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IMPROVING THE IMPLEMENTATION OF THE DBSA'S ENVIRONMENTAL MANAGEMENT CAPACITY BUILDING AT LOCAL GOVERNMENT LEVEL

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A research report submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, Johannesburg, in partial fulfilment of the requirements for the degree of Master of Science in Engineering

Calgary, Canada 2005

DECLARATION

I, _____declare that this research report is my own, unaided work. It is being submitted for the Degree of Master of Science in Engineering in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University. Information used in this research report has been obtained while I was employed by the Development Bank of Southern Africa.

_____
Signature of candidate

_____day _____ of _____ (year)

ABSTRACT

Having followed various different approaches in environmental management capacity building for a number of years, the Development Bank of Southern Africa (DBSA) achieved various degrees of success. The increased importance of environmental management at local government level required a more consistent approach from the DBSA in order to improve delivery. This necessitated the identification of success criteria that the DBSA could implement to guide this improvement.

In order to identify these criteria, the following main aspects were researched: The environmental mandate and capacity of local government in South Africa, the international perspective on capacity building, the DBSA's mandate on capacity building and lastly the outcomes of four environmental capacity building projects implemented by the DBSA.

The criteria identified focussed on two main areas, namely project management and environmental management. Furthermore, various steps were identified that the DBSA needs to take with relation to its own project cycle that might lead to improvements in this regard.

To my parents, Stefan and Rina Heydenreich

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1 INTRODUCTION

1.1 Background

The Development Bank of Southern Africa (DBSA) has, as part of its mandate, the financing of sustainable development. In order to achieve environmental sustainability, the DBSA to date focused primarily on two main activities, namely 1) the environmental appraisal of all projects and programmes it funds in order to identify and manage the environmental risks associated with these and 2) the provision of technical assistance (TA) to improve the environmental management capacity of both its clients and of other stakeholders at a local and provincial level. The emphasis on capacity building will ultimately assist clients to better manage the environmental risks and benefits of projects funded by the DBSA.

Having followed different and largely uncoordinated approaches for environmental management capacity building for a number of years, the DBSA achieved various degrees of success. In order to adopt a more consistent approach as well as to improve the provision of technical assistance, the need to review existing technical assistance projects that focussed on environmental management capacity building was identified. The need for such a review was subsequently also captured within the work plan of the Environmental Community of Practice and this research will provide an input to that.

1.2 Problem Statement

The provision of technical assistance to improve environmental management capacity at local government level has two main objectives:

- To ensure the sustainability of infrastructure projects implemented by local government and;
- To facilitate the efficient use of DBSA resources.

However, as will be illustrated by four technical assistance projects that had as their objective the improvement of environmental management capacity at local government level, the expected results have not been achieved. The limited results achieved to date, led to the need for a review of TA projects. This review was also identified during the DBSA's Value Innovation Process in October 2002 and the results will be fed back into the process in order to influence the DBSA's Technical Assistance Projects.

1.3 Present Status Of The Problem

The DBSA is a development finance institution with the key objective of addressing socio-economic imbalances and improving the quality of life of the people of South and Southern Africa. The DBSA's core operational activity is providing or arranging finance for infrastructure projects and programmes. Selecting appropriate projects to support or finance, lies at the heart of the Bank's business processes. Selection, that is, acceptance of a project into the DBSA pipeline, is based on criteria linked to defined organisational objectives and performance areas, operational interpretation and articulation of the Bank's vision and mission as well as tactical management considerations such as financial viability and affordability of the project.

The DBSA's project appraisal is a key input into informed project selection. Project or programme appraisals are therefore undertaken to firstly, provide decision-makers with the necessary information to finance a project and secondly, to add value where possible on all the dimensions considered during appraisal, which includes financial, institutional, economic, environmental, social and technical.

The environmental project appraisal focuses more specifically on three main issues, namely: 1) The environmental impact of the project, 2) environmental legal compliance, and 3) environmental institutional capacity of the client. The overarching purpose of this appraisal is to ensure that projects are environmentally sound and sustainable; to identify and evaluate any associated environmental risks and to ensure that mitigation measures to address such risks are identified and implemented by the client.

One of the tools that the DBSA uses to mitigate risks associated with either projects or the implementers of such projects, is the provision of technical assistance. Technical assistance (TA) can either take the form of DBSA staff time and advice and/or financial resources. Since 2002, the primary vehicle being used to manage and distribute the financial resources available for TA is the DBSA Development Fund (DF), a section 21 Company that provides grant funding. Limited TA is still being distributed through the various Operational Units of the loan funding arm of the DBSA themselves.

The content of the DBSA's environmental capacity technical assistance is largely driven by the South African Local Government mandate on environmental management. Although there is a clear local government mandate on environmental management encapsulated within South African legislation, the mandate encompasses such a wide range of environmental issues where some are considered central to the local government and are usually well-resourced, but others are peripheral and lack both human and financial resources.

This is further exacerbated by the fact that due to this so-called "new" mandate, very few local government structures have the necessary institutional arrangements that can support even the rudimentary implementation of this mandate. Where arrangements exist, they are usually informal, unclear, poorly co-ordinated and largely driven by individuals who see the implementation of this mandate as a personal commitment to environmental issues without the definite support of the institution.

Although various financial resources external to local government, including technical assistance from the DBSA, exist for environmental capacity building, the actual utilisation of such resources is slow and time-consuming. The lack of human resources and appropriate institutional arrangements impact negatively on the local government's ability to absorb projects on this issue and often lead to limited results being achieved.

The DBSA has followed various approaches, albeit uncoordinated, to the provision of technical assistance to improve the environmental management capacity of both its clients and various stakeholders at a local and provincial government level. However, the results achieved to date are not in line with expectations.

1.4 The Context And Scope Of The Research

While the aim of the research is to review the environmental capacity building technical assistance projects within the larger context of the DBSA's Technical Assistance Programme, the focus will be on those projects that supported institutional change targeted at the environmental management capacity in the various local governments. The research formed part of an internal DBSA assignment that had as its primary objective the development of internal policy and guidelines that will guide the implementation of environmental capacity building projects in future and hopefully secure the intended outcomes, namely the building of environmental management capacity at local government level. The research will be Phase 1 of the internal assignment, where Phase 2 will consists of the actual drafting of policy and guidelines. It should however be pointed out that the author has, since the initiation of the research, left the employment of the DBSA but the intention is still to provide the final research to the Bank.

The scope of the research included the following issues:

- The South African local government mandate on environmental management;
- The priority attributed to the mandate on environmental management;
- The absorption at local government level of environmental capacity building;
- The international perspective regarding technical assistance and capacity building;
- The DBSA and DBSA Development Fund's application of technical assistance;

- The DBSA's approach towards environmental management capacity building;
- The goals and objectives and positive and negative aspects of the different approaches being followed by the DBSA with regard to environmental capacity building (This will be illustrated through four examples); and
- The identification of criteria and a way forward that can be taken by the DBSA to improve environmental capacity building in an appropriate and effective manner.

1.5 Limitations Of The Research

The following potential limitations can be associated with the research:

- The local government environment has changed substantially throughout the time period where the examples used to illustrate various aspects of the investigation, were implemented. This includes the legal framework governing local government.
- The research will have an internal DBSA focus.
- Due to the fact that the research will only be Phase 1 of an internal assignment, the full implications and value of the research will not be demonstrated before the completion of the internal assignment.
- The drafting, implementation and completion of the internal assignment will require the following of an internal approval process over which the author has no control.
- The author has since the initiation of the research left the employment of the DBSA, but the final research will be made available to the Bank.

1.6 Main Operational Procedures of the Research

The following procedures were followed during the research:

- Literature Review: Chapters Two, Three and Four were developed through the review of DBSA documentation, existing South African and international literature, as well as relevant South African legislation.
- Survey and Interviews: Chapter Five was developed through the review of four environmental management capacity building projects implemented by the DBSA. This review was further supported through telephonic interviews that were conducted with stakeholders, both internally and externally to the DBSA.

1.7 Outline Of The Research Report

The remainder of the research project was structured as follows:

- Chapter Two provides a short outline of the South African Local Government mandate on environmental management as contained within the legal framework and a description of the capacity constraints and challenges that local government experiences with regard to environmental management.
- Chapter Three defines capacity building based on international literature, and identifies the problems experienced with the implementation of capacity building. It furthermore considers aspects that need to be taken into account to improve the delivery of capacity building.
- Chapter Four provides an overview of the DBSA's overall mandate, its environmental mandate, the role of environmental risk, technical assistance, the DBSA Development Fund as well as an overview of the DBSA's approach towards environmental management capacity building.
- Chapter Five provides the review of the following four environmental management capacity building projects: 1) The Durban Metropolitan Environmental Policy Initiative, 2) Msunduzi Municipality: Integrating Environmental Legislative Requirements into the City's Project Preparation and Implementation Cycle, 3) East London Capacity Building Project, and 4) Cape Metropolitan Council Environmental Capacity Building Project.

  Although the analysis of each project concludes with lessons learnt from that specific project, the overall conclusions reached will be documented in Chapter Six.
- Chapter Six lists the identified criteria and a way forward that can be taken by the DBSA to improve its environmental management capacity building projects at local government level.
- Chapter Seven provides the full list of references utilised in the research.

2 LOCAL GOVERNMENT AND ENVIRONMENTAL MANAGEMENT

2.1 Introduction

The South African legal framework has changed considerably in the last decade with regard to environmental management. Since 2000, however, the environmental responsibilities being placed on local government have increased substantially. As will be demonstrated, the capacity of local government to fulfil these responsibilities is limited. It will furthermore be demonstrated that lack of capacity is not only due to lack of financial resources, but also due to lack of political commitment, inappropriate structures and other reasons identified. The purpose of this chapter is to provide a short outline of the South African Local Government mandate on environmental management as contained within the legal framework and to provide a description of the capacity constraints and challenges that local government experience with regard to environmental management.

2.2 The South African Local Government Mandate On Environmental Management

The South African Constitution, Act No. 108 of 1996 heralded a new dimension for the environment in South Africa. This included the recognition of a healthy environment as a basic human right as well as the right to have the environment protected. The Constitution defines environmental management as a shared responsibility between the national and provincial government that should be delegated to local government if the municipality concerned has sufficient capacity and if the environmental responsibilities would be most effectively administered at a local level.

In addition to the Constitution, the National Environmental Management Act (NEMA), No. 107 of 1998 furthermore provides for the recognition that every person has the right to expect the Government to make rational decisions that address both the needs of people and ensures that development is socially, environmentally and economically sustainable. Other than the Constitution and the NEMA, there exists a plethora of legislation and agreements, both nationally and internationally, that provide guidance and direction as to the local government mandate on environmental management. On a national level, these include the Municipal Systems Act, No. 32 of 2000, the White Paper on Local Government, the Municipal Structures Act, No. 117 of 1998 and these are discussed in more detail in this section. On an international level, Local Agenda 21 is the most well-known, and is implemented and used as guidance throughout South Africa at a local government level (Heydenreich & Barlow-Weilbach, 2003:3; Du Plessis, 2002:14; McKenzie, 2003:3).

The Constitution, in Chapter 7, includes amongst other issues the following as objectives of a local government, namely: The provision of services to communities in a sustainable manner and the promotion of a safe and healthy environment. In support of these objectives, the Constitution also assigns various environmentally related functions to local government. These include management and monitoring of air pollution, health services, storm water and sanitation, parks, noise pollution and solid waste management.

The Constitution also obliges the national and provincial governments to assign to the local government the administration of matters related to local issues if the matter would be administered effectively at local level and where the local government has the necessary capacity. These matters are listed in Part A of Schedule 4 or Part A of Schedule 5 of the Constitution and include the Environment. The responsibilities assigned by the Constitution directly to Local Government are included in Part B of Schedules 4 and 5 and the environmental management functions included in these, are more limited.

Although the Constitution therefore provides for a Local Government Mandate on Environmental Management, many local governments only considers those responsibilities directly assigned as part of their mandate. Environmental management is therefore seen as an unfunded mandate and it is regarded as the responsibility of other spheres of government (Heydenreich & Barlow-Weilbach, 2003:4; Du Plessis, 2002:4; Urquhart & Atkinson, 2002:20).

Further to the Constitution, the NEMA provides a set of environmental principles that is binding on the actions of all organs of state. The Municipal Systems Act, No. 32 of 2000 also requires that municipal services be provided in a manner aimed at ensuring that the risk of harm to the environment and to human health and safety is minimised, the potential benefits to the environment and to human health and safety are maximised and that legislation intended to protect the environment and human health and safety is complied with.

The Constitution and recent environmental policy, legislation and regulations have considerably strengthened the legislative framework for environmental management within South Africa and have illustrated a commitment to improved management of the environment within the national sphere. There also appears to be general acceptance within South Africa of the need to promote sustainable development. Some municipalities have adopted Local Agenda 21 (LA21) as a tool to achieve this. LA21 promotes a participatory, long-term, strategic planning process that helps municipalities identify local sustainability priorities and implement long-term action plans. It supports good local governance and mobilises local governments and their citizens to undertake such multi-stakeholder process. The Local Agenda 21 process leads to the preparation

and implementation of a long-term, strategic plan that addresses priority local sustainable development concerns. However, while there is a general acceptance of the concept of sustainable development, this is often not translated into changes in the way development is done and how it is controlled. Success in achieving sustainable development is ultimately dictated by the every day development and management activities that take place within municipalities. If sustainability concerns do not take precedence when undertaking these activities, many negative environmental impacts will start to become more apparent (McKenzie, 2003:7).

The South African Constitution places local government at the centre of government delivery systems and at the heart of the country's representative democracy. Chapter 3 of the Constitution, which deals with cooperative governance, recognises local government as a distinct sphere of government. Local government is not autonomous from the national and provincial spheres, as it is governed by both national and provincial legislation. National government remains responsible for setting the policy framework and ensuring that it is implemented by monitoring local government performance in conjunction with the provinces. Within this framework, municipalities have the freedom to operate and the right to be recognised by the other spheres of government on issues of mutual interest (DBSA, 2000a:17).

Captured in the Constitution, and further developed through the White Paper on Local Government, the Municipal Structures Act (No. 117 of 1998) and the Municipal Systems Act (No. 32 of 2000), the responsibility for the execution of sustainable development lies primarily with local government. However, as clearly pointed out in the DBSA Development Report (2000a:21), the municipal systems envisioned in the Municipal Systems Act, are based on a level of capacity and management sophistication that does not exist in the majority of new municipalities. The lack of capacity in municipal structures has undermined the implementation of various municipal systems. Most municipalities will need considerable support to ensure the effective fulfilment of the mandate being laid down within the South African legal framework.

The successful and effective fulfilment of this mandate is largely dependant on whether municipalities have sufficient financial resources. Without funding, they will be unable to operate effectively, man and improve existing services or borrow money for capital and infrastructure development in support of their developmental mandate (DBSA, 2000a:51; Steinberg & Miranda, 2005:180).

Municipalities need to engage in strategic planning to ensure the best use of their scarce resources. The Integrated Development Plan (IDP), as required by the Municipal Systems Act, No. 32 of 2000, has been introduced to make municipalities more proactive and sensitive in the way they deliver services and manage their responsibilities. IDPs

impose a uniform approach to municipal planning and are intended to integrate these plans with provincial and to some extent, national planning initiatives. IDPs have an internal dimension in that they require that all development activities of a municipality are coordinated, accurately reflect the development demands of the local community and are financially and environmentally viable and sustainable. They also have a horizontal dimension, as they require that the development plans of municipalities are integrated with those of their neighbours. Finally there is a vertical dimension; they are used to coordinate the development funding and activities of the provincial and national spheres at local level (DBSA, 2000a:92; Urquhart & Atkinson, 2002:32). Local authorities do not only have the executive mandate to implement legislative arrangements, but also have to develop environmentally related legislation at the local level and also have to fulfill a law enforcement function (Nel, 2002:13).

2.3 Capacity Of Local Government For Environmental Management

Environmental management is a cross-cutting issue that is impacted on by a large variety of activities undertaken by municipalities. This is reflected in the fact that environmental management responsibilities are generally spread across units within the municipality. Units that tend to play a role in environmental management are those dealing with planning, engineering, health, water and waste management and parks and recreation. Generally municipalities have limited environmental management capacity with only a few municipalities having environmental management sections, dedicated budgets or even dedicated staff (McKenzie, 2003:4).

In the past decade, decentralisation and 'downloading' of traditional national-level responsibilities have meant that local governments have greatly increased responsibilities for social programmes and environmental protection. However, local authorities often lack institutional and financial capacity to fulfil these mandates (Urquhart & Atkinson, 2002:68; World Resources Institute 2003:22; 90)

Urquhart & Atkinson (2002:68-69) and the DBSA Development Fund (2003b:7) identified the key constraint in achieving sustainable development in South Africa and elsewhere on the continent, as the lack of institutional capacity rather than the lack of financial resources. In addressing the three pillars of sustainable development – people, prosperity and planet – the central need is to create sustainable, empowered and accountable institutions that are able to translate policies and programmes of development into delivery.

Nkoane (2003:12) furthermore shares this sentiment that municipalities continue to lack spending capacity – this represents a case where delivery failures cannot be attributed to lack of fiscal resources, but the lack of capacity to identify projects and implement them

and therefore get the money spend. Efforts to increase municipality capacity need to be accelerated in order to increase the absorption capacity of especially grants.

Several policy and strategy documents identify local government as a key delivery vehicle for environmental management. The most significant problem to give effect to this delivery, is a general lack of capacity within local government as regards environmental management (DBSA, Undated b:12; World Resources Institute 2003:100).

Urquhart & Atkinson (2002:69) identified four key areas of capacity that need to be addressed in order for sustainable development and integrated planning to take place at local government level. Firstly, political capacity, which refers to the council's ability to represent interests, to consult with constituents, to understand and debate issues, to take decisions, and to monitor the implementation of decisions. Secondly, administrative capacity, which refers to the ability of municipalities to implement council decisions and to manage municipal activities. Thirdly, development capacity, which refers to the council's ability and willingness to launch developmental programmes and the municipality's ability to carry them out. Lastly, integrative capacity, or the council's ability to bring together different sectors, issues and interests to promote a holistic approach to development.

Further to the key areas identify by Urquhart & Atkinson mentioned in the previous paragraph, Nel (2002:22-36) and Heydenreich & Barlow-Weilbach (2003:6) identified several institutional and capacity challenges that are impacting negatively on the implementation of environmental management at local government level:

- The fragmentation of environmental management functions into various departments and competencies which complicates an integrated approach to environmental management. This goes hand in hand with lack of human resources. The negative impacts of this fragmentation are exacerbated by unclear planning and operational responsibilities. This all culminates in inappropriate structures and organisational arrangements.
- One of the main causes of environmental degradation in urban areas is seen as the lack of public awareness of these problems and low participation in efforts to improve the urban environment. Politicians are more concerned with implementing projects in support of populist vote garnering than in considering the potential sustainability of such projects in the longer term. Although politicians are generally happy to endorse environmental policy, this endorsement is not forthcoming when the policy needs to be implemented, especially if it is perceived that it could impact negatively on politically favoured projects (Appelgren & Klohn, 1999:366; Roberts, 2005).
- Environmental Management is not being considered a priority in especially developing countries due to the high rate of unemployment, the prevalence of poverty and the lack of access to basic services. Political leaders often focus on immediate

and highly visible problems, leading to short-term solutions and are inclined to skimp on meeting recurrent costs of maintaining local infrastructure or the investments needed to control environmental spill-over effects that extend beyond political and geographical boundaries (Appelgren & Klohn, 1999:362).

- The very broad focus of environmental management and the variety of challenges that this poses to local authorities, requires integrated and holistic cross-sectoral planning and management strategies. These are largely absent from the present local authority strategies and hamper the successful implementation of environmental management.
- The general dominance of the national or regional political agenda at local authority levels often inhibits attention to local environmental management issues (World Resources Institute, 2003:90).
- There is inadequate information available regarding environmental management. The absence of relevant environmental information and information on management systems poses significant barriers to effective environmental management in developing countries.
- There is an inadequate perception of the scope of environmental management. The general lack of understanding as to what sustainable development means for local government limits the both the priority and resources allocated to this function. This is further exacerbated by the fact that the relationship between environmental management in its broadest sense and the objective of sustainability is often not fully understood by councillors and officials alike. This results in ineffective policies and strategies (Steinberg & Miranda, 2005:180).
- Urban areas often lack adequate environmentally sound infrastructural technologies and services to address environmental challenges.
- Municipal governments lack the institutional capacity to carry out effective environmental planning and management to routinely provide effective urban services. Municipalities often lack effective, participative and transparent governance, which are imperatives for successful environmental management approaches. Although the need for participative and transparent governance is being addressed within South Africa through the IDP process, environmental management issues are largely absent from this process. Retief (2002:15) also identified lack of capacity as a challenge towards ensuring that the environmental sector plan in terms of the IDP, is developed and implemented appropriately.
- Education and training of staff at all levels usually does not cover issues of sustainability. Although various financial resources, including technical assistance

from the DBSA, external to local government for environmental capacity building exist, the actual utilisation of such resources is slow and time-consuming. The lack of human resources and appropriate institutional arrangements impact negatively on the local government's ability to absorb projects on this issue and often lead to limited results being achieved.

The challenges posed by institutional and capacity concerns need to be considered before the transition towards a sustainable future is embarked on (Nel, 2002:37).

2.4 Conclusion

Although there is a clear local government mandate on environmental management encapsulated within South African legislation, the mandate encompasses such a wide range of environmental issues wherein some are considered central to the local government and are well-resourced, but others are peripheral and lack both human and financial resources. Many local authorities have not yet embarked on the process required to fulfil their obligations due to lack of capacity, knowledge and skills. Du Plessis (2002:14) states that "Ways must be found to enable local authorities to respond to their environmental obligations". Several challenges exist that all need to be addressed in order to improve the manner in which environmental management and sustainability in general is being addressed at a local level.

The need for capacity building is widely acknowledged and government and donor agencies have initiated various programmes to deal with this challenge. Capacity building revolves mostly around policy development, institutional development, integrated planning, service delivery and local economic development. Chapter Three will provide a synopsis of the international perspective on Capacity Building.

3 INTERNATIONAL PERSPECTIVE ON CAPACITY BUILDING

3.1 Introduction

Taking into account the established mandate for local government with regard to environmental management and the lack of capacity that exists, there is a great need for capacity building in this regard. However, as will be demonstrated in this chapter, although capacity building is an integral part of virtually all development programmes and projects, problems are still being experienced that limit the long-term impact of the sustainability that needs to be achieved. The purpose of this chapter is to clearly define capacity building based on international literature, to identify the problems being experienced with the implementation of capacity building and to identify the aspects and factors that need to be kept in mind to improve the delivery of capacity building.

3.2 Definition

The UNDP (1998:5) defined capacity as "… the ability of individuals and organisations or organisational units to perform functions effectively, efficiently and sustainably. This implies that capacity is not a passive state but part of a continuing process and that human resources are central to capacity development." The UNDP (1998:6) furthermore points out that most capacity initiatives have traditionally focused their efforts on the entity (organisation and institution) or individual. Where entities and individuals function in a complex environment, or an environment of change, traditional approaches to capacity development have failed or were only partially successful because they did not take into account the broader system or environment within which they functioned.

Further definitions for capacity building include the following which encompasses the extensive understanding that exists:

"Capacity building includes institutional support in the form of finances for office space, salaries and vehicles." (Makumbe, 1998:2)

"Capacity building is not defined through the instruments used, but through its goal to enhance the capability of people, and institutions sustainably to improve their competence and problem-solving capacities." (Mildeberger, 1999:3)

"Capacity building interventions must address the unique needs of an organisation in its particular stage of development at that specific time. There is no single way to build organisation capacity." (CDRA, 1995:5)

Capacity development is "the process by which individuals, groups, organisations, institutions and societies develop abilities (individually and collectively) to perform functions, solve problems and set and achieve objectives." (UNDP, 1997:7)

During this research, it became clear that the terminology, technical assistance (TA) and technical corporation (TC) were used interchangeably. Furthermore, both these terms were also used interchangeably with capacity building and capacity development, especially where donor institutions were involved. It should be noted that technical assistance and technical corporation can be utilised for items other than capacity building or capacity development. However, most donor programmes where technical assistance and technical corporation are involved, include capacity building.

Ibi Ajayi (2002:23), based on a definition used by the UNDP, categorises technical co-operation into two categories, namely investment related or technical cooperation inputs necessary to assist in the implementation of capital investment projects and general institutional support; or free-standing technical cooperation, which is provided regardless of the needs of specific investment projects. However, it will be demonstrated that the meanings attributed to capacity building and capacity development differ substantially, although not yet applied as such in practice.

3.3 Capacity Building Vs. Capacity Development

Although capacity building and capacity development are used interchangeably in literature, Anon (Undated:136) distinguished between the two, where capacity building is rather limited and should become capacity development that is more sustainable. This move is also supported by other authors as discussed in the last part of this chapter. The traditional view of capacity-building, stemmed from an "engineering" approach, characterised by top-down flow, based on blueprints and implemented hierarchically. By contrast, the emerging view, capacity development, grows out of a holistic, organic approach that emphasises bottom-up development with no predetermined blueprint and a non-hierarchical network model of resolving problems. Capacity building focused on institution-building; "getting the pieces right"; and the transfer of information. Capacity development substitutes these characteristics for a focus on ownership; "getting the approach right"; and the acquisition of knowledge.

Whereas capacity building concentrated primarily on government and the public sector, capacity development encompasses the whole of a society; although it necessarily includes the public sector; it is multi-stakeholder in nature, drawing civil society and private sector organisations into the planning, design and implementation of programmes. Finally, while capacity building is based on short-term projects with little attention to either longer-term retention or the loss of capacities developed, capacity development is geared towards the medium- and long-term with a particular focus on the maintenance and expansion of knowledge and the nurturing of the capacities involved (Anon, Undated:136).

3.4 Problems Experienced

Morgan (1999:17-18; 2002:8-9) attributes the present high rate of failure of TA, to various aspects including country ownership, disparities in power and conflicting objectives. Country ownership and motivation remained the single greatest determinants of TA effectiveness. If ownership and therefore motivation is not present within the recipient, firstly the level of input required from the donor raises substantially and secondly, once the donor pulls out, limited further implementation will occur. Disparities in power and influence among the participants and the intrusion of non-development agendas led to deforming of key TA relationships.

Donors tended to focus on the "hard" structures of the delivery process – proposal calls, contracts, terms of reference, budgets etc. This is followed by a focus on the "hard" technical strategies. In most instances, all participants failed to manage or even think about the "soft" issues – a sufficient understanding of the critical contextual factors, motivation, gaining ownership and incentives, legitimacy and credibility, sense-making and managing relationships and constituencies – in short, the key ingredients for encouraging and supporting change and motivation. Most TA interventions struggled under the weight of conflicting objectives. The importance of ensuring that both donor and recipient agree on the objectives for the TA, will be referred to again in some of the lessons learnt from the projects implemented by the DBSA.

Furkuda-Parr et al (2002:4 – 9) support the aspects identified by Morgan that lead to the failure of TA/TC. However, they also add the following factors that technical corporation is still frequently criticised for:

- Undermining local capacity: Rather than helping to build sustainable institutions and other capabilities, technical corporation tends to displace or inhibit local alternatives.
- Distorting priorities: The funding for technical corporation generally bypasses normal budgetary processes, escaping the priority-setting disciplines of formal reviews.
- Choosing high-profile activities: Donors frequently cherry-pick the more visible activities that appeal to their home constituencies, leaving recipient governments to finance the other routine but necessary functions as best they can.
- Fragmenting management: Each donor sends its own package of funds and other resources for individual programmes, and demands that recipients follow distinctive procedures, formats and standards for reporting, all of which absorb scarce time and resources.

- Using expensive methods: Donors often require that projects purchase goods and hire experts from the donor country, although it would be far cheaper to source them elsewhere.
- Ignoring local wishes: The donors pay too little attention either to the communities who are supposed to benefit from development activities, to the local authorities, or to the NGOs, all of whom should comprise the foundation on which to develop stronger local capacity.
- Fixating on targets: Donors prefer activities that display clear profiles and tangible outputs. Successful capacity development, on the other hand, is only intrinsically included.

According to Morgan (2002:1), most of the problems experienced with TA presently can be attributed to the radical departure from the previous approach followed until the late 1940s. The bulk of financing came from the TA supplier instead of the recipient. This lead to a shift in power and control from the recipient to the supplier. The impact that this had on the ownership of projects has been far-reaching and will be discussed in more detail later in this chapter. Due to the need for support and legitimacy from supporting governments and institutions, International Development Organisations (IDOs) promised levels of performance and development benefits that could never be achieved. Many in the development community lost a sense of reality about what is not only feasible but also absorbable.

As referred to in Chapter Two and will again be demonstrated in Chapter Five, the absorption capacity of any institution needs to be taken into account when TA is committed. Most IDOs emphasised the planning and control of TA projects, which were to be designed and then delivered. This process stunted the opportunity for creative experimentation, process facilitation and incremental discovery within TA projects. Energy was focused on tasks accomplished and on directly resolving what appeared to be urgent development problems, without paying attention to broader issues like institutional change and development. Morgan (2002:5) furthermore points out that TA by itself can be well-designed and well managed, but ends up submerged under the weight of broader organisational, economic, financial and political constraints.

3.5 Requirements For Successful Implementation

Various key requirements have been identified on an international level that will contribute to the successful implementation of technical corporation and capacity building. These factors apply to both donors and partner countries and can be applied on various government levels.

3.5.1 Leadership And Political Commitment

Visible leadership, meaningful commitment and ownership (and political will) at the political, senior bureaucratic levels, sustained throughout the process is required. Political commitment and effective management are essential if technical corporation is to contribute more to the capacity of partner countries (Emrealp, Undated:124; Hildebrand, 2002:32; UNDP, 1998:23).

3.5.2 Ownership

There is an increasing call for greater ownership. Transformation is a slow process and capacity development efforts need to take this into account. Developing countries need to "own" the transformation and own their technical co-operation programmes if they are to have the commitment needed to make such programmes work (Anon, undated:153; Fukuda-Parr et al, 2002:14; UNDP, 1998:23). Banerjee et al (2002:145) furthermore adds that capacity development is not a universal goal for the recipient and that this impacts on the level of ownership that will be achieved. All impacted parties/ stakeholders need to be aware of and understand the development or capacity initiative, the implied changes and capacity needs require strong internal and external communications, public relations (UNDP, 1998:23).

Singh (2002:49 – 51) identifies five broad advantages associated with expanded ownership, especially when including local communities: 1) The political advantage brings immense political prestige to donors when local communities and not only the government take ownership of the project. 2) The epistemological advantage is achieved when local involvement ensures that technical cooperation initiatives are designed and operated in a manner that is appropriate to local realities. 3) The psychological advantage is achieved when broad ownership ensures that dependence on donors is limited. 4) The implementation advantage is achieved due to the fact that national governments as well as affected communities assume greater commitment and responsibility for the success of the project. 5) The sustainability advantage comes into effect when broader ownership is achieved, the project will not collapse the moment the donor leaves.

3.5.3 Champions

Technical corporation needs to be "mainstreamed" into existing capacity development institutions. Effective TA needed a network of champions to make it work – a group of people who cared profoundly in both professional and personal terms about the fact and outcomes of the intervention. At the receiving end, the TA intervention needed entrepreneurs, protectors and managers. And it needed followers as well as leaders to make it effective. At the supplier end, it needed people playing many of the same roles.

Above all, it needed a strong relationship between these groups (Emrealp, Undated:124; Hildebrand, 2002:32; Morgan, 2002:14).

3.5.4 Clear Priorities

There is often an assumption of an equal partnership between donors and recipients. However, this relationship is usually unequal. Development institutions tend to dominate because they, and not the recipients, are financing shared development activities. The effects of this "unequal relationship" can be exaggerated by differences in interest among stakeholders. Donors usually have their own priorities and ideas of what they want to contribute to and remain accountable to their home constituencies, which means they are usually most comfortable when they can point to visible, tangible activities (Anon, undated:152).

The unequal relationship is inevitable because donors always control their funds to some degree. Though it is not possible to level the playing field completely, it can be improved. A clear set of objectives and priorities need to be build into the project/ programmes, incremental and phased. The priorities of partner countries must be put up front if technical corporation is to be more effective in supporting capacity development (Emrealp, Undated:124; Hildebrand, 2002:32; UNDP, 1998:23).

3.5.5 Flexibility And Innovation

The technical corporation challenges that countries face are as varied as the countries' capacities and other characteristics. Flexible responses and an adjustment of approach to local capacity is a requirement (Emrealp, Undated:124; Hildebrand, 2002:32). Appropriate methodologies for programme and project management, adapted to the local situation and needs, need to be applied. Development partners need to be flexible enough to change approached where appropriate (UNDP, 1998:23).

Many problems are minimised when development partners are prepared to explore new funding mechanisms. It is also important to ensure that broader stakeholder representation occurs that include society as a whole and not just government structures. This will also ensure that accountability can be demonstrated more easily both within the recipient and donor countries (Anon, undated:154).

3.5.6 Awareness Of Local Capacities

Countries and societies evolve organically, building on their own resources and strengths and following their own unique logic. The assumption that developing countries with weak capacities can start again using someone else's blueprint, ignores the evidence from the collective experience in all countries. The surest development is transformation that fosters local processes, builds on local capacities and expands them to achieve shared goals (Anon, undated:150).

3.5.7 Knowledge Transfer

Teachers and trainers offer information and knowledge from books. Advisors analyse the "knowledge gaps" and prescribe solutions enabling counterparts to improve their performance. This approach tends to assume that poorer countries can and should replicate approaches already refined over time by their richer partners. The process needs to be turned inside out. Recipients should be initiating the process, starting from their understanding of local knowledge and practice, assessing the capacities and potential of local individuals and institutions and of whole societies, then working out ways to build on these. This process involved appreciating the different interests involved and anticipating how potential conflicts can be resolved. Teachers can offer information, but learners have to acquire knowledge for themselves (Anon, undated:153).

3.5.8 Availability Of Resources

Clear responsibilities and accountabilities need to be set. Provision should be made for transparent processes and decision-making and open dialogues. Sufficient time and resources need to be made available, including resources to plan, develop and implement the capacity initiative (UNDP, 1998:23). Sustained effort over many years will be required to ensure that objectives such as capacity building be achieved (Morgan, 2002: 15).

3.5.9 Transparency

The capacity building process itself needs to be open, with no hidden agendas, and decision-making is transparent. In some situations, external consultants may help facilitate this process and assure independence and objectivity (UNDP, 1998:23)

3.6 Conclusion

Although there are differences in interpretation as to capacity building and capacity development, it is clear that the need for it to take place is extensive. However, the manner in which it is being implemented has an impact on the success thereof, both in terms of resources used and results achieved. Various problems are currently being experienced with the implementation of capacity building internationally and these are similar to the problems experienced in the projects implemented by the DBSA. This will be discussed in more detail in Chapter Five. Also, various requirements have been set on an international level for the successful implementation of capacity building and these provide direction with regard to the recommendations made in this research. The need to set the sustainability of the capacity building as the ultimate goal in contrast with short-term achievements will require a fundamental shift in the way in which capacity building is primarily implemented. As will be demonstrated in Chapter Five in the projects

implemented by the DBSA, a clear distinction needs to be made between short-term and long-term requirements.

4 THE DEVELOPMENT BANK OF SOUTHERN AFRICA

4.1 Introduction

The Development Bank of Southern Africa (DBSA) was established in 1983. In 1996 the DBSA was transformed to ensure that it met the needs of the new South Africa and the Southern African Development Community (SADC) region as a whole, with a specific reference to infrastructure. Although environmental issues have always been considered within the DBSA's business, it was only in 1994, with the advent of formalised legal requirements in South Africa, that a clear environmental procedure was developed. This was the foundation on which the present environmental approach is based. This approach, as well as the changes in the environmental mandate of local authorities, as discussed in Chapter Two, has led to the need for environmental capacity building through the provision of technical assistance.

The purpose of this chapter is four-fold:

- To provide an outline of the DBSA's overall mandate, including its objectives and the strategic thrusts identified for the Bank in 2003.
- To provide an overview of the DBSA's environmental mandate and the role that environmental risk assessment plays.
- To provide an outline of technical assistance and the establishment and role of the DBSA Development Fund.
- To provide a description of the DBSA's approach towards environmental management capacity building.

4.2 DBSA Mandate

The vision of the Development Bank is to be a leading change agent for socio-economic development in Southern Africa. The mission of the DBSA is to maximise its contribution to development by mobilising and providing finance and expertise and by establishing partnerships to develop infrastructure in order to improve the quality of life of the people of Southern Africa.

The DBSA Act, No. 13 of 1997, sets the main objectives of the Bank as the promotion of economic development and growth, human resources development, institutional capacity building and the support of development projects and programmes in the region by –

- Mobilising financial and other resources from the private and public sectors, national and international, on a wholesale basis, as determined in the regulations;

- Appraising, planning and monitoring the implementation of development projects and programmes;
- Facilitating the participation of the private sector and community organisations in development projects and programmes;
- Providing technical assistance, particularly in respect of human resource development and training with regard to the identification, preparation, evaluation, financing, implementation and management of development projects and programmes;
- Funding or mobilising wholesale funding, as determined in the regulations, for initiatives to minimise or mitigate the environmental impact of development projects or programmes.

For the purpose of attaining its objectives, specifically in relation to technical assistance, the DBSA Act (No. 13 of 1997) states the following:

"……. the Bank shall have the power to provide technical and other assistance and to give advice, information and guidance, ……."

Further to these objectives and powers as set in the DBSA Act, the following strategic thrusts were included in the DBSA Annual Report 2003:

- Accelerating the delivery of financial and non-financial services in an efficient and integrated manner.
- Providing financial resources and expertise for excellence in delivery.
- Increasing the Bank's involvement in the poorest areas.
- Becoming a knowledge-based institution.
- Promoting business growth through innovation and responsible risk-taking.
- Building and maintaining strong strategic partnerships to maximise development impact.
- Recognising and rewarding performance in relation to specific deliverables.
- Continuing the Bank's transformation by building on the past and aligning for the future.

The DBSA is legally constrained through its Act to ensure that it achieves a dual purpose namely both that of a financially self-sustaining institution (banking orientation) and a development institution (development orientated) (DBSA, Undated a:1; Du Bois, 2001:4). By tying the DBSA's functions to the promotion of development objectives, the DBSA Act makes it clear that the Bank's objectives differ from those of a purely financial institution.

This legal and policy framework is reflected in the manner in which the DBSA carries out its activities. Financing of projects and programmes is preceded by project/ programme and client appraisals, which are directed at managing the risks that the DBSA faces as a result of its dual character as a financial and development institution. These include both risks to the DBSA's financial health and risks to the achievement of its development mandate.

4.3 DBSA Environmental Mandate

Environmental sustainability is one of the cornerstones of the DBSA's approach to project financing. To assess whether a project/ programme is environmentally sustainable, the Bank undertakes environmental appraisals geared to their entire life cycles. The environmental risks associated with a project/ programme are identified and evaluated. Measures to mitigate such risks must be taken by the borrower. Borrowers are helped to design appropriate environmental management systems and to build capacity to fulfil their environmental obligations (DBSA, 1996:24; 1997:21; 1998:42; 1999:48; 2000c:56).

The DBSA's environmental appraisal process aims to achieve the following:

- Find opportunities within projects/ programmes to maximise their developmental and environmental benefits by promoting sustainable development.
- Minimise environmental risks and liabilities to the DBSA.
- Assist borrowers to comply with environmental legislation.
- Identify methods to prevent, mitigate or compensate for the environmental risks associated with projects and programmes.
- Assist in managing the business risks to the DBSA.
- Ensure that the environmental impact is positive (DBSA, 2001a:4; 2002:96; Heydenreich & Barlow-Weilbach, 2003:3).

4.3.1 Environmental Risk Assessment

The assessment and management of any environmental risks associated with projects are integral to sustainable development. The DBSA defines environmental risk as "a measure of potential threats to the environment that activities may have. It combines the probability that events will cause or lead to degradation of the environment and the magnitude of the consequences of that degradation" (DBSA, 2001a:5; 2002:97; Heydenreich & Barlow-Weilbach, 2003:4).

The DBSA (2001a:5) considers three main sources of environmental risk:

- Environmental impacts: These are risks arising from the nature of the impacts associated with the project itself.
- Legal requirements: The legislation pertaining to a project is a significant source of risk if there is no compliance. Legal risks can include site requirements, e.g. planning authorisation and environmental impact assessment approvals; operating requirements, e.g. water licenses; and environmental liability, where proponents of projects are held responsible for any existing or future contamination.
- Institutional capacity: The capacity of the borrower to implement any environmental requirements during the full life-cycle of the project can be of a significant concern with regard to environmental risks. Lack of capacity refers not only to human and financial resources, but also a lack of understanding and commitment to address environmental issues.

All of these risks are appraised, as not only could they have a negative impact on the environment, but they could also generate liability for the Bank. However, the purpose of the environmental appraisal process is not only to address environmental risks, but also to ensure that the environmental benefits associated with a project are maximised and to ensure that sustainable development is achieved. The appraisal process should actively consider ways to enhance the environmental benefits of projects and programmes. One way in which this enhancement can be achieved is through the application of technical assistance (DBSA, 2001a:5 – 6; 2002:97; Heydenreich & Barlow-Weilbach, 2003:5).

4.4 DBSA Technical Assistance

Technical assistance entails the provision of professional support by DBSA staff, where appropriate and assisting in the mobilisation of financial and technical resources for public sector clients (DBSA, 1996:24; 1997:32). The improvement of the capacity of clients in respect of institutional, financial, project management, information systems, etc. is one of the strategic objectives that the DBSA has set of itself within the corporate Balanced Scorecard of 2003/04 (DBSA Undated c:3). DBSA's technical assistance role is not intended to be all-inclusive. In instances where private sector entities are better place to provide services to clients, DBSA will actively assist clients in securing appropriate professional support.

A flexible approach is adopted, based on the specific requirements of the project in question. Areas of support include:

- Advice regarding the options that could be considered for the financing and management of infrastructure projects.

- Assistance in preparation of terms of reference for consultants to be engaged by clients and mobilising grant funding for the appointment of legal, financial and other advisors.
- Facilitating consumer and labour involvement in project design, evaluation and operation.
- Preparation of documentation inviting bids from the private sector.
- Assistance in pre-bid discussions with the private sector and the evaluation of bid submissions (DBSA, Undated a:11).

Since inception, the DBSA has approved grants of R124.5 million. In addition to these grants, the Bank's advisory role also included knowledge support and agency services (DBSA, 2003a:2). An increase in both financial (R11 million to R15 million) and time resources (12 % to 14 % of staff time) for technical assistance and advisory services are being envisaged over the next four years (DBSA, Undated c:4). As reported in the DBSA Annual Report 2002 (DBSA, 2002:23), 54% of all technical assistance to date has been used for institutional capacity building, 35% for policy and planning and 11% for other projects. In order to ensure that broader ownership is achieved in TA projects, the DBSA requires clients to make a contribution either in terms of financial or human resources (DBSA, 2003b:2).

There is a clear need for coordination of capacity building programmes to ensure that they complement each other and to facilitate effective lesson learning. However, taking into account other role-players within this sector, the DBSA is not seen as the appropriate vehicle to fulfil such overall coordination role. However, it is of utmost importance that the DBSA ensures that any capacity building activities it supports, are coordinated with the provincial or national government department involved in the specific sector, i.e. Department of Environmental Affairs and Tourism (DBSA, Undated b:7).

A distinction should be made between technical assistance (TA) to individual local governments or to local government on a cumulative basis. Cumulative support should preferably occur through the provincial government in the form of clearly formulated programmes and/or projects with a clear indication of the goals, purpose and outputs of the TA. Capacity building interventions to individual local governments can focus either on the total functioning of a local government or only on some specific elements. It would also have to be tailored to the needs of the specific municipalities, whether they are metropolitan structures, district councils or local (category B) councils (DBSA, Undated b:8).

4.5 DBSA Development Fund

The advent of a new democratic dispensation in South Africa led to the restructuring and transformation of local government. 2002 saw the final phase of this process, which has not been without its challenges (DBSA DF, 2003b:8). One of the challenges being experienced are the fact that in many local authorities, the transformation process is still not complete and prevents effective service delivery in those areas. Government, the private sector and civil society recognised that capacity constraints represent the biggest obstacle to service delivery by municipalities.

"The stabilisation phase of the local government transformation that began in 2000 has proven to be more time-consuming and involved that expected" (DBSA DF, 2003b:2). Several municipalities have not completed their amalgamation process. Significant challenges have emerged during the attempt to restructure institutions and implement intra-governmental decisions regarding the division of municipal powers and functions. Many municipalities also continue to face major capacity constraints as they try to establish and operationalise new structures and systems for planning, programming and managing of finance, projects, human resources and performance. The capacity constraints on local governments are multidimensional - institutional, human and financial – and should therefore be addressed in a multidimensional manner (DBSA DF, 2003b:2; 10).

The Bank responded to this challenge by establishing the Development Fund, a Section 21 company incorporated in December 2001 to address sustainable capacity building at municipal level and to support municipalities in enhancing service delivery and local economic development. The Fund's vision is to be a leading catalyst for capacity building and to maximise the impact of development finance in South Africa. It was capitalised initially with R80 million from the Bank's surpluses and in 2002/03 with another R150 million. An additional R230 million will be allocated during 2003/04 (DBSA, 2003a:13).

The core business of the Development Fund is to maximise the impact of development finance by mobilising and providing grant funding to address human, institutional and financial constraints on rural and urban development, thereby promoting efficient and effective service delivery and local economic development. This is done through a mix of products and services.

4.5.1 Grants For Capacity Building At Local Level

The Development Fund's objective with regard to its funding of capacity building is to transfer knowledge, expertise and experience in order to empower the recipient with skills and confidence to better execute tasks and functions. Grant funding also aims at building

developmental capacity of the recipients to enable them to effectively plan and deliver sustainable integrated development at a local level.

4.5.2 Technical Assistance Grants For Project Planning

The objective of technical assistance for programme and project planning is to facilitate and initiate economic development by helping beneficiaries to identify and plan programmes and projects to a stage at which investors and/ or financiers can be approached to participate and contribute to the necessary funding requirements. Programmes and projects with potential revenue streams will therefore be considered for technical assistance grants and will not be limited to service provision or other government functions.

4.5.3 Development Facilitation And Management Support Services

In a number of cases, weak and very weak local authorities have no absorptive capacity, even for grants. In such instances the Development Fund would provide facilitation and assistance with project management.

4.5.4 Development Credits And Equity

Limited revolving funds will be made available as a facility of last resort after a clearly demonstrated failure of all possible linkages to other funding resources. Development Assistance credits are an option for the initial financing of the project. Together these activities would constitute the major development assistance instruments within the Development Fund, each with their own funding principles, criteria and appraisal and monitoring processes (DBSA DF, 2003a:2; DBSA DF, 2003b:3; DBSA, 2003a:36).

The Development Fund has provided support to 134 municipalities since its inception in December 2001. These interventions include technical assistance projects and programmes, dealing with planning, capacity building, training and local government systems. One of the Fund's priorities is to leverage other sources of funding, including contributions from recipients and third parties (DBSA, 2003a:37). The work done by the DBSA Development Fund complements the national government's significant support programmes and efforts to improve municipal performance. Although the majority of TA is presently being distributed through the DBSA Development Fund, TA is also still distributed through the DBSA itself, but here the focus is to generate business, i.e. loans for capital projects and programmes (DBSA, 2003b:3).

4.6 DBSA's Approach Towards Environmental Management Capacity Building

The DBSA subscribes to the meaning given to sustainable development in the National Environmental Management Act, No. 107 of 1998, where it is seen as requiring the

integration of economic, environmental and social factors in the planning, implementation and evaluation of projects (DBSA, 2002:92). The DBSA has always placed particular emphasis on the impact of its operations on the environment. All the Bank's investment decisions are subject to an environmental appraisal, so as to ensure that projects are environmentally sound and sustainable and that alternatives which might enhance their environmental benefits are considered. In this process, environmental risks are identified and evaluated and mitigation measures are negotiated with clients.

The South African local government mandate on environmental management and the capacity that exists to fulfil this mandate were discussed in Chapter Two. The DBSA identified the lack of environmental management capacity to give effect to this mandate as a potential risk for the successful and sustainable implementation of infrastructure projects. To counter this risk, the Bank has formed partnerships with some of its local authorities (DBSA, 2002:95). The DBSA's partnership approach is further evident in its initiatives to empower communities and institutions at a grass-roots level in collaboration with non-governmental organisations, civil society and local government (DBSA, 2002:9).

It is widely acknowledged that the key constraint to sustainable development in South Africa and elsewhere on the continent is the lack of institutional capacity rather than the lack of financial resources. In addressing the three pillars of sustainable development – people, prosperity and planet – the central need is to create sustainable, empowered and accountable institutions that are able to translate policies and programmes of development into delivery. When it comes to meeting the challenges of development in South Africa, the recently transformed local governments are at the coalface. The capacity constraints faced by the newly demarcated municipalities prompted the establishment of the DBSA Development Fund in 2001 (DBSA DF, 2003b:7).

One of the focus areas of the DBSA's technical assistance is that of environmental management and in December 2000, the DBSA Board approved a strategy that reinforced the capacity building initiatives of Provincial and Local Government. One of the elements included was building capacity of municipalities for environmental management (DBSA, 2001b:25). The DBSA has made technical assistance available to address this deficiency to various local authorities, including the Ethekwini (Durban), Msunduzi (Pietermaritzburg), Mbombela (Nelspruit), Nelson Mandela Metropolitan (Port Elizabeth), Buffalo City (East London) and City of Cape Town Municipalities amongst others. These projects differ in terms of their focus and encompass a wide scope from the development of an environmental management system to the identification of environmental impact assessment requirements for projects to be funded (Heydenreich, 2002b:5).

The DBSA's approach has largely been influenced by the constraints referred to previously, where the approach followed may lead to results considered acceptable (i.e. approvals/ licences have been received) and the short-term environmental risks related to compliance and environmental impact management have been addressed. Such an approach tends to result in limited capacity building other than a heightened awareness with regard to environmental legal compliance and may be considered reactive with no limited focus on the sustainability thereof. This approach also relies very heavily in the short-term on DBSA involvement and staff time and leaves little resources in the form of guidelines/ manuals behind for the local authority to utilise in future. The DBSA uses this approach when time-constraints with regard to project implementation are experienced, but tends to find that due to its own lack of human resources, such an approach cannot and also should not continuously be followed (Heydenreich, 2002b:5).

This constraint within the DBSA has led to the implementation of a more pro-active approach where technical assistance for environmental capacity building supported the development and implementation of environmental policies, systems and/ or guidelines. However, the DBSA found that the implementation of such a pro-active approach requires more intensive support, both human and financial, on a longer timeframe, especially where limited or no environmental capacity already exists. This approach has to date yielded limited results (Heydenreich, 2002b:5).

The two approaches followed are however not mutually exclusive and are in a large part directed by needs of the DBSA and the local government involved. In order to be sustainable in the long-term, the DBSA would like to see a gradual movement from following the reactive to the pro-active approach. This will, however, require institutional arrangements and systems that are robust enough to absorb such environmental capacity building projects (Heydenreich, 2002b:5).

4.7 Conclusion

The environmental risks to both the DBSA and its clients, associated with the DBSA's loan finance, necessitated the implementation of environmental capacity building projects. Through the implementation of these projects, the DBSA tried to address both short-term and long-term environmental issues. However, as will be demonstrated in the next chapter, the results achieved did not always succeed in minimising those risks, for either the DBSA or the client.

5 ENVIRONMENTAL MANAGEMENT CAPACITY BUILDING PROJECTS

5.1 Introduction

As described in Chapter Four, the DBSA has, based on the potential environmental risks that its loan finance can incur, provided technical assistance for environmental management capacity building projects to several of its clients. However, to date, the outcomes of these projects were not always achieved and especially timeframes tended to be problematic. The four projects that will be analysed in this chapter, all follow a more pro-active approach where the overall focus is on long-term environmental management capacity building.

The purpose of this chapter is to provide a review of four environmental management capacity building projects that the DBSA implemented that were included in this research. Although the analysis of each project concludes with lessons learnt, the overall conclusions reached will be documented in Chapter Six. The following four projects are included in this research:

- Durban Metropolitan Environmental Policy Initiative
- Msunduzi Municipality: Integrating Environmental Legislative Requirements into the City's Project Preparation and Implementation Cycle.
- East London Capacity Building Project
- Cape Metropolitan Council Environmental Capacity Building Project.

5.2 Durban Metropolitan Environmental Management Policy Initiative

5.2.1 Background

In 1994, the Ethekwini Municipality[1] was the first local government in South Africa that accepted the Local Agenda 21 (LA 21) mandate as a corporate responsibility. Since then, the Municipality has been at the forefront of the country's LA 21 implementation. Phase 1 of the Ethekwini Municipality's (Durban) Local Agenda 21 Programme consisted of Assessment and Prioritisation and Phase 3 consisted of Transition and Review. The Durban Metropolitan Environmental Policy Initiative (DMEPI), which the DBSA supported, formed part of the second phase together with various other projects. These include the Strategic Environmental Impact Assessment of the Durban South Basin, the Durban

[1] Due to the fact that all the projects' timeframes overlapped with the Local Government Elections in 2000 as well as the demarcation process in 2001, the names of the municipalities have changed. Names used are based on the documentation utilised.

Metropolitan Open Space System (D'MOSS) framework plan and various other supportive actions like community open space development and the education and outreach initiative (Heydenreich, 2002a:4).

Lack of environmental management capacity was identified as a potential risk to both the DBSA and the municipality during the appraisal of a development support facility to the value of R 684 million in 1997. Subsequently to the approval thereof by the DBSA, the Bank approached the municipality with an offer to support the DMEPI in order to address this risk.

5.2.2 Project Objectives

The main objective of the DMEPI was to build and extend the capacity of the existing environmental management system through the formulation of a strategic environmental policy in order to ensure the implementation of an integrated environmental management system in the then Durban Metropolitan Area (DMA).

5.2.3 Project Description

The policy development process entailed a phased approach: Phase 1: *Laying the Foundation for Policy Development*, and Phase 2: *Policy Formulation and Policy Institutionalisation*. It is important to note that these two phases overlapped. A summary of the main objectives of Phases 1 and 2 are provided below.

Phase 1: Laying the Foundation for Policy Development: Phase 1 involved preparing the team, client and stakeholder groups for the process of policy development, conducting a situation analysis and developing broad agreement on the process and scope of work. The situation analysis involved the review of relevant documentation, related initiatives and lessons learnt, as well as developing an understanding of the DMA as a dynamic environmental system.

Phase 2: Policy Formulation and Institutionalisation: Phase 2 involved a series of workshops to develop a vision, goals, objectives and strategies for environmental management in the DMA. The policy builds on existing initiatives and integrated environmental concerns at metropolitan and local council scale level.

5.2.4 Project Implementation

Specialist sub-consultants were commissioned to undertake a review of the legislative, institutional and procedural content. The situation analysis laid the groundwork for the products developed in Phase 2. The major products of Phase 1 were an Information Pamphlet, providing background to the DMEPI, and the Situation Overview and Process Agreement Document. This document presented an overview of environmental issues in the DMA as derived from the situation analysis, and detailed an agreement on the substantive scope, procedural steps and behavioural ground rules for the DMEPI

process. This product was developed through a series of workshops with stakeholder groups.

The major products of Phase 2 were the General Policy Framework, the Institutional Structure and Procedural (Process) Frameworks and the Environmental Impact Assessment Implementation Guidelines. Stages in development of the General Policy Framework included a visioning, goals and objectives document and an analysis of policy alternatives. Stages in development of the Institutional Structure and Procedural Frameworks included analyses of the present DMA institutional arrangements, legal/ administrative requirements and institutional and procedural alternatives, drawing on international and local experience. Although the DBSA's financial assistance was focused on the development of the Environmental Impact Assessment Implementation Guidelines, as these were seen as the primary risk mitigation tool pertaining to project implementation, the Bank was involved in the total project (Heydenreich, 2002a:4).

5.2.5 Project Outcomes

The project was completed towards the second half of 1999. Although the General Policy Framework has been accepted and approved, it has not been implemented by the Ethekwini Municipality in its totality. The implementation of the Institutional and Procedural Framework has proved to be even more problematic, taking into account the Local Government Elections in 2000, the demarcation process and other structural changes that took place within the Ethekwini Municipality.

Although a groundswell of concern was created within the Council and the broader community, and stakeholders were extensively involved, the initiative did little more than raise awareness initially (DBSA, 2002:96). However, there are some indications at present that steps are being taken to ensure the implementation of both the policy and institutional framework. Lack of human resource capacity within the primary unit responsible for implementation has continued to hamper the project as well as other environmental management projects and programmes within the municipality (Common Ground Consulting, 2002:20). The Institutional Framework is only now fully implemented and the associated organogram is being filled to give effect to the Framework (Roberts, 2005).

5.2.6 Lessons Learnt

The DMEPI was the first comprehensive environmental management capacity building project that the DBSA supported. As such, the lessons learnt did not only reflect on the project itself, but also on the internal processes and procedures of the DBSA.

- Although the DMEPI was implemented within a local authority that had a history of comprehensive strategic environmental management commitment and

implementation, specific actions should have been identified to ensure that this strategic commitment was translated into actions at grass-roots level (e.g. training and post-project review).

- The DMEPI included the development of a very comprehensive policy, institutional framework and guidelines through an extensive community participation process. The project did not make provision for unforeseen changes and a step-by-step approach, whereby a formal review was conducted at the end of each phase and a decision taken as to the redirection of the process, should have been followed. This much needed redirection happened on an ad-hoc manner without taking into account various project management aspects like the Legal Agreement between the DBSA and the Ethekwini Municipality, budget and timeframe.

- The DMEPI did not include a training and formal review component. It was assumed that the involvement of the various stakeholders in the process would ensure that there was sufficient buy-in and understanding that the policy and guidelines would be implemented. The DBSA conducted a review as part of its own internal approval process.

- Leadership by a dedicated and committed champion, acceptable at official and political level is very important. The champion should provide strategic direction and create the enabling environment to ensure the successful implementation of the project. Although DMEPI had a champion in the then Manager, Environment Branch, this position was not at a senior enough level within the municipality to create the necessary enabling environment. Continuous struggles to ensure overall buy-in from other officials and politicians could have been minimised if a visible high level champion existed.

- The role that consultants play with regard to general project management is very important. Roles and responsibilities in this regard should be clearly defined at the outset of the project. This aspect will be referred to again in the Msunduzi project (Heydenreich, 2002a:5).

- When Local Agenda 21 was introduced in Durban, it was seen as a unifying vehicle to promote sustainable development. However, as it was introduced prior to the first local government elections, there were problems relating to the transition to the new system. Both the Environmental Management Policy and the institutional proposals were accepted by the former Durban Metropolitan Council and funds assigned for the implementation thereof. However, implementation delays occurred due to protracted discussions with local unions regarding the proposals. An important lesson learnt in this regard was the need for stronger links with home-grown politics and processes to

ensure a strong local ownership (Roberts & Diederichs, 2002:vi; Urquhart & Atkinson, 2002:74).

Several lessons learnt from the DMEPI reflected directly on the DBSA's internal processes and its support of environmental management capacity building projects.

- Capacity building projects take an extraordinary amount of time, involvement and commitment. Sufficient capacity needs to be available in the DBSA in order to ensure that the level of ongoing support required can be provided by the Bank (Heydenreich, 2002a:5; Roberts 2003).
- The DBSA's support, both financial and other resources, should be captured in a legal agreement. Any changes to the project should be considered as soon as they become evident and the legal agreement amended in order to reflect these changes (Roberts & Diederichs, 2002:55; Heydenreich, 2002a:5; Roberts, 2003).
- Although there was initial agreement on the priorities of the project, these were changed by the local authority. As the DBSA's financial support was linked to the achievement of the initial priorities, the Bank and the local authority focused on the achievement of different priorities and this created substantial difficulties for the project.
- Support of such a comprehensive project can lead to the DBSA's initial objectives, namely project risk management, being watered down and the DBSA's relationship with the Local Authority can be impacted on in a negative manner (Roberts & Diederichs, 2002:69; Heydenreich, 2002a:5).
- The short-term and long-term objectives of the stakeholders should be addressed separately, and the DBSA's support should be structured in different ways, which could even be contained in two separate legal agreements (Heydenreich, 2002a:5; Roberts, 2003).
- Different clients have different levels of capacity both with regard to project management and environmental management. Where a higher level of capacity exists, the DBSA's procedures should allow for more flexibility. The DBSA needs to tailor its involvement in capacity building projects to take this into account (Roberts, 2003).

Although the outcomes of the project are still in the process of being implemented, it has had a far-reaching effect not only within the municipality, but also in the way in which environmental management are being addressed in other municipalities in South Africa.

5.3 Msunduzi Municipality: Integrating Environmental Legislative Requirements Into The City's Project Preparation And Implementation Cycle

5.3.1 Background

As part of the DBSA's long-term relationship with the then Pietermaritzburg-Msunduzi Transitional Local Council (PMB TLC) (now Msunduzi Municipality), a technical assistance grant of R200 000.00 was made available towards the end of 2000, to assist in environmental capacity building activities. The purpose of the grant was to assist the then PMB TLC to develop procedures and associated documentation that would ensure environmental legislative requirements specifically, and environmental issues in general, were effectively incorporated into the PMB TLC's project preparation and implementation cycle. This grant was to build on an earlier technical assistance grant that was used to support the TLC's identification of environmental legislative requirements associated with the implementation of the Urban Development Programme 2. (V3, 1999:ii) The grant furthermore would have assisted the PMB TLC in satisfying the following "Terms and Conditions" contained in the loan agreement with the DBSA for the Urban Development Programme 2 i.e.: "The borrower, at its own cost, will, before the last day of the 12th month of the conclusion of this agreement, make arrangements to the satisfaction of the DBSA regarding a process and set of procedures for environmental impact assessment and management including the necessary human resource capacity in accordance with the applicable legislation" (DBSA, 2000b:2-3).

Whereas the first grant focused on environmental legal compliance and therefore on project environmental risk management, the second grant focused on more long-term objectives, being that of the building of overall environmental management capacity within the municipality. Given the limited short-term success achieved with the DMEPI comprehensive approach, it was decided to focus the technical assistance provided to the Msunduzi Municipality purely on increasing its capacity to comply with environmental impact assessment legislation (DBSA, 2002:96).

5.3.2 Project Objectives

The project would ensure that environmental concerns were effectively incorporated into the projects developed and implemented by the PMB TLC through the development of procedures. This would be supported by awareness raising, the development of appropriate documentation and finally training. Delivering on this objective meant that environmental legislative requirements were clearly identified and addressed in the project development and implementation process. Opportunities for supporting the goals

of Local Agenda 21 and enhancing the environmental development impact of projects were actively considered (DBSA, 2000b:3).

5.3.3 Project Description

The purpose of the technical assistance grant was to assist the PMB TLC to develop procedures and associated documentation to ensure that environmental legislative requirements specifically and environmental issues in general, were effectively incorporated into the PMB TLC's project preparation and implementation cycle. This involved the delivery of the following outputs:

Output a/ Phase 1: The raising of the environmental awareness of staff members that would play a role and provide input into the development and implementation of PMB TLC projects. This awareness raising would focus specifically on the environmental legislative requirements (both existing and proposed), the objectives of Local Agenda 21, the environmental development objectives of the TCL (as may for example be defined in the Local Development Plan) and national and provincial policies.

Output b/ Phase 2: The development of procedures and supporting documentation that ensured the effective incorporation of environmental concerns in the project development and implementation cycle of the PMB TLC.

Output c/ Phase 3: The training of appropriate staff members in the use of the procedures and supporting documentation. The training also constituted testing of the procedures and associated documentation developed, to produce a final version for distribution within the PMB TLC.

Output d/ Phase 4: The development of a methodology and supporting documentation for the monitoring and formal review of the project's effectiveness in the TLC over time.

The total project cost was R200 000.00 and the DBSA contributed this in full.

5.3.4 Project Implementation

A consortium of local KwaZulu-Natal consultants (WBB Consortium) was appointed as the preferred consultant through an open tender process in January 2001. The consortium was appointed based on the fact that it had previous interaction with the PMB TLC and would therefore have a better understanding and knowledge of the council. Although the initial timeframe, formally submitted in writing with WBB Proposal (WBB, 2000:11-12) indicated that the entire project (all four phases) would be completed in April 2001 (an implementation period of 24 weeks), the Local Government Elections held in December 2000 prohibited the project from being commenced before January 2001. This delay was agreed to by all parties involved in the project.

Although a relatively large working group had the responsibility of facilitating the implementation of the project, this changed rather early on in the project timeframe. Due to changes within the municipality, related to the Local Government elections, insufficient capacity were available and the lack of representatives from the municipality (one councillor and one official) further exacerbated the situation and delays started to occur with project implementation. Changes within the consortium lead to further delays within the project implementation and this resulted in the completion of Phase 1 only in February 2002 (WBB, 2002a:2; WBB, 2002b: iii).

A project plan was submitted in January 2002, whereby Phase 2 would be completed in September 2002 and Phase 3 completed in June 2003. No final date with regard to the completion of the final phase could be provided at that stage.

Phase 2 was subsequently completed in May 2003 (WBB, 2003:6) and due to major restructuring occurring within the municipality as well as the long implementation timeframe associated with the project, attempts were made towards the end of 2003 to close the project without completion. Based on communication with the DBSA Programme Manager, Hans Willemse (October 2004), the project will be closed shortly as no further actions have occurred to date.

5.3.5 Project Outcomes

The initial timeframe associated with the project was exceeded substantially and this can largely be attributed to the changes within the local government environment within South Africa, as well as various aspects related to general project management that were not clearly identified at the beginning of the project. Based on interviews conducted with various role-players within the project (Butler, 2003, Gardner, 2003, Holmes, 2003), it was clear that the three major role-players, namely the Msunduzi Municipality, the DBSA and the consultant consortium, had wide-ranging differences with regard to roles and responsibilities of the various role-players, specifically with regard to project management, the actual implementation of the project, the required outcomes as well as the development of the project itself.

In contrast with the DMEPI, the Msunduzi project was to be implemented within the existing institutional structure and did not include any recommendations with regard to changes required. This approach was followed due to the lack of implementation of the institutional framework within the DMEPI project. This prevented the immediate implementation of other aspects of that project. However, the Msunduzi project identified certain limitations within the existing institutional structure. The comprehensive restructuring occurring within the municipality towards the end of 2003 identified the need for a more appropriate environmental institutional structure as a gap within the existing project.

5.3.6 Lessons Learnt

The following lessons have been learnt from this project and need to be applied in the implementation of similar projects by the DBSA:

- There needs to be an overall commitment and involvement from all the stakeholders/ role-players. In the event that an overrun on the timeframe is impacting negatively on the commitment and involvement, the project should rather be terminated. Due to the extended timeframe of the project, limited representation from the Municipality resulted on a heavy reliance on only two individuals from the Municipality. Ownership of the project was therefore not seen to be in the hands of the municipality.
- A clearly identified champion from the local authority needs to drive the project. This champion should have the internal support and capacity to be involved and committed to the project over a period of time.
- The consultants or the champions from the local authority need to ensure that all the stakeholders are mobilised throughout the project. Stakeholders leaving the project due to lack of interest should be remobilised or replaced. This will also ensure that the implementation of the project does not rest only on a few individuals and ownership is widespread.
- Roles and responsibilities of all involved need to be clearly defined at the beginning of the project, especially with regard to both technical advice and project management. Lack of project management was identified as one of the main obstacles to the success of this project. No clarity existed as to whom was responsible for the various aspects of project management.
- Environmental management capacity building within local authorities is often about institutional change than it is about the environment. Although a deliberate decision was made not to include institutional restructuring as part of the project, it was clear towards the end that without institutional restructuring, further interventions within the municipality with regard to environmental management would have limited impact. Raising environmental awareness can only achieve limited change before it is necessary to integrate environmental issues in a more meaningful manner into the day to day business of the municipality.
- The role that the DBSA plays needs to be flexible (e.g. with respect to the amount of staff support given as and when required) and such flexibility needs to be agreed upon upfront with the local authority.
- Attention and commitment to good project management from all stakeholders in the project is of utmost importance and can lead to either the success or the failure of a project (Heydenreich, 2002a:6).

Although this project has not been completed, it is the opinion of all the stakeholders that the outcomes achieved have been worthwhile for the municipality and that the project itself was well-developed. However, lack of project management as well as changes within the local government environment resulted in the project being cancelled without completion.

5.4 East London Capacity Building Project

5.4.1 Background

Similar to experiences with most other local authorities within South Africa, Buffalo City (East London) Municipality (BCM) lacked environmental expertise and a holistic view of building a more sustainable city. Initial discussions between the DBSA and the City identified the possibility of developing a sustainable development framework and an environmental management system for the City. The City had extensive technical capacity but environmental issues were being managed on an ad-hoc basis. Although this manner of environmental management usually results in highly negative environmental impacts being addressed, the lack of a consistent and structured approach leaves the way open for unsustainable practices to be a regular occurrence. Internal differences with regard to the placement of any additional environmental capacity have also prevented informal environmental processes from being implemented.

East London Municipality has been a client of the DBSA for several years. In September 1998, the DBSA approved a loan of R40 million for the East London Infrastructure Development Programme. During the appraisal process for this loan, it was agreed that the co-ordinated management of complex environmental issues in a city of this size was extremely important. It was also agreed that is would be beneficial for the Municipality to implement an environmental management system. A condition of that loan was therefore that the Municipality would investigate the establishment of such a system. The East London Municipality approached the DBSA in 2000 to provide assistance, both financial and technical, to initiate the investigation and to bring key interested parties together in a series of seminars presented by experts who had experience in developing environmental management systems (DBSA, 2000d:3).

5.4.2 Project Objectives

The project aimed to assist the East London Municipality with capacity building, to develop a sustainable development planning framework and an environmental management system and to strengthen the environmental management effectiveness of the municipality. The project further aimed to initiate a holistic integrated environmental management system and facilitate sound environmental/ development practices (DBSA, 2000d:1; Heydenreich, 2002a:7).

The following project specific objectives were identified:

- To create a sustainable development framework that would guide action and policy in the BCM.
- To build a citywide Environmental Management System (EMS) for BCM, with the help and support of key stakeholders, based on the Natural Step Framework.
- To employ a high ranking environmental officer with his or her own department to support the process of ensuring environmental capacity was build up in every department in the Council.
- To form a small support group of key stakeholders with environmental knowledge from within and outside the council who could offer advice and support to the above process.
- To form a Trust to raise additional funds and implement projects on a partnership basis as and when agreed to by key stakeholders.

The expected outcome of the project was that, by February 2001, there would be a substantial and effective environmental management system in place and significant restructuring of the local authority would have taken place. This was to ensure that a more efficient system would take care of environmental management issues at all relevant local levels.

5.4.3 Project Description

The capacity building project focused on the initiation of an environmental management system, within the Natural Step Framework for Sustainable Development for the East London Municipality. The Framework and the Environmental Management System would be in keeping with the principles outlined in Agenda 21 and would help to generate activities, or local initiatives, compatible with Agenda 21 guidelines.

The project consisted of the establishment of a sustainable development framework and EMS for Buffalo City, whilst simultaneously motivating for the creation of a separate department to spearhead sustainable development initiatives throughout the council. The following outputs were identified:

Output a: Develop a motivation, terms of reference and recommendation to the Council for the establishment of an Environmental/ Sustainable development department, with the necessary capacity to coordinate and drive sustainable development policy and practice in Buffalo City.

Output b: In the interim period to establish a wider support forum (to later become a Trust), comprising key stakeholders in business, community and government sectors to assist the process and offer support and advice to the municipality.

Output c: For the Forum, through a council resolution, to hire a consultant to help all departments within the municipality to proceed with the creation of a sustainable development strategy and EMS process that entails the following specific outputs:

- A State of the Environment Report and Review of existing policy and practice and capacity in the Buffalo City Municipality (gap analysis).
- Produce a Sustainable Development Framework based on the Natural Step Framework Criteria.
- An approved environmental policy, set of objectives and action plan that are achievable. Part of the action plan would involve a training programme and awareness workshops for difference departments and stakeholders.
- Implement the policy, objectives and action plan.
- Monitor and review the impact and effectiveness of the policy and actions.
- As and when the dedicated department was established, it would take over the management of the process from the Forum and involve the Forum/ Trust as a support organisation (Heydenreich, 2002a:7).

The DBSA's financial contribution was directed specifically towards various meetings and workshops to initiate the project and to ensure that all stakeholders had a common understanding of the environmental management system and its implications for the municipality. It should however be taken into account that the DBSA's financial contribution formed part of the bigger project that would ensure the establishment of the environmental management system. The DBSA did however, provide technical support to the total overall project.

The total cost of the project was initially R300 000.00. The total DBSA grant amount was R135 000.00. The municipality contributed to additional expenses estimated at R165 000.00. At the initial stages of project development, interest was expressed by the World Bank through the MELISSA (Managing Environment Locally in Sub-Saharan Africa) Programme to get involved and raised the total project cost to R600 000.00. However, this interest did not materialise in a financial contribution, but subsequently CIDA (Canadian International Development Agency) became involved, and further substantial financial contributions were made (DBSA, 2000d:2; Clarke, 2003).

5.4.4 Project Implementation

The project was initially held back due to the Local Government Elections at the end of 2000 as well as the demarcation process in 2001. Although the project was restarted at every point, it took substantial time for any outcomes to materialise.

The workshop series towards which the DBSA's financial contributions would have been directed, took place in 2000. The East London Municipality requested initial funding for five workshops and consultant time, to facilitate the process. At the first workshop, a wide spectrum of role-players in the national and internal environmental arena presented their experiences and lessons learnt. Afterwards, key delegates outlined a proposed actions plan for a way forward and the necessary support mechanisms to be put in place. The second, third and fourth workshops were report-back sessions on various aspects of the environmental management system. The final workshop was a review workshop and this resulted in a report, including lessons learnt (Clarke, 2003). Through various other processes, both formal and informal, the Trust has been established as well as an internal department/ unit with the responsibility of environmental management. The project is still ongoing as of October 2004.

5.4.5 Project Outcomes

One of the outcomes of the workshops was the decision to establish a trust that will focus on broader sustainable development in the municipal area. The municipality will be involved in the trust, but it will include representatives from the broader community. The trust will also be able to access funding from the broader donor community as well as private sector and the public at large. This will ensure that funding can be directed to specific projects that may not be seen as part of the municipal mandate. Further to this, the need for a separate environmental management department within the municipality was identified. The restructuring took place within the municipality that led to the establishment of that department.

It was clear from the various workshops that although there was a high level of involvement from most stakeholders, there were a lot of different agendas that needed to be managed throughout the process. The DBSA played a very important role in this regard.

One of the primary changes that occurred in this project was the fact that the CIDA (Canadian International Development Agency) became a major partner and contributed sufficient resources to implement the complete project. In this manner, the DBSA's financial contribution was mobilised for other aspects, like computers and training. Attempts should therefore always be made to use the DBSA's financial contribution to leverage financial resources from other donors.

The DBSA played a valuable initial motivating force and provided the necessary financial resource base to begin the process. The DBSA's main contribution to this project was not financial, but technical and project management advice. The time spent in this regard far exceeded the direct financial contribution, but played a very important role in the success of the project's outcome.

Similar to the Ethekwini and Msunduzi projects, this project exceeded its initial timeframe extensively. This can be attributed both to the change in local government, as well as to the fact that environmental management is a new concept at local government level and therefore takes longer to implement.

5.4.6 Lessons Learnt

The following lessons have been learnt from this project and need to be applied in similar projects in future:

- The DBSA's contribution should not only be measured in financial terms, but also in terms of support and guidance given with regard to project management and environmental expertise.
- The DBSA's financial contribution should be utilised to leverage further funding from other stakeholders.
- The process will be as strong as those driving it from the inside and the outside. Both internal and external support and commitment and buy-in are necessary to ensure the successful completion of such projects.
- The utilisation of workshops in order to get stakeholders to buy into the process, were excellent. These workshops also allowed for the building of useful networks between all stakeholders.
- Having a framework like the Natural Step helped put the whole environmental debate into perspective. This was the compass whilst the environmental management system was the ship that takes one there (Clarke, 2003; Heydenreich, 2002a:8).

5.5 Cape Metropolitan Council Environmental Capacity Building Project

5.5.1 Background

The Cape Metropolitan Council Environmental Capacity Building Project is linked to and forms part of a wider initiative that the DBSA was developing, namely the DBSA Environmental and Sustainable Development Support Programme for local authorities. East London, together with Cape Town, formed the pilot stage of the support programme. The MELISSA (Managing the Environment Locally in Sub-Saharan Africa) Programme of the World Bank expressed interest in supporting the process by providing funding and international expertise. This was, however, dependent on the action plans that emerged from the Western Cape and East London municipalities.

While the East London project started in March 2000, it was the intention that the CMC (Cape Metropolitan Council) project would start as soon as internal preparations

progressed sufficiently. CMC applied to the DBSA in October 2000 when it was ready to appoint consultants for the training of staff at the two pilot sites identified.

CMC commenced with implementing an environmental management programme within its organisation, in order to improve its compliance with stipulated legal requirements and to satisfy an increasingly demanding ratepayer populace. This effort was being guided by an Environmental Management Strategy that put forward an agreed upon approach. This strategy included:

- An Environmental Vision for the year 2020.
- An Integrated Metropolitan Policy (IMEP).
- Council Environmental Management Systems (EMS's) at all of their operations and with all of their staff.

This third element of the above strategy commenced in March 2000. Thus far a phased approach was adopted in preference to the simultaneous EMS introduction to all staff. Two pilot EMS projects were selected for 2000 and were followed by further EMS adoptions at Council Operations.

The designing and implementation of an environmental management system is a vital component of any institution's restructuring around sustainable development and responsible environmental management. This was recognised and accepted by the CMC and steps were taken towards the appropriate initiation of such structural management changes (DBSA, 2000e:2).

5.5.2 Project Objectives

To assist the CMC with capacity building, in order to start implementing an Environmental Management System as a key component in the overall environmental strategy of the CMC (DBSA, 2000e:1).

5.5.3 Project Description

CMC started with two pilot EMS projects at Vissershok solid waste disposal site, and at the Macassar Waste Water Treatment Plan. After initial discussions with personnel at these sites, agreement was reached that training sessions would be required to illustrate the benefits and operational aspects of an EMS.

A consultant was selected by CMC after completion of a tendering process to carry out this training which consisted of the following two elements:

- Training requirements (Phase 1)

  This was dealt with in two parts, firstly a basic environmental awareness training for all staff and secondly, an illustration of techniques which are used to deal with

environmental problems. General training and raising awareness for all staff was done at the two pilot project sites (Vissershok landfill site and Macassar Waste Water Treatment Plant).

Phase 1 consisted of the following two sessions:

SESSION 1: GENERAL TRAINING

Environmental awareness was required at all levels to promote understanding of why it is necessary to manage and improve environmental performance and to motivate the appropriate change in behaviour. Environmental issues in the workplace as well as elsewhere were included and a brief overview of ISO 14001 was presented.

Detailed EMS development and implementation knowledge was provided to only those who were accountable for overall function of EMS at the sites in question. The training process was evaluated and feedback given to the EMS Core Team on results achieved.

SESSION 2: SITE-SPECIFIC TRAINING

Specific knowledge about environmental impacts that do or could result from activities at site was conveyed to all site staff. These impacts were identified at each site prior to such training occurring.

Detailed knowledge was provided about what should be done to manage specific impacts. This knowledge was required by staff who may cause negative impacts though carrying out their duties as well as by relevant managers. Such training was based on adapted site specific procedures and action plans or Environmental Management Plans which formed part of the overall EMS structure.

Similar to Session 1, the training process was evaluated and feedback given to the EMS Core Team on results achieved.

- Capacity development (Phase 2)

  The two components of this section dealt with detailed training on the elements and operation of an EMS in implementation, as well as job specific procedural training for individuals who may cause negative impacts on the environment through carrying out their jobs. Capacity building of several staff as environmental/ EMS trainers was implemented to assist with ongoing training needs expected within the CMC as the EMS gained momentum.

  The overall purpose of this phase was therefore to develop internal environmental and EMS training capacity within the CMC in order to transfer skills in respect of the development of training materials and to conduct such training. Such trainers would be available to receive on-the-job training and to assist the consultants during this

project, if so required. They would also carry such skills forward within the CMC for the continuing environmental training requirements as the EMS continued to develop within the organisation.

This phase consisted of the following two sessions:

SESSION 1: TRAINING

This session included the training of trainers. It also included feedback of the results to the EMS Core Team.

SESSION 2: MATERIAL DEVELOPMENT

This session included the training of trainers with regard to the development of training material as well as feedback to the EMS Core Team.

The overall project cost was R233 450.00 of which the DBSA contributed R137 450.00. The total amount from the DBSA was disbursed. The DBSA contribution was not directed to a specific element of the project, but to the total overall project costs (DBSA, 2000e:3).

5.5.4 Project Implementation

The expected outcome of the project was that by November 2001, there would be a substantial and effective environmental management system in place at the pilot sites. Indicators to measure this were identified at the outset of the project by the EMS Core Team. The total project has been implemented, but the timeframe was extended to two years. This was due to a six month period when the project was in a standstill because of internal restructuring within the CMC. The CMC's Occupational Health and Safety Department took the lead and provided eight volunteers that were trained as in-house environmental awareness trainers (Kruger 2003).

5.5.5 Project Outcomes

Although the project has been completed in totality, the full outcome was not achieved. It was expected that the lessons learnt would ensure a more grassroots approach to future such projects in future. However, the pilot project was rather seen as a small element and a more top-down approach to environmental management was preferred by the client. The DBSA's financial assistance helped the Council to see the environment as an element requiring urgent attention and helped to build the organisation's environmental management capacity.

The initial timeframe of the project was extended substantially and it was clear that such projects need a much longer timeframe. Restructuring within the municipality impacted heavily on the project and led to uncertainty with regard to personnel. This contributed to a situation where staff were reluctant to take on new responsibilities (Kruger, 2003).

5.5.6 Lessons learnt

The following lessons were learnt as part of this project:

- External processes and the impact that these may have on project implementation need to be taken into account.
- The DBSA's involvement should not purely be measured in terms of its financial contribution, but also in terms of the broader impact that its involvement may have on the priority allocated to environmental management.

5.6 Conclusion

The projects reviewed in this chapter focused on environmental capacity building projects that had as the primary objective, the establishment of some form of an environmental management system that would address environmental issues over the long-term. Lessons learnt from the four projects identified various aspects that should be taken into account and addressed in future projects to contribute to improved implementation.

6 CONCLUSION

6.1 Introduction

The overall purpose of this research was to identify key criteria that the DBSA needs to take into account that could contribute to the improved implementation of environmental capacity building projects at local government level.

In Chapter Two the South African local government mandate on environmental management as well as the capacity of local government to fulfil the mandate was discussed. Although there is a clear mandate for local government to address environmental and sustainability issues, there are several challenges associated with giving effect to this mandate. These challenges include amongst others the lack of both institutional and financial capacity, lack of political commitment to environmental management and sustainability, fragmentation of environmental management functions, poor governance and inadequate perception of the scope of environmental management.

Chapter Three focused on capacity building on an international level and the problems experienced to address this through technical assistance and technical corporation. Problems identified include fixating on targets, lack of ownership, conflicting objectives and priorities and others. Various requirements for the successful implementation of capacity building have been identified on an international level and these are discussed in more detail in this chapter as well.

The DBSA has since inception approved R124.5 million in grants for capacity building. In response to the risk identified associated with lack of environmental management capacity at local government, environmental management capacity building was identified as a focus area in 2000. Chapter Four provides an overview of the DBSA, its mandate, and its environmental mandate specifically. The DBSA technical assistance and the DBSA Development Fund are discussed in more detail. An overview is also provided of the DBSA's approach to environmental management capacity building.

Based on the overview of the case studies presented in Chapter Five, the DBSA has followed different approaches to address the lack of environmental management at local government level through capacity building and technical assistance. Several problems have been experienced and these are in line with the problems and constraints identified on an international level in Chapter Three. Lesson learnt in each project, both in terms of environmental management capacity building and the DBSA's internal, are included in Chapter Five.

The purpose of this final chapter is firstly to present the key criteria for success based on the requirements for successful implementation of capacity building on an international

level identified in Chapter Three and the lessons learnt in Chapter Five, and secondly, to provide a way forward for the DBSA to ensure that environmental capacity building projects will improve local government's response to its environmental mandate and ensure that the DBSA achieve environmental sustainability in its programmes and projects.

6.2 Criteria

The following criteria were identified in this research and need to be considered during the design and implementation of environmental capacity building projects. Based on the literature review and the lessons learnt from the case studies, these should contribute to an improved outcome of environmental management capacity building projects. .

6.2.1 DBSA Needs Vs. Recipients Needs

It is necessary determined at the beginning of the project as to what the needs of both the DBSA and the recipient are and whether these are compatible or not and whether both can be accommodated within the same project. A difference in needs impacts negatively on the implementation of the capacity building project and will influence decisions made by both parties throughout project implementation.

6.2.2 Project/ Programme Focus: Short-Term Vs. Long-Term

Although the management of environmental risk lies at the heart of the environmental capacity building projects, it became clear very early on in the review of the four projects that addressing immediate (i.e. approvals/ licences outstanding) or potentially long –term (not achieving sustainability due to lack of management) environmental risks requires a difference in approach. This is especially visible in terms of the environmental management focus of the capacity building project, but also impacts upon how the capacity building project is designed and managed. The DBSA needs to make the decision as to where it's financial resources will be directed and this needs to be in agreement with the recipient of the technical assistance. Projects/ programmes that focus on addressing short-term environmental risks will seldom have long-term effects, other than a possible raise in environmental awareness. Also, projects that focus on addressing long-term environmental risks, will seldom demonstrate short-term results.

Projects thus need to be designed and managed in a totally different manner dependent on the desired outcomes. This will impact on the resources, human and financial, allocated as well as on the timeframe allowed for both implementation and outcomes achieved. The allocation of resources will not only impact on the DBSA, but also on the recipient and this needs to be made clear up front.

6.2.3 Existing Capacity

Existing capacity, both within the DBSA as well as that of the recipient will influence the design, implementation and outcome of the capacity building project. Capacity building projects, especially those with a longer term focus, require a high level of involvement from the DBSA in terms of human resources over a long period of time. This is especially true where limited capacity exists within the recipient. Existing capacity within the DBSA to be involved in these types of projects needs to be determined before the project commences.

However, existing capacity within the recipient impacts even more on the way the project is designed and implemented. Where short-term environmental risks need to be addressed and little environmental capacity exists within the recipient, possibly the best approach would be to appoint consultants to provide support. This will lead to minimal long-term capacity being created, but the environmental risks will be addressed in the short term.

If the focus is on the achievement of sustainability, the existing capacity within the recipient needs to direct the level of involvement of the DBSA. If in the DBSA's opinion a high level of capacity exists for project and environmental management, limited involvement should be required. The DBSA should essentially allow the recipient to implement the capacity building project as it sees fit.

6.2.4 Ownership

Limited capacity within the recipient, both in terms of knowledge and human resources, can lead to a lack of ownership with regard to the capacity building project and will impact especially on the long-term sustainability of the project. Over-involvement of the DBSA in order to get the project implemented, will increase the resource commitment required from the Bank and can limited the buy-in achieved by the recipient. It is also important that the ownership be obtained throughout the whole project life-cycle and that it is confirmed regularly.

Ownership and commitment should be clearly demonstrated through the provision of resources. Management should allocate a sufficient high priority to the project that will allow the necessary personnel to get involved in a meaningful manner.

Ownership and commitment is not only required at an official level, but also at a political level. It is important that buy-in from stakeholders external to the recipient is obtained throughout the whole project. Without this, the project's chances for success are limited, both during the initial capacity building as well as the longer term utilisation of that capacity.

6.2.5 Champion

Ownership of the project needs to be demonstrated through visible champions, at both an official and a political level. However, there needs to be at least one dedicated and committed champion that provides leadership, strategic direction and creates the enabling environment to ensure successful implementation of the project. This champion needs to be acceptable at both the official and political level and should be placed in a sufficient senior level.

6.2.6 Project Management

The roles and responsibilities of the various stakeholders, especially the DBSA, the recipient and any appointed consultants, with regard to project management needs to be clarified and agreed upon before the actual commencement of the project. It needs to be clearly identified as to who is responsible for aspects such as timeframe, budget and scope of the project and how divergences will be handled. Although the DBSA, the recipient and consultants will all have some accountability in this regard, agreement must be reached as to where the final accountability lies. Attention to good project management from all stakeholders is of utmost importance and can lead to the success or the failure of a project.

6.2.7 External Factors

The Local Government Elections in 2000 and the Demarcation Process impacted on all the projects, both in terms of timeframe, resource availability and outcomes. However, although these factors were recognised during the implementation of the capacity building projects, the implications thereof were not foreseen. The implications of far-reaching happenings external to the project, need to be integrated into the project implementation and outcomes.

6.2.8 Legal Agreement

Capacity building projects are appraised in a similar manner to other projects and programmes and the outcome thereof is captured in a legal agreement between the DBSA and the recipient. This agreement establishes the ground rules, including accountabilities for the overall project management. However, this usually does not include detailed project management issues or issues related to consultants appointed by the recipient. However, the legal agreement includes the agreed upon timeframe for implementation, the budget and what the DBSA's contribution will be utilised for, the project description, objectives and outcomes.

The legal agreement does not always allow for the flexibility that is required especially with longer-term projects where circumstances change, both internally and externally to the recipient. However, priorities should be established clearly upfront by the DBSA to

provide guidance for instances where flexibility is appropriate and where it is not. Where long-term capacity building projects are initiated, mechanisms need to be put in place internally to the DBSA to provide for this flexibility, without compromising either the DBSA's responsibilities or the relationship between the DBSA and the recipient.

6.2.9 Environmental Management And Institutional Change

Due to the fact that most municipalities have very limited capacity with regard to environmental management, the majority of capacity building projects will require some manner of raising environmental awareness. However, raising of environmental awareness usually achieves only limited change, before it is necessary to integrate environmental issues in a more meaningful manner into the business processes of the municipality. This can require a change in the institutional structure of the municipality including changes in decision making processes.

This is a long-term process that requires comprehensive commitment and buy-in from all stakeholders. Where institutional change is an identified outcome of the project, the implications should be pointed out upfront to the recipient and a commitment to implement such an outcome should be clearly established and monitored.

6.2.10 Innovative Ideas

The design of environmental capacity building projects should not be approached as a "one size fits all". There are various frameworks that can be utilised, including Local Agenda 21, ISO 14001, the Natural Step and others. Structures, including a separate environmental department or a more integrated one, should all be considered. Similarly, as in the case of the Buffalo City Municipality (East London), the establishment of a trust outside of the municipality with a focus on broader sustainability issues, was one of the successes of the project.

6.2.11 Leveraging Of Funds

DBSA financial resources are limited, taking into account the need for environmental capacity building. One of the factors that needs to be taken into account when designing the project, is the possibility to use the DBSA's contribution to leverage other financial resources. This will allow for the potential to expand the project and also to redirect the project based on other inputs.

6.3 Way Forward

As indicated in Chapter One, this research formed part of an internal DBSA assignment that had as its primary objective the development of internal policy and guidelines that will improve the implementation of environmental capacity building projects. Eleven criteria that can contribute to the improvement of the implementation of environmental capacity

building projects were identified in this research. This was supported by the review of South African and international literature and the lessons learnt from the four environmental capacity building projects reviewed for this research.

However, taking into account these criteria when designing environmental capacity building projects, although potentially leading to an improvement, does not always guarantee the successful implementation of these projects. It is important to take into account that environmental capacity building projects are more complex than other types of projects, i.e. infrastructure projects. This should be noted from the beginning of the capacity building projects. Environmental capacity building projects more often than not, fail because this complexity was not taken into account and is not reflected in the project design and implementation.

In order to improve the design and implementation of environmental capacity building projects, provision should be made to capture this complexity right at the start of the project. This should be done by clearly establishing what the capacity building needs are. At present, as discussed previously, the focus is more on whether the needs of the DBSA and the recipient are compatible, and limited attention is paid to whether the needs from all stakeholders were clearly identified and articulated.

Similarly to other types of projects, in order to ensure that needs are clearly identified and articulated, it will require that the DBSA play a much bigger role up front, especially where recipients have severely limited capacity. The Bank needs to be much more involved in the identification of the real environmental capacity needs that exist on a provincial as well as a local government level. This can even include the preparation of proposals and the identification of priorities. Taken into account the overall lack of environmental management capacity identified at both these levels, the successful implementation of environmental capacity building projects will rest heavily on the DBSA's willingness and ability to play such a leading role.

The role of the DBSA in the successful implementation of environmental management capacity building projects therefore needs to change from that of being only responsive to already identified needs, to being the leading stakeholder in identifying these needs. This does not suggest that the Bank fulfil such a role in isolation from other provincial and local government stakeholders, but that it more aggressively provides leadership for environmental capacity building in the country.

In order to achieve the vision set by the DBSA to act as leading change agent and the vision set by the DBSA DF to act as leading catalyst for capacity building, this potential change in role for the DBSA and the DBSA DF will have both internal and external implications. It is recommended that the following factors be considered in order to

develop a way forward for the DBSA and the DBSA DF that should lead to the improvement of environmental management capacity building projects:

- Leadership role.

  The willingness of the DBSA and the DBSA DF (both on a corporate and a political level) to take on a leadership role in environmental capacity building.

- Internal capacity.

  The capacity available internally to the DBSA and the DBSA DF to give effect to such a role. If lack of internal capacity is identified as a constraint, the required capacity, especially in human resources needs to be determined.

- External stakeholders

  The willingness of external stakeholders, namely provincial and local governments to embrace and support such a role for the DBSA and the DBSA DF.

  If this leading role is not seen as being appropriately placed within the DBSA or the DBSA DF, it is necessary to identify the most appropriate role-player to guide the development of environmental management capacity building within the country.

Environmental capacity building projects fail because the identified deliverables do not lead to the expected change. This is usually because the needs identified and the deliverables developed to address these needs, do not truly reflect the circumstances on the ground. In order to improve the implementation of the environmental management capacity building projects that it supports, the DBSA and the DBSA DF will need to ensure that the deliverables developed addressed the true environmental management capacity building needs.

Although the author has left the employment of the DBSA since the initiation of the research, these results will be made available to the Bank in order to be incorporated into the internal assignment.

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