LM (44%), Mnquma LM (44%), Makana LM (42%) and Enoch Mgijima LM (41%)

The number of “weak” performing municipalities has remained the same at eight (22%) in the year under review; namely: -

Ntabankulu LM (48%), Amahlathi LM (54%), Emalahleni LM (57%), Dr AB Xuma LM (50%), Intsika Yethu LM (62%), OR Tambo DM (528%), Nyandeni LM (46%) and Port St Johns LM (45%),

No municipality obtained a “disclaimer” (failed to disclose their information on salary expenditure) in the current financial year.

5.2.5 Total amount of actual trade creditors as a percentage of total revenue.

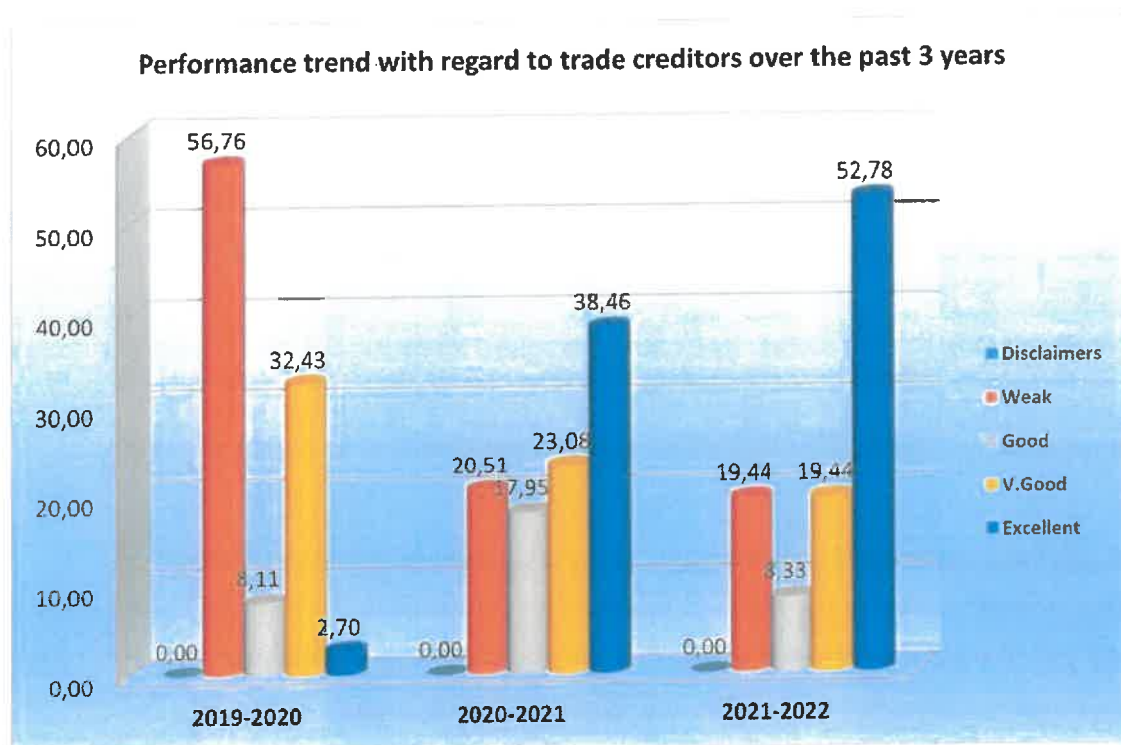
This indicator measures the reduction of trade creditors by municipalities in the year under review as compared to the 2020/21 financial year. The total amount owed to creditors against total revenue measures the capacity of a municipality to meet its obligations in paying creditors within the prescribed time frame.

The following performance standards were set:

- **Excellent performance** : if the total actual amount of trade creditors represents less than 20% of the total municipal revenue at the end of the financial year.
- **Very good performance** : if the total actual amount of trade creditors represents 21% to 40% of the total municipal revenue at the end of the financial year.
- **Good performance** : if the total actual amount of trade creditors represents 41% to 60% of the total municipal revenue at the end of the financial year.
- **Weak performance** : if the total actual amount of trade creditors represents 61% and above of the total municipal revenue at the end of the financial year.
- **Disclaimer** : if no information is provided.

The performance of municipalities this year as compared to last year with regard to this indicator is summarised below.

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The number of municipalities that obtained an “**excellent**” standard of performance has increased from fifteen (38%) municipalities to nineteen (53%) in the year under review.

The following municipalities were able to pay their creditors within the legislated timeframe of 30 days: -

Nelson Mandela Bay Metropolitan (19%), Buffalo City Metropolitan (17%), Alfred Nzo DM (17%), Umzimvubu LM (7%), Ngqushwa LM (14%), Sarah Baartman DM (10%), Blue Crane Route LM (18%), Kouga LM (13%), Koukamma LM (15%), Ndlambe LM (10%), Emalahleni LM (11%), Dr AB Xuma LM (8%), Intsika Yethu LM (15%), Sakhisizwe LM (12%), Mhlontlo LM (6%), Nyandeni LM (11%), Port St Johns LM (19%), Joe Gqabi DM (20%) and Elundini LM (13%)

The number of municipalities with a “**very good**” standard of performance has slightly decreased from nine (23%) to seven (19%) in the year under review; these are as follows: -

Matatiele LM (37%), Great Kei LM (28%), Mquma LM (36%), Sunday’s River Valley LM (22%), Chris Hani DM (24%), OR Tambo DM (29%) and King Sabata Dalindyebo LM (28%)

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Only three (8%) municipalities with a “good” standard of performance during the year under review to seven (18%) municipalities in the last financial year. These are:

Winnie Madikizela Mandela LM (53%), Amahlathi LM (52%) and Makana LM (46%)

The number of municipalities with a “weak” standard of performance has decreased from eight (21%) to seven (19%) in the year under review. These municipalities are as follows: -

Ntabankulu LM (92%), Mbhashe LM (70%) Raymond Mhlaba LM (89%), Enoch Mgijima LM (109%), Inxuba Yethemba LM (154%) Ingquza Hill LM (99%) and Walter Sisulu LM (180%)

No municipality has failed to provide the required information in the year under review.

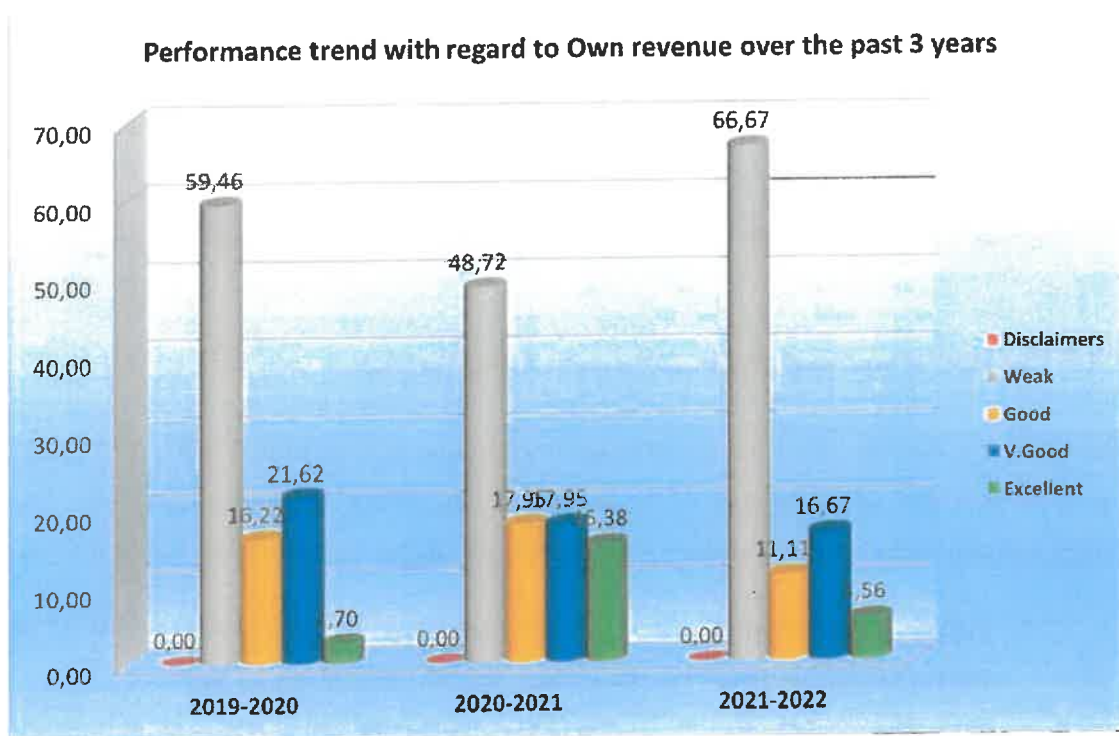
5.2.6 Total municipal own revenue as a percentage of the actual budget

This indicator measures the extent of municipal own revenue in the municipal actual budget and provides information on the cash flow situation within the municipality. Municipalities were assessed according to the following standards of performance:

- **Excellent performance** : if the municipality’s own revenue constitutes 80% or more of the total municipal actual budget figure;
- **Very good performance** : if the municipality’s own revenue constitutes 60% - 79% of the total municipal actual budget figure;
- **Good performance** : if the municipality’s own revenue constitutes 40% - 59% of the total municipal actual budget figure;
- **Weak performance** : if the municipality’s own revenue constitutes less than 40% of the total municipal actual budget figure;
- **Disclaimer performance** : if no information was provided.

The performance of municipalities this year compared to last year for this indicator is summarised below:-

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Nelson Mandela Metropolitan (85%) and *Ntabankulu municipality* (107%) obtained “excellent” performance in the current financial year compared to six municipalities in the previous year.

The number of municipalities that obtained “very good” performance has slightly decrease from seven (18%) to six (17%) in the year under review. These municipalities are :-

Buffalo City Metropolitan (75%), *Kouga LM* (79%), *Koukamma LM* (73%), *Makana LM* (60%), *Enoch Mgijima LM* (69%) and *Walter Sisulu LM* (64%)

The number of municipalities that obtained “good” performance has slightly decreased from seven (18%) municipalities to four (11%) in the current financial year; these municipalities are:-

Blue Crane LM (52%), *Ndlambe LM* (41%), *Inxuba Yethemba* (51%) and *King Sabata Dalindyebo* (49%)

The number of municipalities that obtained “weak” performance has increased from nineteen (49%) in the previous financial year to twenty-four (67%) to in the year under review; these municipalities are: -

Alfred Nzo DM (5%), *Matatiele LM* (33%), *Umzimvubu LM* (19%), *Winnie Madikizela-Mandela LM* (19%), *Amahlathi LM* (10%), *Great Kei LM* (38%), *Mbhashe LM* (11%), *Mnquma LM* (24%),

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Ngqushwa LM (34%), Raymond Mhlaba LM (35%), Sarah Baartman DM (9%), Sunday's River Valley LM (20%), Chris Hani DM (36%), Emalahleni LM (30%), Dr AB Xuma LM (10%), Intsika Yethu LM (22%), Sakhisizwe LM(22%), OR Tambo DM (25%), Mhlontlo LM (18%), Ingquza Hill LM (13%), Nyandeni LM (10%) Port ST Johns LM (11%), Joe Gqabi DM (31%) and Elundini LM(27%)

No municipality that has failed to disclose information on own revenue in the year under review.

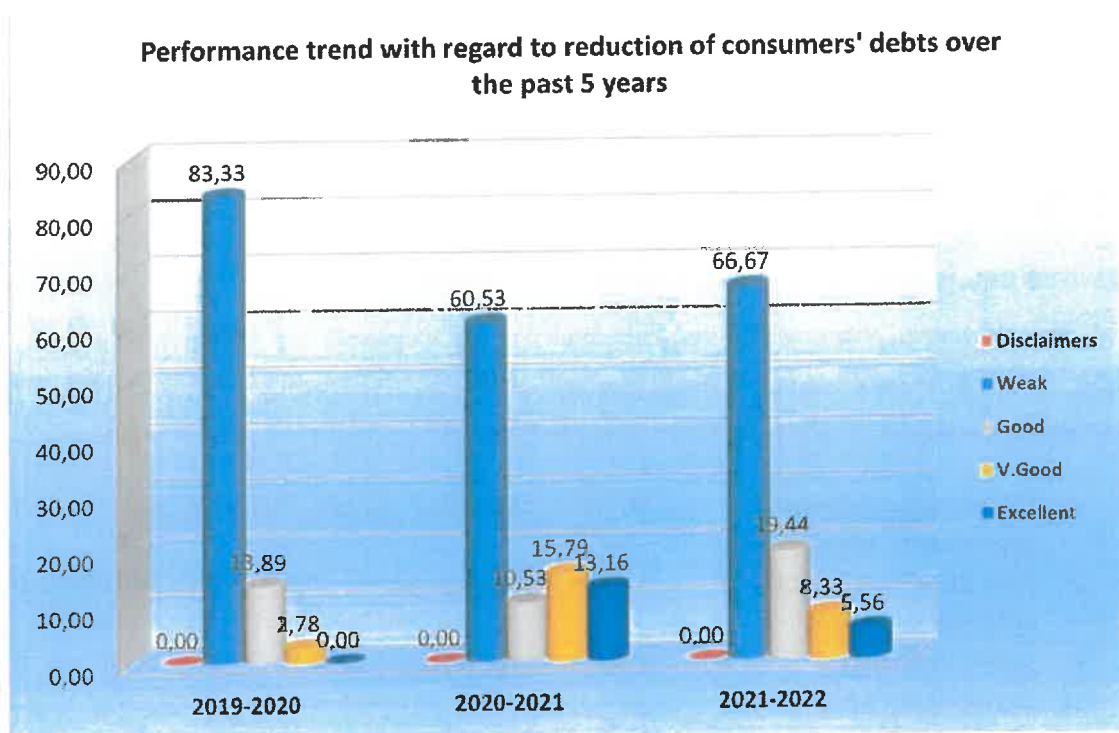
5.2.7 The rate of municipal consumer debtors' reduction

This indicator measures the level of reduction in consumer debtors from 2020/21 to 2021/22 and is an indication of the capacity of the municipality to collect outstanding consumer debts during the year under review. For this indicator the performance standards were set as follows:

- **Excellent performance** : if the municipality reports 31% and above of the municipal consumer debtors reduced by the end of the financial year.
- **Very good performance** : if the municipality reports 15% to 30% of the municipal consumer debtors reduced by the end of the financial year.
- **Good performance** : if the municipality reports less than 15% of the municipal consumer debtors reduced by the end of the financial year.
- **Weak performance** : if the municipality reports an increase of municipal consumer debtors by the end of the financial year.
- **Disclaimer** : if no information is provided in the annual report.

A comparison of the past three financial years of the performance of municipalities in this indicator is shown in the graph below:-

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Ntabankulu and *Makana* municipalities obtained “**excellent**” performance in debt reduction with (71%) and (48%) respectively as compared to five (13%) municipalities in the last financial year.

Three (8%) municipalities obtained a “**very good**” performance in the current financial year as compared to six (15%) municipalities in the previous financial year; these are :-

Great Kei LM (28%), *OR Tambo DM* (16%) and *Ingquza Hill* (15%)

Seven (19%) municipalities obtained “**good**” performance as compared to four (10%) municipalities in the previous year.

Nelson Mandela Bay Metropolitan (11%), *Alfred Nzo DM* (6%), *Winnie Madikizela-Mandela LM* (8%), *Mnquma LM* (12%), *Ndlambe LM* (1%), *Sunday’s River Valley LM* (3%) and *Intsika Yethu LM* (3%)

During the year under review, twenty-four (67%) municipalities have failed to reduce their consumer debtors as compared to the previous financial year resulting to obtaining “**weak**” performance quality standard, namely:-

Buffalo City Metropolitan (6%), *Matatiele LM* (16%), *Umzimvubu LM* (36%), *Amahlathi LM* (58%), *Mbhashe LM* (8%), *Ngqushwa LM* (6%), *Raymond Mhlaba LM* (4%), *Sarah Baartman DM* (92%),

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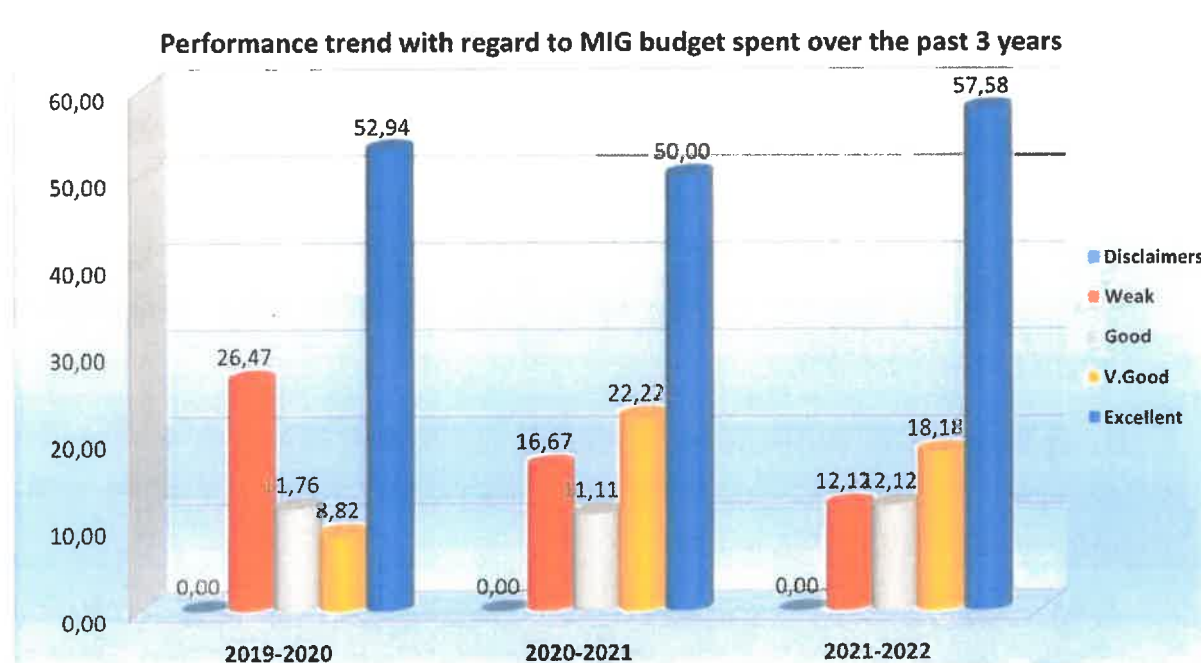
Blue Crane Route LM (3%), Kouga LM (30%), Koukamma LM (62%), Chris Hani DM (11%), Emalahleni LM (44%), Dr AB Xuma LM (105%), Enoch Mgijima LM (18%), Inxuba Yethemba LM (34%), Sakhisizwe LM (14%), Mhlontlo LM (64%), King Sabata Dalindyebo LM (31%), Nyandeni LM (61%), Port ST Johns LM (143%), Joe Gqabi DM (27%), Elundini LM (40%) and Walter Sisulu LM (40%)

5.2.8 Municipal Infrastructure Grant

This indicator measures the extent to which municipalities spent their Municipal Infrastructure Grant (MIG) received from National Government. Where the MIG budget and the expenditure amounts were disclosed, the following standards were used to measure the performance:

- **Excellent performance** : if the municipality reports 100% of MIG budget appropriately spent;
- **Very good performance** : if the municipality reports 90% - 99% of MIG budget appropriately spent;
- **Good performance** : if the municipality reports 80% - 89% of MIG budget appropriately spent;
- **Weak performance** : if the municipality reports less than 80% of MIG budget appropriately spent;
- **Disclaimer performance** : if no information was provided.

The graph below depicts the performance comparison of municipalities relating to MIG expenditure for three past financial years.



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The information below is exclusive of Metros and Sarah Baartman District municipality as these municipalities do not receive MIG. Comparing the financial years, it is noted that there is slight increase in the level of MIG expenditure as the number of “**excellent**” performing municipalities has increased from eighteen (46%) to nineteen (53%) in the year under review. The following municipalities have spent 100% of MIG: -

Alfred Nzo DM, Ntabankulu LM, Umzimvubu LM, Winnie Madikizela-Mandela LM, Amahlathi LM, Mnquma LM, Ngqushwa LM, Raymond Mhlaba LM, Kouga LM, Koukamma LM, Ndlambe LM, Chris Hani DM, Emalahleni LM, Inxuba Yethemba LM, Sakhisizwe LM, King Sabata Dalindyebo LM, Nyandeni LM, Joe Gqabi DM and Walter Sisulu LM

Six (18%) municipalities obtained a “**very good**” performance in the year under review compared to eight (21%) municipalities in the previous financial year, these municipalities are:

Great Kei LM (97%), Sunday's River Valley LM (98%), Intsika Yethu LM (92%), Ingquza Hill LM (92%), Port ST Johns LM (96%) and Elundini LM (90%)

The number of municipalities obtained “**good**” performance in the year under review remained the same at four (11%) municipalities from 10% of the previous financial year, these municipalities are as follows:

Matatiele LM (88%), Blue Crane Route LM (87%), Dr AB Xuma LM (80%) and OR Tambo DM (81%)

Four (11%) municipalities obtained “**weak**” performance in the year under review compared to six (15%) in the previous financial year. These are: -

Mbhashe LM (65%), Makana LM (58%), Enoch Mgijima LM (61%) and Mhlontlo LM (71%)

5.2.9 Functionality of Audit Committee

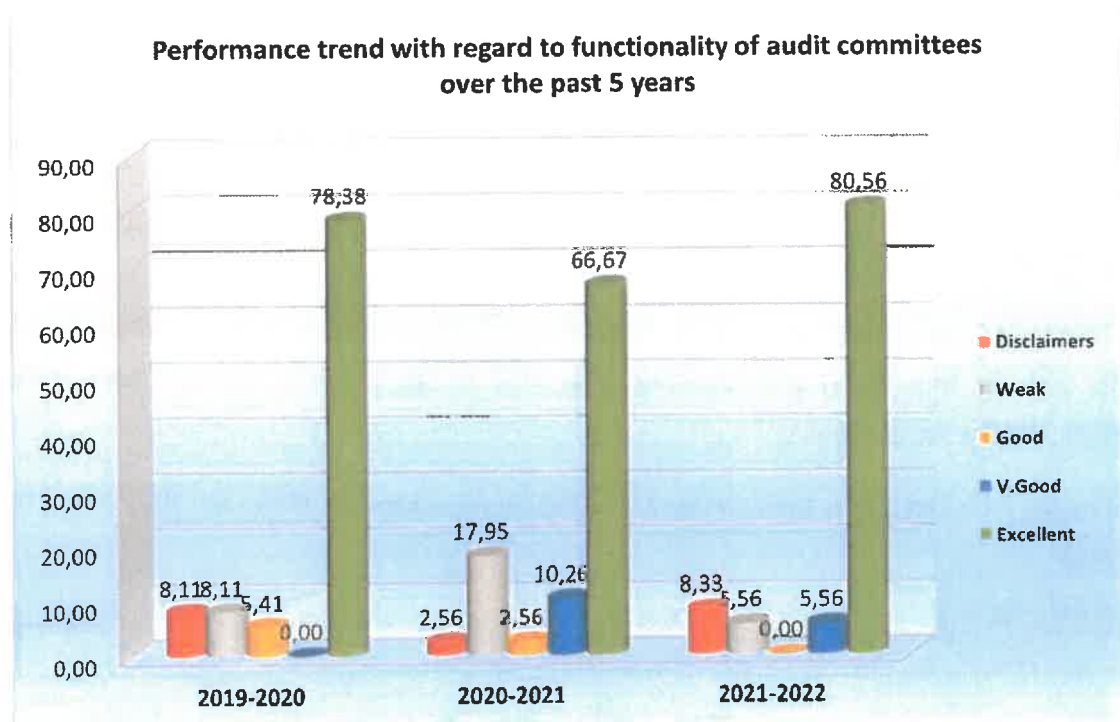
In terms of the Municipal Systems Act, each municipality must have an Audit Committee. Section 166 of the MFMA prescribes how the audit committee is to be established in each municipality. To assess the performance of municipalities in complying with this legislation during the year under review four performance standards were set as follows:

- **Excellent performance** : if the municipality reports the existence, responsibilities and functionality of an Audit Committee including a report attached in the Annual Report;

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- **Very Good** : if the municipality reports the existence, responsibilities and functionality of an Audit Committee
- **Good** : if the municipality mentions the existence and the responsibilities/functionality of an Audit Committee.
- **Weak performance** : if the municipality mentions only the existence of an Audit Committee
- **Disclaimer** : if no information was provided.

The performance of municipalities with regards to this indicator is reflected in the graph below.



The number of municipalities that have achieved an “**excellent**” performance standard in relation to this KPI has increased from twenty-six (72%) to twenty-nine (81%) in the year under review.

Two (2) municipalities (6%) obtained “**very good**” performance standard.

Two (2) municipalities (6%) had mentioned the existence of audit committees without providing audit committee reports resulting to obtaining “**weak**” performance. This indicates a decrease in this quality standard compared to the last financial year as they were six the municipalities.

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Three (3) municipalities (8%) failed to disclose information on Audit Committee in the year under review.

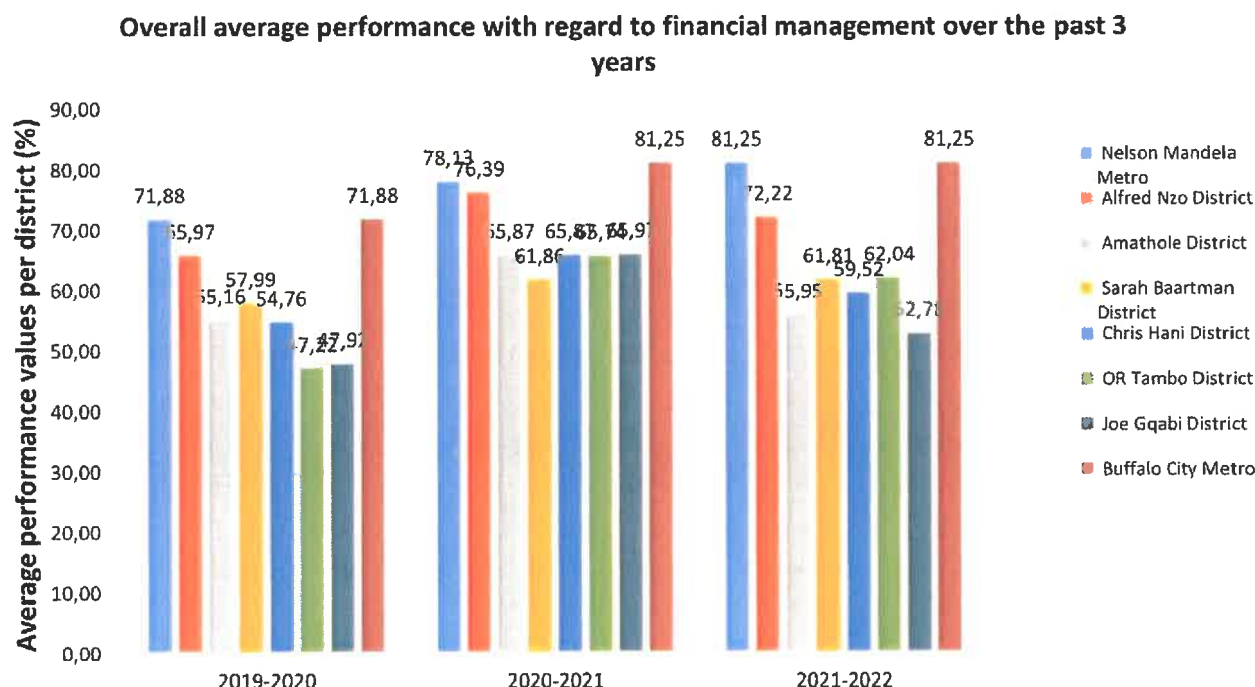
Below is the performance by municipalities per quality standard with regard to this KPI.

EXCELLENT	VERY GOOD	GOOD	WEAK	DISCLAIMER
Nelson Mandela Bay Metropolitan	King Sabata Dalindyebo LM		Great Kei LM	Dr AB Xuma LM
Buffalo City Metropolitan	Elundini LM		Sunday's River Valley LM	Sakhisizwe LM
Alfred Nzo DM				Ingquza Hill LM
Matatiele LM				
Ntabankulu LM				
Umzimvubu LM				
Winnie Madikizela-Mandela LM				
Amahlathi LM				
Mbhashe LM				
Mnquma LM				
Ngqushwa LM				
Raymond Mhlaba LM				
Sarah Baartman DM				
Blue Crane Route LM				
Kouga LM				
Koukamma LM				
Makana LM				
Ndlambe LM				
Chris Hani DM				
Emalahleni LM				
Enoch Mgijima LM				
Intsika Yethu LM				
Inxuba Yethemba LM				
OR TAMBO DM				
Mhlontlo LM				
Nyandeni LM				
Port ST Johns LM				
Joe Gqabi DM				
Walter Sisulu LM				

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5.3 Overall performance achievement in financial management and viability

The assessment results for the 2021/22 Financial Year showing the performance of two Metros and DMs in regard to all nine (9) KPIs used is presented in the graph below.



The overall performance of the Metros and some District Municipalities is generally satisfactory as it shows an increase. The best performing municipalities in the province in terms of financial management is **Buffalo City Metro** and **Nelson Mandela Metro** with a score of **81.25%** in 2021/22 financial year and it shows an improvement for **Nelson Mandela Metro** as it was **78.13%** in the previous financial year.

Alfred Nzo DM currently is the second best on overall performance with a score of **72.22%** in the year under review and it shows a slight decrease from 2020/21 financial year as it was **76.39%**.

The overall performance for **OR Tambo DM** and **Sarah Baartman DM** in the year under review is **62.04%** and **61.81%** respectively. OR Tambo shows a decrease from last year's performance as it was **65.74%** whereas Sarah Baartman has maintained the status.

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Chris Hani, Amathole and Joe Gqabi District Municipalities have achieved **59.52%**, **55.95%** and **52.79%** respectively and they are below **60%** in overall performance in the year under review.

5.4 Observations

- Out of 39 municipalities, only 36 submitted the Annual Reports.
- Most municipalities have spent less than 70% of their Capital budget whereas 3 municipalities have failed to disclose their Capital expenditure.
- There is an improvement of municipalities in complying to the norm of ranging their operational budget on employee related cost between **25% to 40%**.
- Most municipalities have met their obligation of paying their creditors with the legislated timeframe; however, they are mostly reliant on unconditional grants received to pay them off.
- The trend of poor revenue collection is still a concern as it is continuously decreasing.

This depicts:

- poor revenue collection and non-implementation of revenue enhancement strategies
- grant dependency in most municipalities
- non-implementation of debt management and credit control policies and by-laws

5.5 Challenges

- Leadership in municipalities is not exercising the necessary responsibility to enhance good governance.

Data

- Lack of compliance by municipalities in reporting format.
- Non - attachment of relevant information such as AFS, referenced Annexures or Appendixes

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5.6 Support Interventions

In an endeavour to reduce the use of consultants, the department will provide ongoing support in collaboration with the South African Revenue Services by training municipal officials on VAT returns.

Through the Chief Audit Executive and Risk Management Forum, the department continues to use the platform to assist in supporting the municipal internal audit and risk management units on to share best practices and benchmark from each other. The forum is utilised to ensure that the progress on the implementation and improvement of audit outcomes becomes the standard agenda item being discussed in audit committee meetings.

The department, in collaboration with Provincial Treasury and SALGA is closely monitoring and supporting municipalities that have who have obtained disclaimer/adverse audit opinion and those that under section 139 (5) of the MFMA through monthly to discuss matters raised by the auditor general and advise on how the matters should be resolved.

Capacitation of Municipal Public Accounts Committees (MPACs) on dealing with unauthorized, irregular fruitless and wasteful expenditure (UIFWE) as well as the support on the development and implementation of UIFWE reduction strategy.

The National Treasury has developed a new web-based tool on the implementation of Audit Action Plans, the province will assist municipalities in monitoring the implementation of AIP's and provide technical support. This would assist in uniformity and consistency for ease of monitoring.

The department will encourage municipalities on the development of standard operating procedures as well as incorporation and implementation of Auditor General's guide on preventative controls which entails **Importance of preventative controls**, Tone, and control culture, Institutionalised internal controls, Procurement of goods and services, Preparation of financial statements, Asset management and Infrastructure delivery process.

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6. ACTIONS TAKEN TO ADDRESS ISSUES RAISED BY AUDITOR GENERAL OF SOUTH AFRICA (AGSA)

The department has assessed and reviewed the municipal audit action plans for the adequacy of the responses on all municipalities excluding the one with outstanding audit report. The assessment will be communicated to the municipalities wherein the department will issue feedback letters so that municipalities can relook at their action plans and incorporate areas that have not been adequately addressed. The department will monitor the implementation of those action plans quarterly and vigorously assist municipalities in addressing the issues.

Municipalities will be encouraged to prepare interim financial statements on a quarterly basis in order to circumvent the use of consultants and the fact that the financial reporting in municipalities remains a year end effort resulting in financial reporting discrepancies.

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Overview

The performance of municipalities has slightly improved in the year under review compared to 2020/21 financial year. Many municipalities performed excellently on the first two (2) indicators related to Ward Committee establishment and functionality. Few municipalities submitted information on the CDW indicator. Few municipalities could explicitly indicate existence of IGR Strategy, those who managed to reflect existence of the strategy failed to indicate existence of unit and dedicated personnel. Most municipalities showed lack of differentiation between IGR Strategy and IGR structures. District Municipalities fell short on giving detailed information on the IGR structural meetings, e.g. providing TOR of Technical IGR, Political DIMAFO and Minutes including Action Issues. Most municipalities only reflected on Communication mechanisms instead of reflecting on the existence of the Communication Strategy. Municipalities provided number of Imbizo/outreaches conducted but did not provide information for comparison with the previous year. Most of the municipalities were generic in providing information related to Corruption prevention mechanisms, others could not provide information reflecting whether the fraud presentation policy is available and have been adopted by the Council. Municipalities that have submitted required information

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with regard to anti-corruption could not demonstrate whether staff awareness workshops were conducted.

7.1 Introduction

Chapter 3 of the Constitution of the Republic of South Africa (Act 106 of 1996) advocates for the cooperation and interrelation amongst the three spheres of government together with Inter-Governmental Relations Framework Act (Act 13 of 2005). These pieces of legislations facilitate the planning and coordination of government programmes for improved delivery of services to the communities.

Public Participation and Good Governance are the foundations of developmental local government as set out in the White Paper on Local Government (1998).

Good Governance is the way municipalities are directed and controlled to ensure that they are effective in achieving their objectives. The main objective of good governance and public participation is to promote and encourage the involvement of communities in the matters of local government.

This report provides information on how municipalities have performed in 2021/22 financial year in relation to their mandate.

7.3 Measurement of selected Key Performance Indicators (KPIs)

Performance assessment was measured using the following eight (8) indicators:

- Establishment of ward committees
- Effective functioning of Ward Committees
- Existence of an effective system of monitoring Community Development Workers (CDWs)
- Existence of an effective IGR strategy
- Effectiveness IGR structural meetings
- Existence of communication strategy
- Number of Mayoral Imbizos conducted
- Existence of corruption prevention mechanisms

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7.2.1 Establishment of Effective Ward Committees

In terms of Section 16 of the Municipal Systems Act, 32 of 2000 (as amended) and Section 72 of the Municipal Structures Act, 117 of 1998 municipalities must establish Ward Committees that will serve as vehicles for community participation in municipal affairs. Chapter four of the Ward Committee Resource Book states that “because of the wide range of municipal functions and powers, many interest groups could claim an interest in municipal matters”, so it makes sense that ward committees are formed with residents at the helm. It further states that each ward committee should have a maximum of ten (10) members who are selected from a broad range of interest groups that are most relevant to the key performance areas of the municipality”.

The Act states that a “ward committee could be an important mobilising agent for community action and plays an important part in mobilising partnerships for the development of local projects. This is a system which is designed to ensure that people’s inputs are taken into account during planning and decision-making processes at municipal level.

The assessment of this KPI was conducted based on the following quality standards:

- ***Excellent (4)***

If 100% of ward committees are established as reported in the Annual Report wherein the municipality provides information on the total number of ward committees established and the total number of wards.

- ***Very Good (3)***

If at least 90% of ward committees are established as reported in the Annual Report wherein the Municipality provides information on the total number of ward committees established and the total number of wards.

- ***Good (2)***

If at least 80% of ward committees are established as reported in the Annual Report wherein the Municipality provides information on the total number of ward committees established and the total number of wards.

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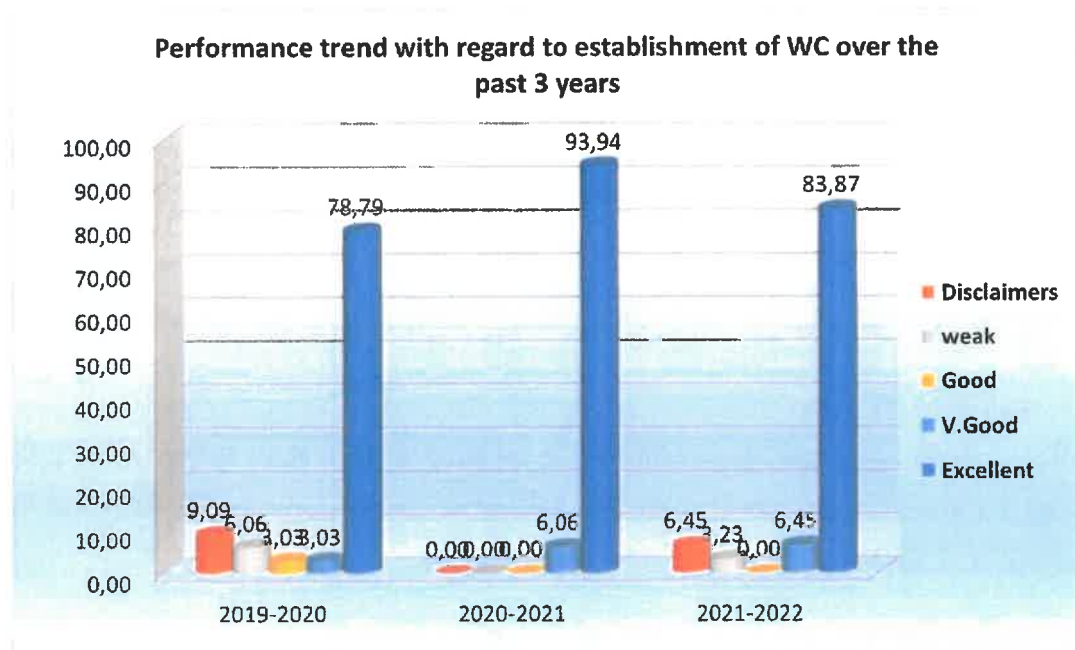
▪ *Weak (1)*

If less than 80% of ward committees are established as reported in the Annual Report wherein the Municipality provides information on the total number of ward committees established and the total number of wards.

▪ *Disclaimer (0)*

If there is no information provided in the report.

The diagram below is a graphical illustration of the progress achieved in establishing ward committees in the province over the past three (3) years.



There is a slight decrease in the number of municipalities that obtained “**excellent**” in the establishment of ward committees from **93.94% (31 municipalities)** in 2020/21 Financial Year to **83,87 % (26 municipalities)** in 2021/22 Financial Year.

The following municipalities have performed “**excellent**”:

Nelson Mandela Bay Metropolitan, Buffalo City Metropolitan, Matatiele LM, Ntabankulu LM, Umzimvubu LM, Winnie Madikizela-Mandela LM, Amahlathi LM, Great Kei LM, Mbhashe LM, Mnquma LM, Ngqushwa LM, Raymond Mhlaba LM, Blue Crane Route LM, Kouga LM, Koukamma LM, Ndlambe LM, Sunday’s River Valley LM, Emalahleni LM,

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Inxuba Yethemba LM, Sakhisizwe LM, Mhlontlo LM , Ingquza Hill LM, King Sabata Dalindyebo LM, Nyandeni LM, Elundini LM and Walter Sisulu LM.

Makana LM and Port St Johns LM are the only municipalities that obtained “very good” performance in 2021/22 Financial Year at 6.45 % (2 municipalities).

No municipality obtained “good” performance in the 2021/22 Financial year.

Only (one municipality) obtained “weak” performance in the 2021/22 financial year, which is Intsika Yethu LM.

Dr AB Xuma LM and Enoch Mgijima LM have failed to provide required information which qualifies for a “disclaimer” performance.

7.2.2 Functionality of Ward Committees

Ward Committees are important role players in a community. The ward committee discusses and elevate issues through the ward councillor who then reports on these issues and /or developments at council meetings. Furthermore, section 74 (b) of the Municipal Structures Act, 117 of 1998 provides that a council may also delegate specific municipal duties and powers to a ward committee.

Assessment in this KPI was based on fulfilling the set quality standards as follows:

- **Excellent (4)**

If the municipality provides information on all the ten committee members participating in all the meetings; minutes of the committee meetings are available in the files; written proof of tabling resolutions is available; minutes of feedback meetings with communities are in the files; and ward committee activity reports are available.

- **Very Good (3)**

If the municipality provides information on all the ten committee members participating in all the meetings; minutes of the committee meetings are available in the files; written proof of tabling resolutions is available; minutes of feedback meetings with communities are in the files; but ward committee activity reports are not all available.

- **Good (2)**

If the municipality provides information on all the ten committee members participating in all the meetings; minutes of the committee meetings are available in the files; written proof of

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tabling resolutions is available, but no minutes of feedback meetings with communities are available in the files.

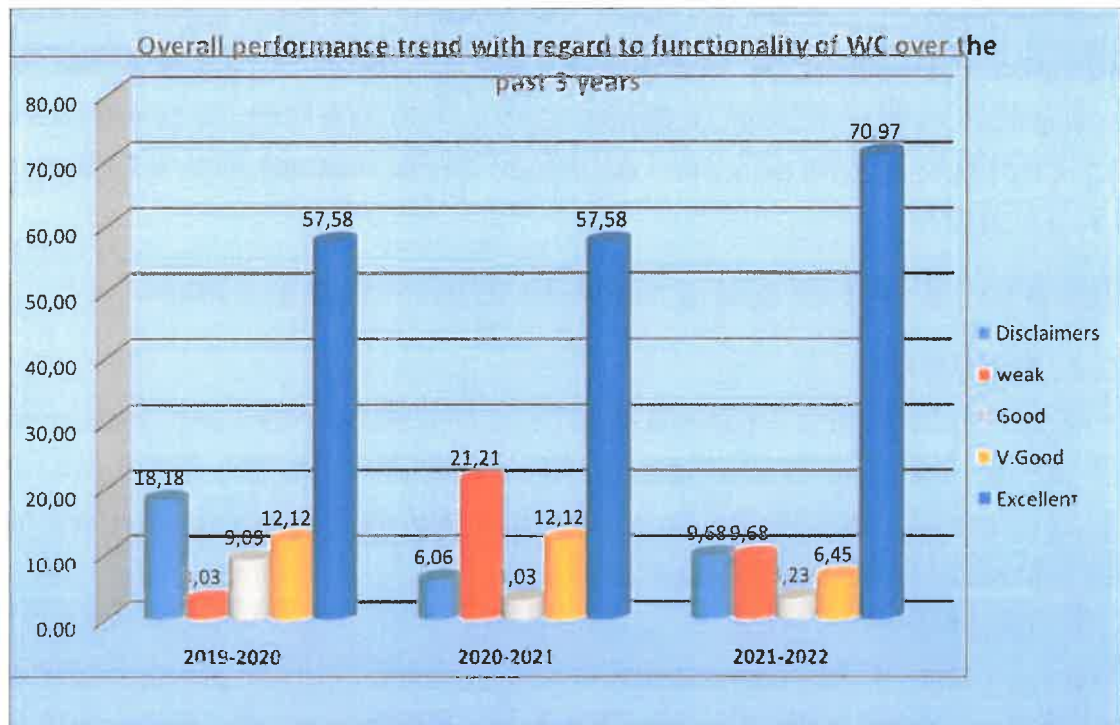
- **Weak (1)**

If the municipality provides information on all the ten committee members participating in all the meetings; minutes of the committee meetings are available in the files; but no written proof of tabling resolutions is available, and no minutes of feedback meetings with communities are available in the files.

- **Disclaimer (0)**

If there is no information in the report.

Below is a graphical illustration of performance trends with regards to functionality of Ward Committees over the past three (3) years.



The above graph reflects an increase on the number of “excellent” performing municipalities from 57.58% (19 municipalities) in 2020/21 financial Year to 70.97 % (22 Municipalities) in the 2021/22 financial year. The names of municipalities are as follows:

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Nelson Mandela Bay Metropolitan, Buffalo City Metropolitan, Matatiele LM, Ntabankulu LM, Umzimvubu LM, Winnie Madikizela-Mandela LM, Great Kei LM, Mbhashe LM, Mnquma LM, Ngqushwa LM, Kouga LM, Koukamma LM, Ndlambe LM, Sunday's River Valley LM, Emalahleni LM, Sakhisizwe LM, Ingquza Hill LM, King Sabata Dalindyebo LM, Nyandeni LM, Elundini LM, Walter Sisulu LM and Mhlontlo LM.

The Municipalities under the category of “Very Good” performing municipalities has greatly decreased from 12.12% (19 municipalities) in 2020/21 financial year to 6.45 % (2 Municipalities) in the 2021/22 financial year. The names of municipalities are as follows:

Makana LM and Port St Johns

Amahlathi LM has obtained “good” performance of 3.25% (1 municipality) in 2021/22 Financial Year. It should be noted that performance in this category remains the same in both Financial Years.

The number of municipalities that have obtained “Weak” performance has decreased from 21.21% (7 municipalities) in 2020/21 financial year to 9.68% (3 Municipalities) in the 2021/22 financial year. These Municipalities are listed below:

Blue Crane Route LM, Intsika Yethu LM and Raymond Mhlaba LM.

The number of Municipalities that have obtained a “disclaimer” performance has decreased from 6.06% (2 municipalities) in the 2020/21 financial year to 9.68% (3 Municipalities) in 2021/22 financial year. The Municipalities are listed below:

Dr. AB Xuma LM, Enoch Mgijima LM and Inxuba Yethemba LM

7.2.3 Monitoring Mechanisms for Community Development Workers (CDWs)

Community Development Workers (CDWs) are there to improve government's capacity to fight poverty and foster development.

They are a link between communities and local government. Therefore, CDWs should work with communities to facilitate access to social grants and identity documents.

One of the attributes of CDWs is to show respect towards the elected leaders, the people, their norms, and values. At ward level, CDWs should attend and provide reports to ward committee meetings. They should promote the notion of partnership between themselves and local

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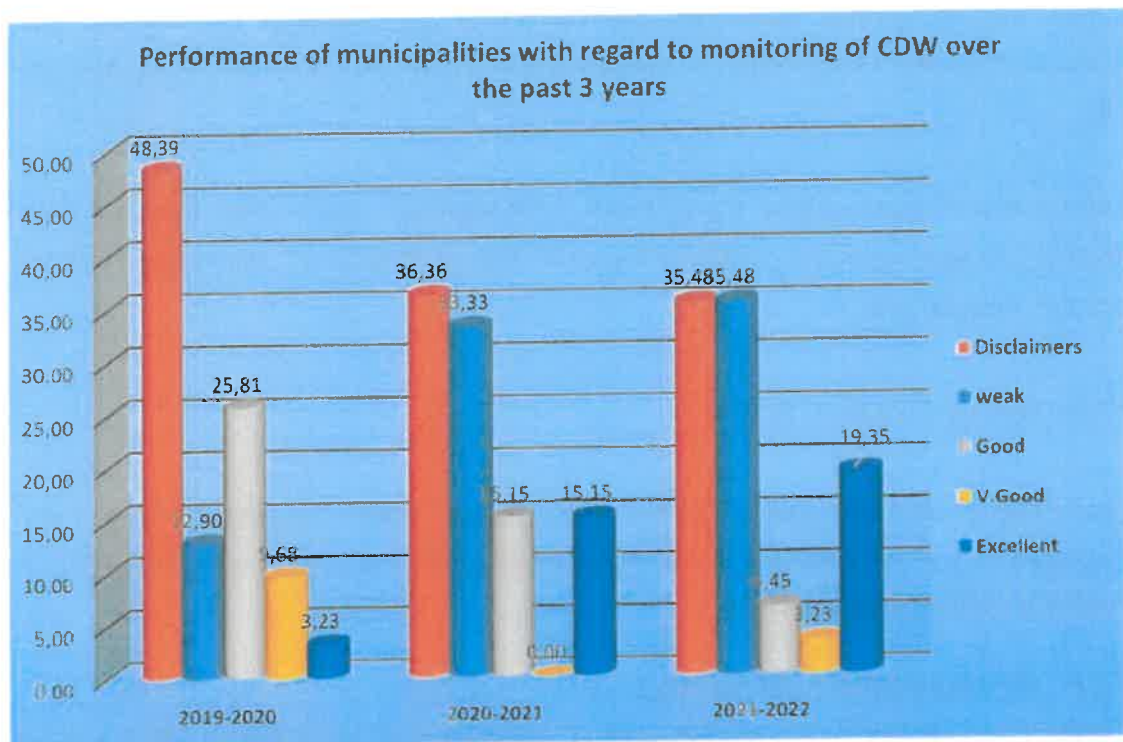
structures of government at community level. Community Development Workers and Ward Councillors should work hand-in-glove if government resources are to be utilized effectively and efficiently.

The assessment of this KPI was based on the following five (5) quality standards:

- ***Excellent (4):*** If the municipality provides information on the database of deployed CDWs, regularly receives reports from CDWs; has a dedicated official that deals with CDW issues, and that the municipality provides feedback to the Provincial Department on CDW performance.
- ***Very good (3):*** If the municipality provides information on at least three of the following elements, that is, information on the database of deployed CDWs, regularly receive reports from CDWs; has a dedicated official that deals with CDW issues, and that the municipality provides feedback to the Provincial Department on CDW performance.
- ***Good (2):*** If the municipality provides information on at least two of the following elements, that is, information on the database of deployed CDWs, regularly receives reports from CDWs; has a dedicated official that deals with CDW issues, and that the municipality provides feedback to the Provincial Department on CDW performance.
- ***Weak (1):*** If there is no effective monitoring of CDWs.
- ***Disclaimer (0):*** If there is no information provided in the report.

The diagram below is a graphical illustration of the progress achieved in establishing mechanisms to monitor CDWs over the past three (3) years.

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The above graph indicates a slight increase in the number of municipalities that have obtained “**Excellent**” performance regarding monitoring of CDWs from **15.15%** (5 municipalities) to **19.35%** (6 Municipalities) in the 2021/22 financial year.

These are: *Matatiele LM, Great Kei LM, Mnquma LM, King Sabata Dalindyebo LM, Port St Johns LM and Walter Sisulu LM*

Only **Winnie Madikizela Mandela LM** has obtained “**very good**” performance on the existence of an effective system of monitoring CDWs in the 2021/22 financial year.

There is a decrease in the number of municipalities with “**good**” performance from **15.15%** (5 municipalities) in 2020/21 Financial Year to **6.45%** (2 municipalities) in the 2021/22 financial year.

These municipalities are as follows: *Kouga LM and Ndlambe LM*

There has been no improvement in the number of municipalities with “**weak**” performance from **33.33%** (11 municipalities) in 2020/21 Financial Year to **35.48%** (11 municipalities)

These are as follows:

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Buffalo City Metropolitan, Ntabankulu LM, Umzimvubu LM, Amahlathi LM, Mbhashe LM, Makana LM, Sunday's River Valley LM, Emalahleni LM, Nyandeni LM, Elundini LM and Mhlontlo LM.

The number of municipalities that obtained a “**disclaimer**” performance decreased from **36.36%** (12 municipalities) in 2020/21 Financial Year to **35.48%** (11 municipalities) in the 2021/22 financial year.

These municipalities are as follows:

Nelson Mandela Bay Metropolitan, Ngqushwa LM, Raymond Mhlaba LM, Blue Crane Route LM, Koukamma LM, Dr AB Xuma LM, Enoch Mgijima LM, Intsika Yethu LM, Inxuba Yethemba LM, Sakhisizwe LM and Ingquza Hill LM.

7.2.4 Development of IGR Strategy

The Intergovernmental Relations is the means by which the government ensures that its policies and objectives across all spheres of government contribute towards service delivery and meet the needs of citizens in an effective way. For municipalities to succeed in their developmental role, cooperation between all three spheres of government becomes indispensable: this is where IGR comes into play. IGR further promotes the alignment of planning, budgeting, implementation, and accountability. Therefore, cooperation between national, provincial, and local government is crucial. The Intergovernmental Relations Framework Act, 2005 provides a framework for this purpose.

This Act established provisions to guide the three spheres of governance in terms of implementing policy, establishing intergovernmental structures, managing the conduct of IGR, setting disputes and monitoring and reporting to Parliament.

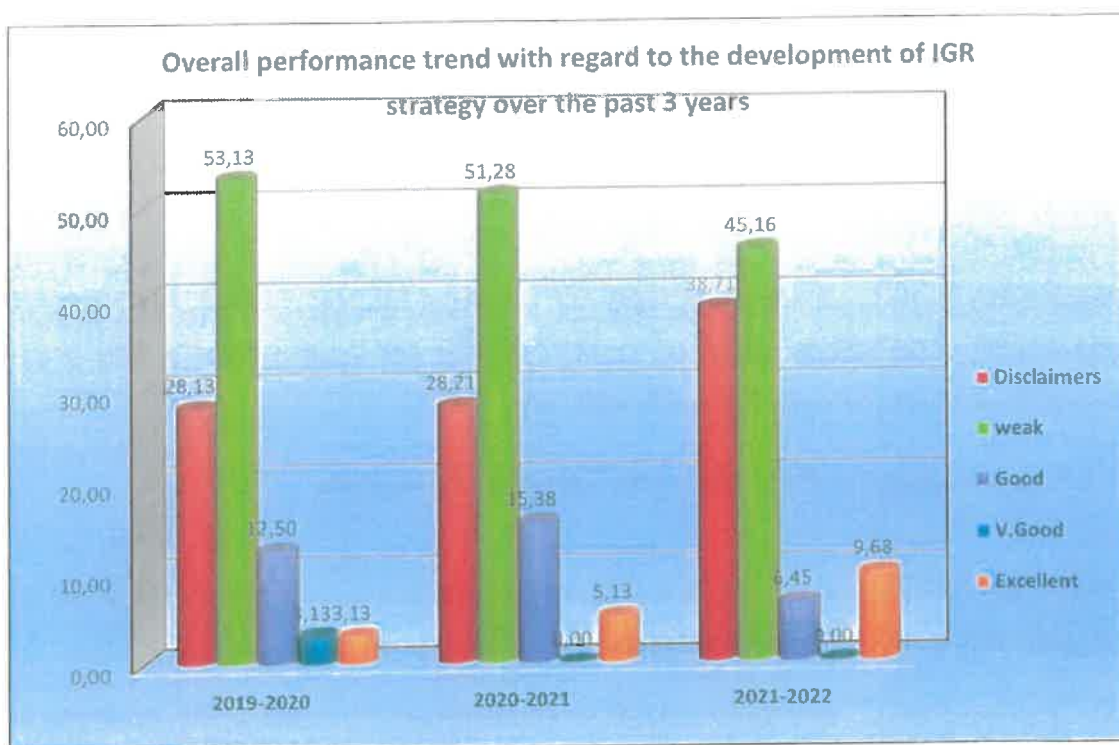
The assessment of Intergovernmental Relations in municipalities was based on the fulfilment of the following four elements that define this KPI:

- **Excellent (4):** If the IGR strategy is developed, adopted by council and an operational unit is in place with adequate human and financial resources.

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- **Good (2):** If the municipality has an IGR strategy developed, adopted by council, the operational unit is in place with a dedicated official but with limited financial resources.
- **Weak (1):** If the municipality has an IGR strategy developed but not yet adopted by council or no IGR strategy developed.
- **Disclaimer (0):** If there is no information provided in the report.

The diagram below is a graphical illustration of performance trends with regard to the existence of IGR strategy over the past three years.



The graph shows a slight increase in the number of municipalities with “excellent” performance from 5.13% (2 municipalities) in the 2020/21 Financial Year to 9.38% (3 municipalities) in the 2021/22 financial year.

The municipalities are: *Great Kei LM, Ntabankulu LM and Mnquma LM*

There is no municipality that obtained “very good” performance in the year under review.

The number of municipalities that fall under “Good” performance has decreased from 15.38% (6 municipalities) in 2020/21 to 6.25% (2 municipalities) in the 2021/22 financial year.

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The municipalities are: *Raymond Mhlaba LM and Matatiele LM.*

There is a decrease in the number of “weak” performing municipalities from **51.28 %** (20 municipalities) in the 2020/21 financial year to **43.75%** (13 municipalities) in the 2021/22 financial year.

The municipalities are as follows:

Nelson Mandela Bay Metropolitan, Buffalo City Metropolitan, Mbashe LM, Ngqushwa LM, Blue Crane Route LM, Kouga LM, Koukamma LM, Ndlambe LM, Sunday’s River Valley LM, Emalahleni LM, Sakhisizwe LM, Nyandeni LM, Mhlontlo LM and Walter Sisulu LM.

There is an increase in the number of municipalities with “disclaimer” performance from **28.21%** (11 municipalities) in 2020/21 Financial Year to **38.71%** (12 municipalities) in the 2021/22 financial year.

The municipalities are:

Umzimvubu LM, Winnie Madikizela-Mandela LM, Amahlathi LM, Makana LM, Dr AB Xuma LM, Enoch Mgijima LM, Intsika Yethu LM, Inxuba Yethemba LM, Ingquza Hill LM, King Sabata Dalindyebo LM, Port ST Johns LM and Elundini LM

7.2.5 Functionality of DIMAFOs and Technical DIMAFOs

DIMAFOs and Technical DIMAFOs are forums that usually meet on a quarterly basis and are normally chaired by the Executive Mayors.

The assessment of the effectiveness of IGR structural meetings in municipalities was based on the fulfilment of the following five elements:

- **Excellent (4):** If the Terms of Reference (TORs) for both DIMAFO and TDIMAFO are in place; all four ordinary DIMAFO meetings held; all four technical DIMAFO meetings held; meeting’s agenda include at least 5YLGSA issues and IDP process/progress; minutes of the meetings including action issues are distributed to participants within 14 days of the end of the meeting.
- **Very good (3):** If the TOR for both DIMAFO and TDIMAFO are in place; all four ordinary DIMAFO meetings held; all four technical DIMAFO meetings held; meeting’s agenda include at least 5YLGSA issues and IDP process/progress; but minutes of the

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meetings including action issues are distributed to participants beyond 14 days of the end the meeting.

- **Good (2):** If the TOR for both DIMAFO and TDIMAFO are in place; all four ordinary DIMAFO meetings held; all four technical DIMAFO meetings held; but meeting's agenda do not always include at least 5YLGSA issues and IDP process/progress.
- **Weak (1):** If the is no adopted TOR for any of the DIMAFO or DIMAFO.
- **Disclaimer (0):** If the is no information provided in the report.

Overall performance trend with regard to effectiveness of IGR structural meetings over the past 3 years



There is an improvement in “excellent” performing municipalities for this KPI from 16.67% in the 2020/21 financial year to 20% in the year under review.

There is only *Alfred Nzo DM* that has obtained “excellent” performance in the financial year.

No District Municipality has obtained “very good” performance in the year under review.

Only one District Municipality obtained “good” performance in the year under review which is *Joe Gqabi DM* at 20%.

There is a huge increase in the number of municipalities that have obtained “weak” performance in the year under review, from 33.33% (2 District Municipalities) in the 2020/21 financial to

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60% (3 District Municipalities) in the 2021/22 financial year. These municipalities are as follows:

Chris Hani DM, Sarah Baartman, and O. R. Tambo DM

No District Municipality obtained “disclaimer” performance for this KPI in the year under review.

7.2.6 Existence of a Communication Strategy

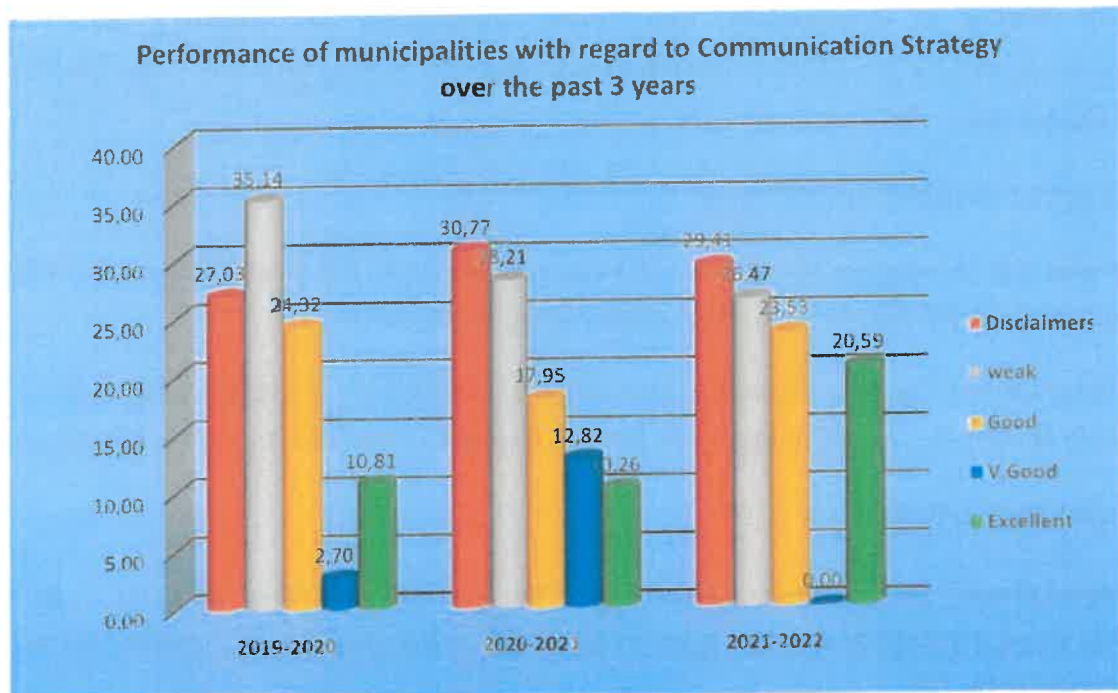
The effective and necessary participation of citizens in local government is a critical issue. It becomes imperative therefore for municipalities to establish a communication unit which must produce a Communication Strategy to guide its communication activities on an annual basis.

The assessment of this KPI was based on four performance quality standards:

- ***Excellent (4):*** If the municipality provides information that the communication strategy has been developed, tabled to Council, adopted by Council, a Communication Unit headed by professional communicator is in place and provided with adequate resources.
- ***Very good (3):*** If the communication strategy has been developed, tabled and adopted by Council and a Communication Unit headed by a professional communicator is in place but without adequate resources.
- ***Good (2):*** If the communication strategy has been developed, tabled and adopted by Council and Communication Unit is in place but not headed by a professional communicator.
- ***Weak (1):*** If the communication strategy has been developed, tabled but not yet adopted by Council, communication strategy is not yet developed.
- ***Disclaimer (0):*** If there is no information in the report.

The diagram below is a graphical illustration of performance trends regarding the existence of a communication strategy in municipalities over the past three years.

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There has been an improvement in the municipalities with “Excellent” performance from **10%** (4 municipalities) in 2020/21 financial year to **20.59%** (7 municipalities) in 2021/22 financial year.

These municipalities are as follows: -

Alfred Nzo DM, Ntabankulu LM, Great Kei LM, Mnquma LM, Ngqushwa LM, Sarah, Baartman DM and Nyandeni LM

There are no municipalities that obtained “very good” performance, compared to **12.82 %** (5 municipalities) in the 2020/21 financial year.

The number of municipalities with “good” performance in this KPI has increased from **17.95%** (7 municipalities) in the 2020/21 financial year to **23.53%** (8 municipalities) in the 2021/22 financial year.

These municipalities are as follows:

Matatiele LM, Winnie Madikizela-Mandela LM, Amahlathi LM, Mbhashe LM, Raymond Mhlaba LM, Ndlambe LM, Ingquza Hill LM and Joe Gqabi DM

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The number of municipalities with “weak” performance has decreased 28% (11 municipalities) in the 2020/21 financial year to 26.47 % (9 municipalities) in the 2021/22 financial year.

These municipalities are as follows:

Buffalo City Metropolitan, Umzimvubu LM, Kouga LM, Koukamma LM, Sunday’s River Valley LM, Intsika Yethu LM, Elundini LM, Walter Sisulu LM and Mhlontlo LM.

The graph above shows a decrease in the number of municipalities that obtained “disclaimer” from 30.77% (12 municipalities) in the 2020/21 financial year to 29.41% (11 municipalities)

They are as follows:

Nelson Mandela Bay Metropolitan, Makana LM, Chris Hani DM, Emalahleni LM, Dr AB Xuma LM, Enoch Mgijima LM, Inxuba Yethemba LM, OR Tambo DM, King Sabata Dalindyebo LM and Port ST Johns LM

7.2.7 Number of Mayoral Imbizos

Imbizos are useful strategies for raising community awareness on critical social issues and the activities of municipalities. Imbizos Programme is one of the initiatives of the government that aims at taking government closer to the people by means of engagements. This is where the President, Ministers, Deputy Ministers, MECs, and Mayors undertake regular visits in an interactive programme to engage with ordinary South Africans to communicate the policies of government and to receive feedback on problems and issues facing the local communities.

It is unfortunate to notice that some municipalities did not report on the number of these important community engagements held although Executive/Mayors do engage their communities. The same challenge was highlighted in the previous reports.

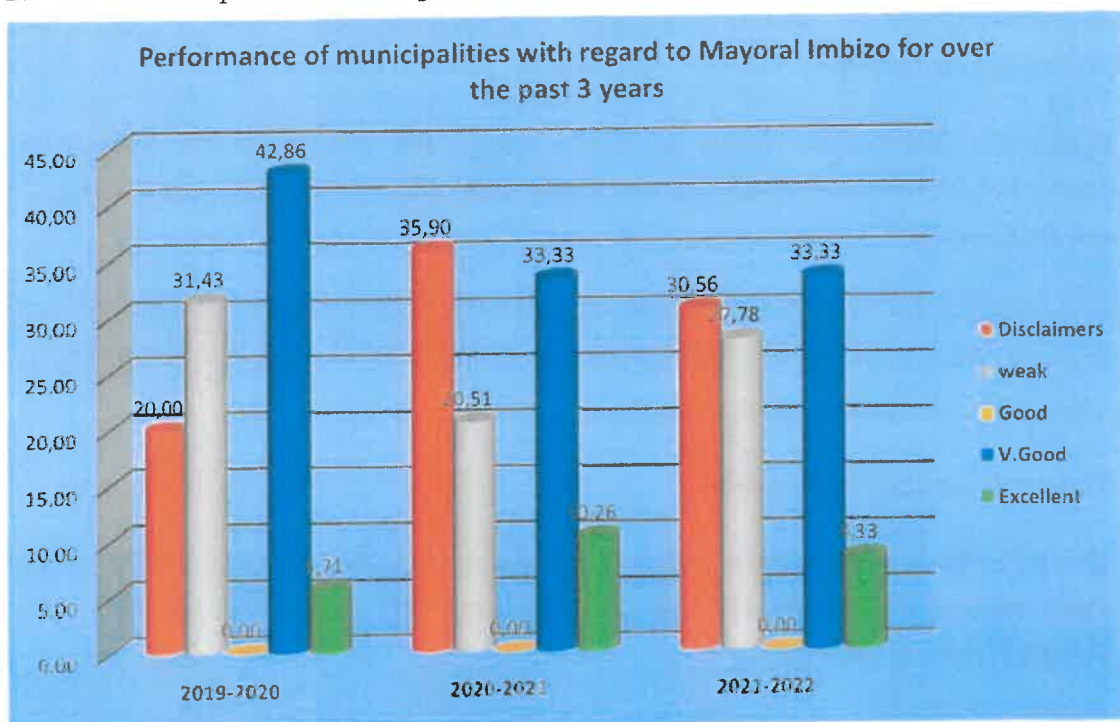
Unlike in the other KPIs, only four quality standards were used to assess municipalities. These are:

- **Excellent (4):** *If the municipality provides information on the total number of mayoral imbizos during the year and comparative analysis to last year.*

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- **Very good (3):** If the municipality provides information on the total number of mayoral imbizos during the year; not possible to do a comparative analysis.
- **Weak (1):** If the municipality mentions mayoral imbizos without any information on the number held during the year.
- **Disclaimer (0):** If there is no information provided in the report.

The diagram below is a graphical illustration of performance trends regarding the mayoral Imbizos at municipalities over the past three years.



There has been a slight decrease in the number of municipalities that obtained “excellent” performance from 10.26% (4 municipalities) in 2020/21 financial year to 8.33% (3 municipalities) in the 2021/22 financial year.

These municipalities are as follows:

Great Kei LM, Mnquma LM & Ntabankulu LM.

There is a decrease in the number of municipalities that obtained “very good” performance from 13 municipalities to 12 municipalities (33.33%) in the 2021/22 financial year.

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These municipalities are:

Alfred Nzo DM, Matatiele LM, Umzimvubu LM, Amahlathi LM, Mbhashe LM, Raymond Mhlaba LM, Sarah Baartman DM, Blue Crane Route LM, Kouga LM, OR TAMBO DM, Elundini LM and Walter Sisulu LM

There are no municipalities that obtained “good” performance in the year under review.

The number of municipalities that performed “weak” in this KPI has increased from to **20.51 %** (8 municipalities) in 2020/21 to **27.78%** (10 municipalities) in the period under review.

These municipalities are:

Buffalo City Metropolitan, Winnie Madikizela-Mandela LM, Koukamma LM, Ndlambe LM, Sunday's River Valley LM, Emalahleni LM, Intsika Yethu LM, Nyandeni LM, Port ST Johns LM and Joe Gqabi DM

It is observed that the number of municipalities that have obtained “disclaimers” have decreased from **35.90 %** (15 municipalities) in the 2020/21 financial year to **30.56%** (11 municipalities) in the 2021/22 financial year.

These municipalities are as follows:

Nelson Mandela Bay Metropolitan, Ngqushwa LM, Makana LM, Chris Hani DM, Dr AB Xuma LM, Enoch Mgijima LM, Inxuba Yethemba LM, Sakhisizwe LM, Ingquza Hill LM, King Sabata Dalindyebo LM and Mhlontlo LM.

7.2.8 Corruption Prevention Mechanisms

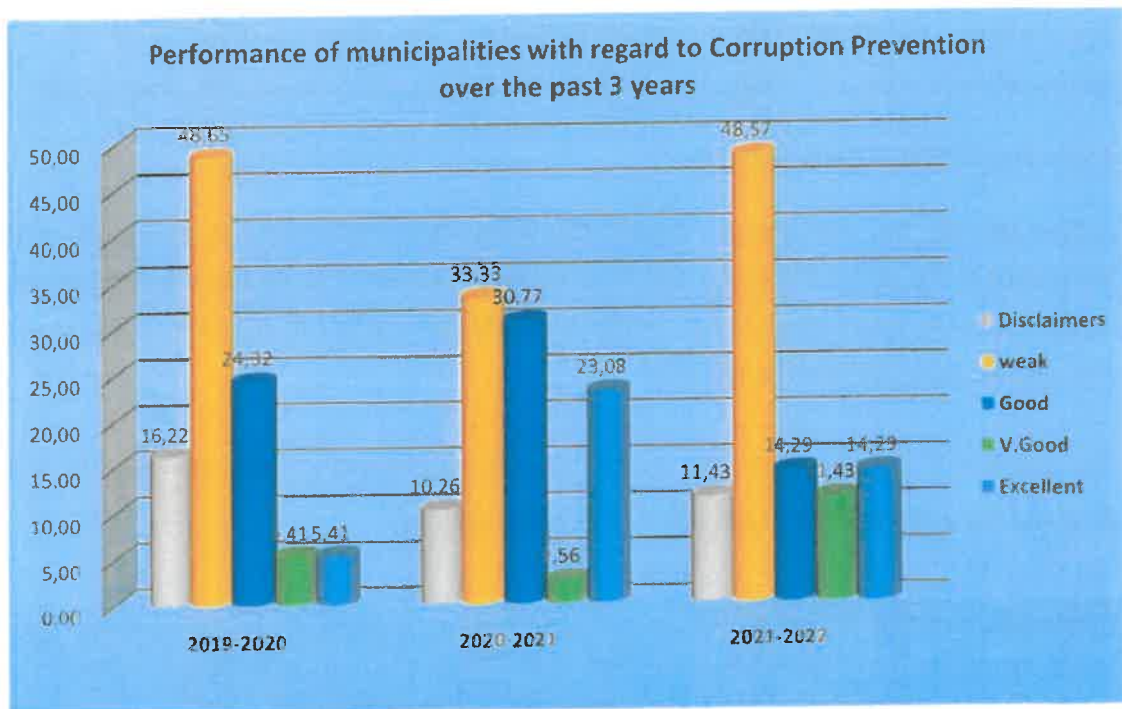
Anti-corruption initiatives and the conducting of appropriate risk analysis are an essential element of good governance.

The assessment of corruption prevention mechanisms in municipalities was based on the fulfilment of the following performance quality standards:

- **Excellent (4):** If the fraud prevention policy has been adopted by council; at least 4 staff awareness workshops conducted and a reporting mechanisms of fraud cases in place.

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- **Very good (3):** If the fraud prevention policy has been adopted by council; at least 4 staff awareness workshops conducted but no effective reporting mechanism of fraud cases in place.
- **Good (2):** If the fraud prevention policy has been adopted by council and less than 4 staff awareness workshops conducted.
- **Weak (1):** If the fraud prevention policy has been adopted by council or no fraud prevention policy has been adopted.
- **Disclaimer (0):** If there is no information in the Annual report.



This picture reveals a decrease with regards to the number of “**excellent**” performing municipalities for this KPI from **23.08%** (9 municipalities) in 2020/21 financial year to **14.29%** (5 municipalities) in the year under review.

They are as follows: -

Alfred Nzo DM, Winnie Madikizela-Mandela LM, Mbhashe LM, Mquma LM and Nyandeni LM

There is an improvement in the municipalities that have obtained “**very good**” performance from **2.56%** (2 municipalities) in 2020/21 financial year to **11.43%** (4 municipalities) in 2021/22 financial year.

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These municipalities are as follows:

Amahlathi LM, Ntabankulu LM, Joe Gqabi DM, and O. R. Tambo DM.

There is a decrease in the number of municipalities that have obtained “good” in corruption prevention mechanisms from 30.77% (12 municipalities) in 2020/21 financial year to 14.29% (5 municipalities).

These municipalities are as follows:

Inxuba Yethemba LM, Ingquza Hill LM, Sarah Baartman, Walter Sisulu LM and Mhlontlo LM.

The number of “weak” performing municipalities has increased from 33.33 % (13 municipalities) in 2020/21 financial to 48.57% (17 municipalities) in the year under review.

These municipalities are as follows:

Nelson Mandela Bay Metropolitan, Buffalo City Metropolitan, Matatiele LM, Umzimvubu LM, Great Kei LM, Ngqushwa LM, Kouga LM, Koukamma LM, Makana LM, Sunday's River Valley LM, Dr AB Xuma LM, Enoch Mgijima LM, Intsika Yethu LM, Sakhisizwe LM, King Sabata Dalindyebo LM, Port ST Johns LM and Elundini LM

The number of municipalities that did not provide information remains the same to both financial years that is 2020/21 and 2021/22 (4 municipalities).

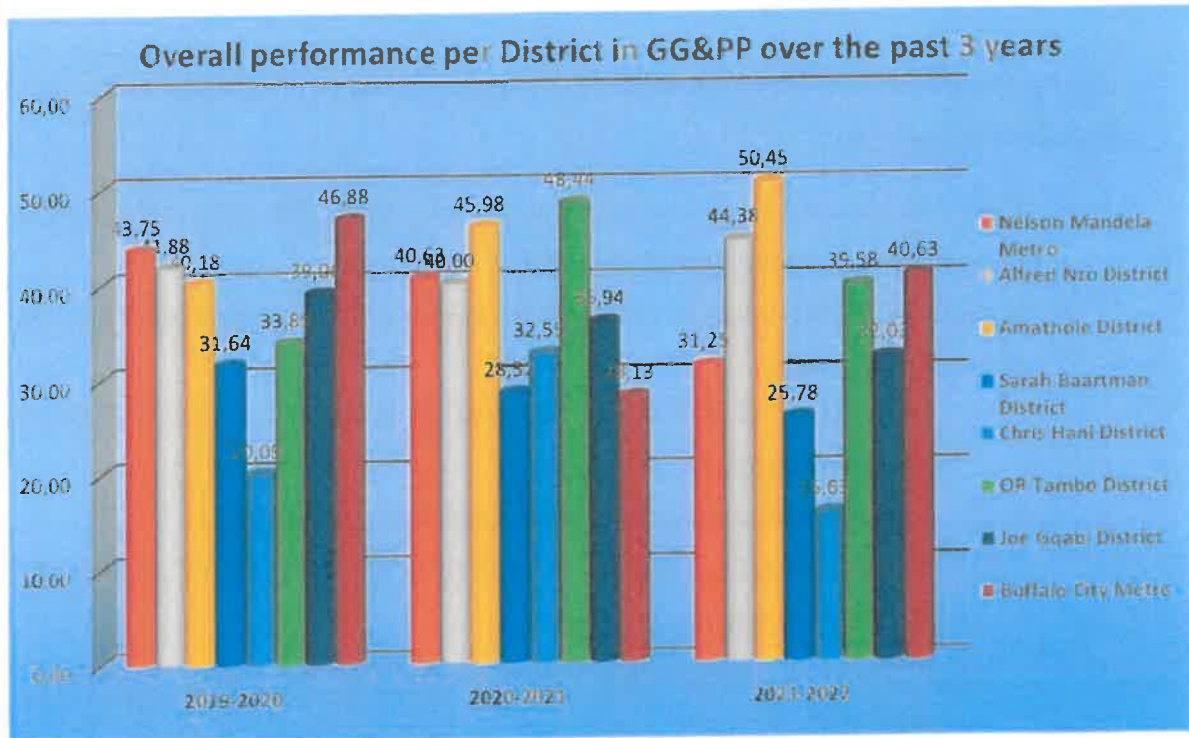
These municipalities are as follows:

Raymond Mhlaba LM, Ndlambe LM, Chris Hani DM, and Emalahleni LM

7.3 Overall performance achievement in Good Governance and Public Participation

The graph below reflects the overall performance of municipalities per district/metro municipal area with regards to Good Governance & Public Participation.

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The overall performance increased in all District Municipalities and Metros and is generally not satisfactory. **Amathole DM** is the highest performing municipality in this KPA at **50,45%** in 2021/22 an increase from **45,98%** in the previous financial year. This is followed by **Alfred Nzo DM** with overall performance of **44,38%** in 2021/22 which is an improvement compared to **40%** in the previous financial year. **Buffalo City Metro** has improved from **28,13%** in the last financial year to **40,63%** in the current financial year. **O.R Tambo DM** regressed from **48,44%** compared to **39,58%** in this current financial year. **Joe Gqabi DM** continues to decline in performance from **35,94** in 2020/21 to **32,03** in 2021/22 financial year. **Sarah Baartman DM** has improved from **28,52** in 2020/21 to **25,78** in 2021/22 financial year. **Chris Hani DM** has drastically declined from **32,59%** in 2020/21 to **15,63%** in 2021/22. **Nelson Mandela Metro** performance regressed from **40,63%** in 2020/21 to **31,25%** in 2021/22 financial year.

7.4 Observations

- There is a noticeable consistent regression in municipal performance in all Key Performance Indicators, this is attributed to the fact that many municipalities do not pay special attention to adequately provide the required information.

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7.5 Challenges

The following challenges have been observed during the assessment of municipal performance in 2021/22 financial year.

- It has been noticed that more municipalities do not support CDW Programme, there are no monitoring mechanisms in place for CDW Programme.
- Continuous underreporting by municipalities in line with annual report assessment tool in the following areas:
 - Development of IGR strategy in most municipalities as well as TORs for District Mayors Fora.
 - Existence of communication strategy and its proper resourcing.
 - Mayoral Imbizos /Outreaches conducted, but some rather mention IDP roadshows to engage communities.
 - Existence of corruption-prevention mechanisms and awareness campaigns conducted.

8. CONCLUSION

This report clearly shows the performance of all municipalities in the Province of the Eastern Cape for 2021/22 Financial Year. Consequently, there is clear demonstration of areas of weakness and areas of strength. The Department appreciates the progress made by municipalities across all KPAs. It especially notes, with concern, the non-submission of Annual reports by three municipalities and that the reports from the thirty-six, are still lacking the critical information on the achievements of certain KPIs. It must be borne in mind that service delivery is a journey not a destination, therefore constant improvement in the quality of the reports submitted should be the principle.

The department is positioning itself to claim and own the municipal space so that all government initiatives that are going to be implemented are coordinated in all municipalities. As a way to address the challenges raised above, the department has embarked on the implementation of Risk Adjusted Strategy to expedite expenditure on conditional grants by municipalities. This includes but not limited to the synchronisation of planning, budgeting and reporting reforms introduced in terms of Circular 88 of the MFMA which is currently being piloted for municipalities to utilise.

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The department acknowledges that for these initiatives to be effectively implemented with expected outcomes, they should be tailored to the municipalities' needs. To that effect, the department will continue reporting on the state of municipalities through the Governance & Administration (G&A) cluster system. This will be intensified through monitoring the development and implementation of Municipal Support & Intervention Plans (MSIPs)

The department is currently participating in the three-sphere planning (District Development Model) to consolidate and implement key priorities towards local government focus which is an initiative to address failures at local government level and improve service delivery.



HONOURABLE Z.A. WILLIAMS

MEMBER OF THE EXECUTIVE COUNCIL

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL
AFFAIRS**

DATE: 02/08/2023

