



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA



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Department:
Planning, Monitoring and Evaluation
REPUBLIC OF SOUTH AFRICA

FINAL EVALUATION REPORT

FOR

IMPLEMENTATION EVALUATION OF THE OPERATIONAL CAPITAL PROGRAMME (OPSCAP)

AUGUST 2023

**National Department of Human Settlements
Chief Directorate: Monitoring and Evaluation**

DOCUMENT CONTROL REGISTER

Client	National Department of Human Settlements Chief Directorate: Monitoring and Evaluation
Project	Implementation Evaluation of the Operational Capital Programme (OPSCAP)
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Document Type	Final Evaluation Report
Document Number	NDHS/08/2023

Version	Date	Reviewed By	Approved By
Comparative Report	12 June 2023	Dube T, Jani T	
Draft Report	07 August 2023	Dube T, Jani T	
Draft Final Report	10 August 2023	Dube T, Jani T	
Final Report	18 August 2023	Dube T, Jani T	

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ACKNOWLEDGEMENTS

TJDynamic Development Practices (the Service Provider) acknowledges and appreciates all the stakeholders, including the National, Provincial Departments and the Metropolitan Municipalities for the role they played in the Operational Capital Programme (OPSCAP) implementation evaluation. Their participations and contributions made the evaluation a riveting experience. Without their willing support this work would not have been achieved.

We would also like to appreciate the effort of the Evaluation Steering Committee (ESC). The ESC comprised of Ms Mulalo Muthige, the Chief Director Monitoring and Evaluation (M&E), Mr Andile Mncube and all the National Department of Human Settlements (NDHS) support team, Ms Kgaugelo Moshia-Molebatsi and all the Department of Planning Monitoring and Evaluation (DPME) support team who monitored the entire process; so that the project objective is achieved. They kept the Strategic Plan (SP) in check throughout the entire evaluation process to ensure that the scope of work is executed according to the terms of reference within timelines. Their invaluable support is appreciated.

Challenges experienced in acquiring some project documents and reports were expeditiously resolved by the NDHS project team. The following members of the evaluation team made this project a success through their dedication and unending support to the cause:

- (i) Report writers – Tabuya Dube, Thamary Jani
- (ii) Literature Review and comparative analysis – Tabuya Dube, Thamary Jani
- (iii) Stakeholder engagements – Tabuya Dube, Thamary Jani, Agrinet Sepheu
- (iv) Data Coding and analysis – Tabuya Dube, Thamary Jani, Agrinet Sepheu, Kedibone Kgwedi, Sithembiso Mrasi
- (v) Support team – Akani Tshauke, Itumeleng Mogola, Bongani Lebisi, Tshimbisa Maluleke

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

<i>Acronym</i>	<i>Meaning</i>
<i>ABM</i>	Abahlali BaseMjondolo
<i>ADB</i>	Asian Development Bank
<i>APM</i>	Association for Project Management
<i>APP</i>	Annual Performance Plan
<i>AR</i>	Annual Reports
<i>BCMM</i>	Buffalo City Metropolitan Municipality
<i>BEPPS</i>	Built Environment Performance Plans
<i>BNG</i>	Breaking New Ground
<i>CAHF</i>	Centre for Affordable Housing Finance
<i>CDP</i>	Contractors Development Programme
<i>CFO</i>	Chief Financial Officer
<i>CIBD</i>	Construction Industry Development Board
<i>CoCT</i>	City of Cape Town
<i>COGTA</i>	Cooperative Government and Traditional Affairs
<i>COO</i>	Chief Operation Officer
<i>CoT</i>	City of Tshwane
<i>CoTMM</i>	City of Cape Town Metropolitan Municipality
<i>COVID-19</i>	Corona Virus Disease of 2019
<i>CPMO</i>	Capital Projects Management Office
<i>CSP</i>	Cities Support Programme
<i>DBSA</i>	Development Bank of South Africa
<i>DORA</i>	Division of Revenue Act
<i>DPME</i>	Department of Planning Monitoring and Evaluation
<i>ECDHS</i>	Eastern Cape Department of Human Settlements
<i>eCMS</i>	Electronic Construction Management System
<i>EDTEA</i>	Economic Development, Tourism and Environmental Affairs
<i>EEA</i>	Employment Equity Act
<i>EEDBS</i>	Enhanced Extended Discount Benefit Schemes
<i>EMM</i>	Ekurhuleni Metropolitan Municipality
<i>EPMO</i>	Enterprise Project Management Office
<i>EPWP</i>	Expanded Public Works Programme
<i>ETHMM</i>	eThekwinini Metropolitan Municipality
<i>FGD</i>	Focus Group Discussions
<i>FLISP</i>	Financed Linked Subsidy Programme
<i>FSDHS</i>	Free State Department of Human Settlements\
<i>FY</i>	Financial Year
<i>GDHS</i>	Gauteng Department of Human Settlements
<i>GFTRC</i>	Grant Funding Technical Review Committee
<i>GIS</i>	Geographic Information System
<i>GP</i>	Gauteng Province
<i>GPDHS</i>	Gauteng Provincial Department of Human Settlements

<i>GPF</i>	Gauteng Partnership Fund
<i>GTAC</i>	Government Technical and Advisory Center
<i>HDA</i>	Housing Development Agency
<i>HOD</i>	Head of Department
<i>HR</i>	Human Resource
<i>HSDG</i>	Human Settlements Development Grant
<i>HSS</i>	Housing Subsidy System
<i>HUD</i>	Department of Housing and Urban Development
<i>IASC</i>	Inter-Agency Standing Committee
<i>IDI</i>	In-depth interviews
<i>IDP</i>	Integrated Development Plan
<i>IGR</i>	Intergovernmental Relations
<i>IP</i>	Implementation Protocol
<i>IRDP</i>	Integrated Residential Development Programme
<i>ISUPG</i>	Informal Settlements Upgrading Programme Grant
<i>IT</i>	Information Technology
<i>ITB</i>	Ingonyama Trust Board
<i>IUDF</i>	Integrated Urban Development Framework
<i>IUDG</i>	Integrated Urban Development Grant
<i>JDA</i>	Johannesburg Development Agency
<i>JMM</i>	Johannesburg Metropolitan Municipality
<i>JSIP</i>	Johannesburg Strategic Infrastructure Programme
<i>KZN</i>	Kwa Zulu-Natal
<i>KZNDHS</i>	Kwa Zulu Natal Department of Human Settlements
<i>LDHS</i>	Limpopo Department of Human Settlements
<i>LGSETA</i>	Local Government Sector Education and Training Authority
<i>LM</i>	Limpopo Province
<i>MEC</i>	Member of Executive Council
<i>M&E</i>	Monitoring and Evaluation
<i>MEIA</i>	Monitoring, Evaluation, Impact Assessment
<i>MFMA</i>	Municipal Finance Management Act
<i>MHSCG</i>	Municipal Human Settlement Capacity Grant
<i>MIG</i>	Municipal Infrastructure Grant
<i>MIRA</i>	Multi-sector Initial Rapid Assessment
<i>MinMEC</i>	Ministers and Members of Executive Councils Meeting
<i>MMM</i>	Mangaung Metropolitan Municipality
<i>MOA</i>	Memorandum of Agreement
<i>MOU</i>	Memorandum of Understanding
<i>MP</i>	Mpumalanga Province
<i>MPDHS</i>	Mpumalanga Department of Human Settlements
<i>MS Teams</i>	Microsoft Teams
<i>MTEF</i>	Medium Term Expenditure Framework
<i>MTOP</i>	Medium Term Operation Support Plan

<i>MTSF</i>	Medium Term Strategic Framework
<i>NCDHS</i>	Northern Cape Department of Human Settlements
<i>NDHS</i>	National Department of Human Settlements
<i>NDP</i>	National Development Plan
<i>NEPF</i>	National Evaluation Policy Framework
<i>NHBRC</i>	National Home Builders Registration Council
<i>NMBMM</i>	Nelson Mandela Bay Metropolitan Municipality
<i>NT</i>	National Treasury
<i>NWDH</i>	North West Department of Human
<i>OECD</i>	Organisation for Economic Cooperation and Development
<i>OPSCAP</i>	Operational Capital Programme
<i>OSD</i>	Occupation Specific Dispensation
<i>PDHS</i>	Provincial Department of Human Settlements
<i>PFMA</i>	Public Finance Management Act
<i>PHSHDA</i>	Priority Human Settlements and Housing Development Areas
<i>PMG</i>	Parliamentary Monitoring Group
<i>PMI</i>	Project Management Institute
<i>PMIO</i>	Programme Management Implementation Office
<i>PMO</i>	Project Management Office
<i>PMT</i>	Project Management Team
<i>PMU</i>	Project Management Unit
<i>PPP</i>	Public Private Partnerships
<i>PRT</i>	Professional Resource Team
<i>PSC</i>	Project Steering Committee
<i>PSP</i>	Professional Service Provider
<i>SACPCMP</i>	South African Council for the Project and Construction Management Profession
<i>SANC</i>	South African National Standard
<i>SCM</i>	Supply Chain Management
<i>SDBIP</i>	Service Delivery Budget and Implementation Plans
<i>SDC</i>	Santiago Development Corporation
<i>SETA</i>	Sector Education and Training Authority
<i>SHRA</i>	Social Housing Regulatory Authority
<i>SLA</i>	Service Level Agreement
<i>SOP</i>	Standard Operating Procedure
<i>SP</i>	Strategic Plan
<i>TDRG</i>	Title Deed Restoration Grant
<i>TMM</i>	Tshwane Metropolitan Municipality
<i>TOC</i>	Theory of Change
<i>TOR</i>	Terms of Reference
<i>TVET</i>	Technical and Vocational Education and Training
<i>UNAI</i>	United Nations Academic Impact
<i>UNDP</i>	United Nations Development Programme

<i>UNISDR</i>	United Nations Disaster Risk Reduction Offices
<i>UNO</i>	United Nations Organisation
<i>USDG</i>	Urban Settlements Development Grant
<i>WCDHS</i>	Western Cape Department of Human Settlements
<i>WYPD</i>	Women, Youth and Persons with Disabilities

EXECUTIVE SUMMARY

Introduction

The Operational Capital Programme (OPSCAP) was introduced in 2010 with an intention to provide operating capital for the implementation of human settlements programmes and projects using the Human Settlements Development Grant (HSDG) and the Urban Settlements Development Grant (USDG) which are allocated to Provinces and Metropolitan Municipalities respectively. The Programme prescribes a percentage of up to 5% and 3% respectively of the Grants' funding towards human settlements projects to be used to augment and build capacity for the implementation of the projects. To date OPSCAP has been implemented in all the nine (9) Provinces as well as the eight (8) Metropolitan Municipalities.

Purpose and Scope of the Evaluation

The purpose of the evaluation is to assess the implementation of OPSCAP in both Provincial Human Settlements Departments and Metropolitan Municipalities to ascertain how the Programme is functioning and the mechanisms to strengthen it. The evaluation responded to the below described evaluation questions.

Table 1: Evaluation Questions

Evaluation Aspect	Evaluation Question
Theoretical Framework	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?
Programme Structure and Design	Is the OPSCAP being implemented according to the design?
Institutional Arrangements	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?
Resource Efficiency and Value for Money	Are resources used efficiently? Is value for money being obtained?
Monitoring and Evaluation	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?

Source: OPSCAP Evaluation ToR, NDHS, 2022

Evaluation Methodology

The study adopted both quantitative and qualitative (triangulation) methods of data collection and analysis. In achieving these, the study employed basic descriptive statistical measures (quantitative analysis) and participatory retrospective research design approach (qualitative method) respectively. The participatory evaluation approach was used - in the qualitative method, so as to actively involve stakeholders in the evaluation process. The OPSCAP participatory evaluation approach involved In-depth interviews (IDI) and Focus Group Discussions (FGD) with key informants (respondents/stakeholders) from the Provinces and Metros, who were sampled utilizing a combination of purposeful and snowballing methods. The study was conducted between March 2023 and July 2023, and respondents spread across eight of the nine Provinces as well as the seven of the eight Metropolitan Municipalities were sampled. A desktop literature review of pertinent programme documents/publications (as provided) was also carried out, using content analysis methodology. Challenges encountered generally related to the availability and quality of data/information.

Policy and Legal Framework

The Operational Capital Budget Programme (OPSCAP) was introduced in terms of Section 3 (2), (4) and (5) of the Housing Act, 1997 (Act No. 107 of 1997) as well as the Comprehensive Plan for the development of Integrated Sustainable Human Settlements Policy of 2004. In 2009, the Housing Code laid out a framework for the implementation of OPSCAP in line with the Comprehensive Plan.

Evaluation Findings

Utilisation of OPSCAP by Provincial Departments and Metros

There is an understanding by the Provinces and Metros that OPSCAP was introduced to assist with professional resource capacity issues in the implementation of human settlements programmes that are funded by the HSDG and later, the USDG. In line with the policy intent, OPSCAP utilisation in the Provincial Departments is generally centred on the uses listed in Table 2.

Table 2: OPSCAP utilisation in Provinces

Utilisation	Province
Appointment of external service providers/ PRTs	Northern Cape; Limpopo; Mpumalanga; North West
Appointment of Contract Staff	Western Cape; KwaZulu Natal
HDA land assembly support and project management support (MTOPI)	ALL

Source: Author compilation

The evaluation study observed though that in spite of the final motivations/submissions being closely aligned to the OPSCAP policy intent, an analysis of expenditure patterns reveals that in some instances OPSCAP was additionally utilised for other uses outside of the policy guide as described below.

Table 3: Additional uses of OPSCAP by Provinces

Additional uses of OPSCAP by Provinces	
- Municipal accreditation support	- Property valuation
- Township establishments	- Records management and warehousing
- Deeds searches and physical verification	- Occupational health and safety
- Title deeds registration	- Funding rental tribunals
- Beneficiary management	- Research
- NHBRC enrolments	- Scanning, filing, and archiving of forms
- Projects	- Project evaluation
- Geotechnical studies	- Architectural services
- Legal services	- Civil engineering designs
- Material quality testing	- Land acquisition
- FLISP subsidies	- Internship and experiential programs
- Master Plans and development planning	- Site Clearing
- Travelling and accommodation	- Security services

Source: Author compilation

The lack of clarity amongst the respondents as to what is allowable or permissible under OPSCAP was noted amongst several respondents in both Provinces and Metros. The units or directorates in the institutions that are responsible for the implementation grant (HSDG/OPSCAP) allocation tend to have a broader interpretation of what can be deemed allowable or permissible under OPSCAP and

expressed frustration from what they perceive as an extremely narrow and impractical interpretation and application of OPSCAP by the NDHS.

The interpretation of OPSCAP by the Metros was generally more consistent with the official guideline document. This, however, is with the exception of Mangaung Metro where it appears OPSCAP has been used to fund projects that the Metro was unable to fund with their USDG and internal revenue. The application and use thereof varied from metro to metro as outlined in Table 4.

Table 4: Utilisation of OPSCAP by Metros

Utilisation of OPSCAP by Metros	Metro
Establishment of a PMU within the Metro	Buffalo City
Appointment of Contract Staff	City of Ekurhuleni; City of Cape Town
Appointment of Professional Service Providers	Nelson Mandela Bay
Funding the Human Settlements Unit within the Metro	City of Tshwane
Youth brigades	City of Ekurhuleni
Title deed registrations, relocations, land purchases, training, project management	Mangaung
Does not use OPSCAP	City of Joburg

Source: Author's compilation

The sentiment by most of the Metro respondents was that the prescribed 3% of the USDG is inadequate. This is particularly true for Metros like Buffalo City and City of Tshwane that funded entire units/ departments utilising OPSCAP. Furthermore, these Metros have been adversely affected by the splitting of the USDG and the ISUPG into two separate grants.

Regarding skills transfer, particularly in the Provincial Departments, the study revealed that there appeared to be no formal process in place to manage and measure it in the Provinces. With regards to the Metros, the guideline requires them to actively report on a pre-developed capacity building plan each financial year. This aspect appears to have been neglected and there is no formal approach to the process of skills development or capacity building that is linked to OPSCAP.

Even though the NDHS deems the policy intent of OPSCAP to be clear, it was evident from the Provinces and Metros that their understanding and interpretation of the policy was broader. Respondents were of the view that the legal and policy framework for

OPSCAP was insufficient to ensure that the Programme is implemented seamlessly. The grant frameworks legislate the prescribed OPSCAP percentage. However, there is no mechanism in place to ensure that the Provinces and Metros spend within the stipulated framework.

Evidence from the interviews suggests that OPSCAP is not treated as a standalone programme by both the Provinces and Metros. It is viewed as a budget component of the HSDG and USDG, respectively. As such, OPSCAP expenditure is reported in line with the requirements of the HSDG and USDG frameworks, respectively.

When it comes to the USDG, on average, it was found that combined, the Metros did not utilise the entire prescribed 3% towards OPSCAP. In the 2022/2023 financial year, for example the total USDG was R 7 352 273 000 and only 1,6% was utilised for OPSCAP by the Metros.

Identified Challenges/ Issues with OPSCAP

The challenges described in Table 5 in the implementation of OPSCAP were highlighted by the various respondents.

Table 5: Identified challenges/issues with OPSCAP

Identified Challenges/ Issues with OPSCAP
(i) The grant allocation is not consistent, so it is difficult to accurately plan.
(ii) Over-reliance on service providers and their systems.
(iii) Professional skills funded under OPSCAP are costly.
(iv) Non-permanence of the capacity therefore a lack of continuity.
(v) Lack of continuity for contract staff.
(vi) Lack of platform with NDHS to obtain assistance with addressing challenges faced in relation to OPSCAP.
(vii) OPSCAP funding is not ring-fenced but rather constitutes a percentage of the USDG. As a result, when USDG funds are moved away due to non-performance, this affects the contractual obligations that have already been entered into in line with OPSCAP to fund capacity.

Source: Author compilation

Evaluation Aspects

Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?

The OPSCAP budget is merely an operational support mechanism, which although vital, does not constitute a silver bullet in addressing human settlements challenges. Human settlements challenges are often complex and at times addressing the lack of professional skills is not enough. OPSCAP is a supplementary operational budget and is part of a network of programmes and activities which must be correctly implemented in order for OPSCAP to truly be effective.

Is the OPSCAP being implemented according to the design?

The initiation of OPSCAP was intended to ease the capacity constraints for the Provinces and Metros and in the long term to allow the institutions to develop the required capacity internally. The capacity building element of the OPSCAP has not materialised and departments are still too dependent on external service providers in spite of several years in which they have implemented the programme. There is need to relook at this OPSCAP component to ensure that Provinces and Metros build internal capacity to run their own projects.

What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?

The NDHS has oversight over the OPSCAP Programme. The fact that Provinces and Metros have varying interpretations and applications in terms of what OPSCAP can be utilised for points to the fact that there is a gap that the NDHS must address with respect to OPSCAP:

- Do the OPSCAP recipients understand the policy intent of OPSCAP? Steps must be taken to eliminate any ambiguities.
- The lack of funding for certain obligations related to human settlements programmes. NDHS must provide clear guidance on these unique expenses.

Are resources used efficiently? Is value for money being obtained?

Efficient use of resources and value for money is intrinsically linked to the programme design and its application thereof. It is evident that the Provinces and Metros have not always strictly utilised OPSCAP for its intended purpose and in line with the policy intent. In that sense, it may be arguable that resources are being used efficiently and value for money is being obtained. The establishment of necessary parameters will go a long way in addressing these misgivings.

Notwithstanding the above, objectively measuring the value for money provided by OPSCAP is not possible since full data on allocations and expenditure including a breakdown of uses was not available. However, strictly using the rudimentary and anecdotal measure of how the external capacity sourced using OPSCAP was instrumental in assisting the Metros and Provinces to develop plans, and pipeline projects to be implemented, managing expenditure etc, on both the HSDG and the USDG shows that there is value for money from OPSCAP.

Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?

The indicators that the Provinces and Metros report on for OPSCAP are expenditure. This is inadequate. There is need to link OPSCAP expenditure to the housing projects and programmes that it is supporting. This will assist the NDHS to monitor the types of expenses that OPSCAP is being used for, particularly if they are not in line with the policy. The focus of the reporting framework is on the USDG and HSDG programmes and projects and OPSCAP is treated as a component of that.

Conclusion

OPSCAP appears to be quite relevant in its contribution to the human settlements programme in the Provinces and the Metros. In this light, these institutions have come to rely on it to provide the operational capital required to procure the services of professional expertise to assist with project identification and management of human settlements programmes.

Evaluation Key Findings and Recommendations

The table below depicts the OPSCAP evaluation’s key findings and the linked recommendations.

Table 6: Evaluation Key Findings and Recommendations

No	Key Findings	Linked Recommendation
1	The grant allocation amount is not consistent, so it is difficult to accurately plan. The decrease in the overall HSDG/USDG allocation over the years has had an impact on the prescribed OPSACP allocation. In addition, it is difficult, for the Metros in particular to plan for beyond a three-year period when hiring employees because the funds are not guaranteed. As such, limited budget and escalating costs of the professional skills may make the Programme unsustainable.	There is need for Provincial Departments/ Metros to undertake skill audit and needs, which will then lead to the identification and prioritization of the critical skills required to improve capacity in the provincial department and ensure implementation of the housing programme in line with the estimated budget (in the MTEF budget) to avoid overspending on OPSCAP.
2	Some Departments have become too dependent on SPs for some of their core functions. There is also an over-reliance on SPs IT systems which leaves the institutions crippled when contracts end.	OPSCAP should be able to acquire systems such as software that are required in the delivery of human settlements and not just rely on the systems of the service provider whose term is limited.
3	Non-permanence of the professional capacity that is procured utilising OPSCAP is problematic. There is lack of continuity/ sustainability as contract employees are always looking for permanent positions and therefore do not last. This has a negative impact on projects.	Formalization of the skills transfer process by NDHS to enable Provincial Departments particularly to build and retain capacity obtained through OPSCAP in a sustainable manner.
4	The OPSCAP budget is inadequate for the full needs of particularly Metros who have established internal PMUs funded by the Programme. Furthermore, the split between USDG and USPG has resulted in the 3% operational capital being severely reduced and exacerbated the shortfalls.	The human settlements Departments in Metro municipalities in liaison with their CFOs to identify and prioritize critical skills and resources to be procured/acquired based on the programme and projects to be implemented within an MTEF period; and ensure that those mandatory resource/skills required are budgeted for (from the municipal fiscus) and ring fenced to avoid skills gaps that will impact

No	Key Findings	Linked Recommendation
		negatively on the implementation of human settlements programmes.
5	There is an ambiguous view of OPSCAP's policy intent by the institutions which has led to the Programme being viewed, in addition to providing technical capacity, as a readily accessible fund that can be used whenever the Provincial Departments and Metros experience any kind of funding shortfalls related to operational expenses in the pursuit of achieving their human settlements outputs.	<p>There is a need to set specific parameters that define the type of expenditure that can be allowed and not allowed by OPSCAP. NDHS must additionally develop an OPSCAP oriented implementation guideline/strict measures to guide the recipients to ensure effective and optimal utilization of OPSCAP.</p> <p>The NDHS must ensure that the enforcement of OPSCAP policy and guidelines is prioritized, in an endeavor to improve the level of alignment by recipients of the funds.</p> <p>Regular workshopping of the OPSCAP policy and guidelines with key stakeholders to ensure common and consistent understanding of the Programme.</p>
6	The skills transfer component envisaged in the Programme design does not always take place at the desired level.	Formalization of the skills transfer process by NDHS to enable Provincial Departments particularly to build and retain capacity obtained through OPSCAP in a sustainable manner.
7	There is no monitoring and evaluation framework specifically for OPSCAP.	The NDHS to develop mandatory OPSCAP customized indicators to be adopted and implemented to ensure that Provincial Departments and Metros are evaluated and monitored on.
8	Lack of platform with NDHS so as to obtain assistance with addressing faced in relation to OPSCAP in particular.	The NDHS to introduce an OPSCAP champion/office to play a role of a coordinator/contact point amongst stakeholders (Departments/Metros) to enhance /strengthen channels of communication and advisory

Source: Author Compilation

CHAPTER 1: INTRODUCTION

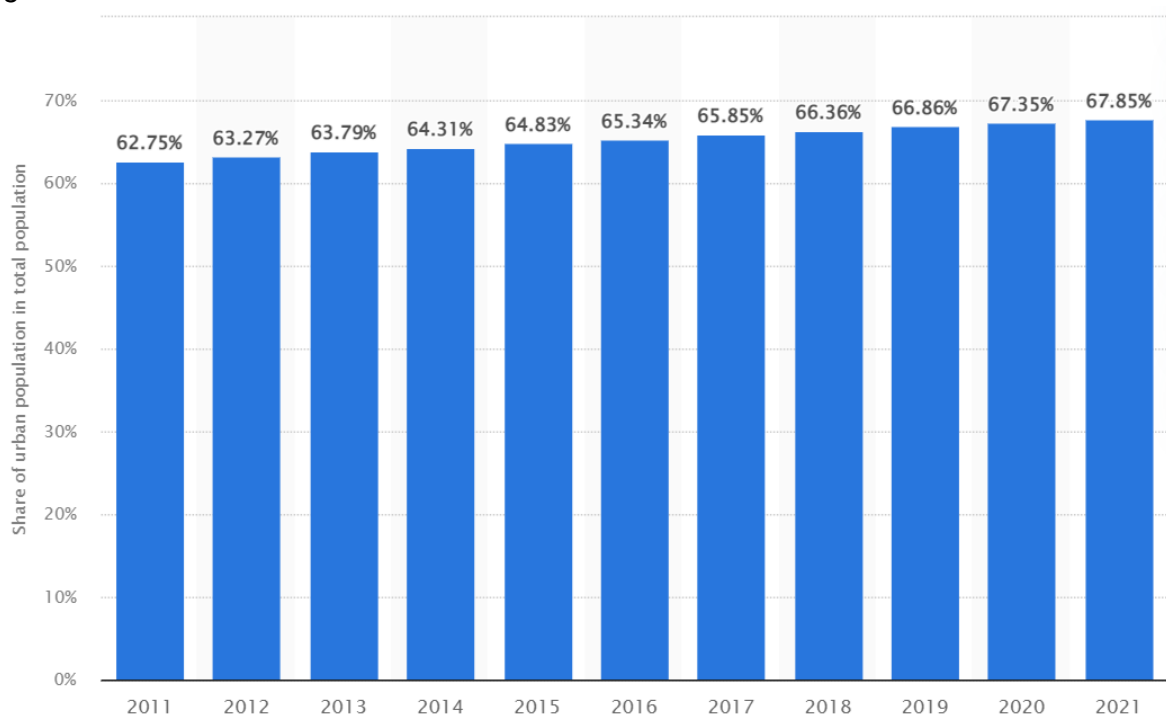
1.1 Introduction

The Operational Capital Programme (OPSCAP) was introduced in 2010 with the intention of providing operating capital for the implementation of human settlements Programmes and projects, using the Huma Settlements Development Grant (HSDG) and Urban Settlements Development Grant (USDG) which are allocated to Provincial Departments and Metropolitan Municipalities respectively (The Housing Code, 2009). The Programme prescribes a percentage of up to 5% and 3% respectively of the Grants' funding towards human settlements projects to be used to build capacity for the implementation of the projects. In November 2022, the National Department of Human Settlements (NDHS), which has oversight over the Programme appointed a professional service provider to carry out an implementation evaluation of OPSCAP.

In the period prior to the introduction of OPSCAP in 2010, it was acknowledged that the rates of delivery of housing units were decreasing and that there was fiscal pressure of the national housing programme on the state's coffers. In spite of the progress being made, the supply could not keep up with the increasing housing backlogs. There was also an incidence of housing projects remaining incomplete during this period - for example there was a discrepancy of 500 000 housing units delivered between 1994 and 2009. This has been attributed to projects failing primarily due to capacity constraints (Tissington, 2010).

Additionally, like much of the developing world, South Africa has been experiencing rapid urbanization in recent decades as depicted in Figure 1 below. The United Nations estimates that by 2030, just over 70% of South Africa's population will live in urban areas, and that by 2050 the levels will have reached 80%. Amongst others, rapid urbanization in South Africa has given rise to the proliferation of informal settlements, service delivery problems, and pressure on basic social amenities, poverty and widening levels of inequality (PMG, 2016). By 2014 there were over 2 700 informal settlements throughout the country with an estimated 1,2 million households inhabiting them (CSP, 2016).

Figure 1: Rate of urbanisation in the last decade



Source (O'Neill, 2022)

In response to this crisis, a range of programmes have been introduced in order to proactively respond to these challenges and address the spatial inequalities that have been exacerbated by this. One such programme, introduced by the National Treasury was the Cities Support Programme (CSP) whose objective is to provide assistance to cities to sustainably strengthen their capacity to provide basic services within integrated human settlements. The Programme supports the eight Metros with human settlements programmes, amongst others, within the following parameters as stipulated by the USDG:

- The acquisition of land for human settlement development.
- Planning and design of infrastructure required for integrated human settlement developments.
- The capital cost of constructing bulk and connector infrastructure.
- The capital cost for the provision of internal municipal reticulation services for integrated human settlement developments.

An evaluation of the CSP found evidence of levels of change in vision and leadership to drive spatial restructuring of human settlements in the Metros and a strengthening

of high level political and administrative support for the planning and implementation of effective spatial transformation projects. The CSP is also acknowledged to have played an important role in supporting the Metros' capability to plan and manage urban spatial transformation through the Built Environment Performance Plan (DPME, 2018).

The USDG may not be used for the construction of houses and/or other dwellings, neither may it be used to finance housing provision (NDHS, 2014). The introduction of the USDG also acknowledged the complexity of urban development and the need for specialized skills to tackle service delivery challenges that are unique to Metropolitan cities. As such, it was envisaged that OPSCAP would build capacity and sustain operational costs associated with the implementation of the human settlements programme within the above-mentioned parameters for the Metros. OPSCAP would enable the achievement of the Government's priority housing development goals by providing funding for the appointment of external expertise by the Metropolitan Municipalities as well as the Provincial Human Settlements Departments (within the HSDG). This would assist them to scale up delivery on the National Housing Programmes particularly on the following programmes:

The OPSCAP component of the HSDG would provide implementation support within the following priority human settlement programmes.

- The Informal Settlement Upgrading Programme.
- Projects that promote integration and the creation of a non-racial society.
- The provision of primary social and economic amenities.
- The unblocking of stalled projects.

To date OPSCAP has been implemented in all the nine (9) Provincial Departments as well as the eight (8) Metropolitan Municipalities. An evaluation of the USDG found that the OPSCAP component of the grant generally addressed the commonly cited shortcoming of the lack of project management capacity to ensure that capital projects are delivered to the agreed standards within budget and on time (NDHS, 2016). Both Provincial Departments and Metros employed varied approaches not only in the way they utilized the OPSCAP budget but also in the percentage amounts. For example, in the Cape Town Metropolitan Municipality, OPSCAP has been used to fund the employment of additional project managers. In Metros such as Buffalo City and

Ekurhuleni, OPSCAP has been used to fund the establishment of project management units to support and build the Municipality's technical capacity. In the Kwazulu-Natal (KZN) PDHS on the other hand, OPSCAP has been used to fund contract positions in the Housing Department. There are Provincial Departments such as the North West and KZN where a portion of the OPSCAP budget is allocated to the Housing Development Agency (HDA) for project management support. A brief overview of the programmer's performance and outputs to date in various sites will also form part of the evaluation literature review.

1.2 Problem Statement

Housing demand in South Africa has grown exponentially and housing delivery efforts have been far outpaced by the rising demand (The Fuller Center for Housing, 2014). The provision of housing subsidies though necessary, has proved to be financially unsustainable for the Government. The introduction of the Comprehensive Plan for the Development of Integrated Sustainable Human Settlements (also referred to as "Breaking New Ground" or BNG) Housing Policy initiative recognized these factors and sought new ways of addressing housing delivery that would sustain the National Housing Programme in the long run without putting increasing pressure on the fiscus. In addition, the following constraints to housing delivery were identified:

- Lack of institutional and sector capacity to deliver housing particularly at local government level.
- The lack of appropriate land for housing development.
- Increasing and changing nature of the demand for housing, and
- The lack of uniformity in the application of policy in different provinces and regions and the resultant and inadequate enforcement of policy directives at local level (partly due to uneven capacity) has had an impact on delivery (The Comprehensive Plan, 2004).

1.3 Purpose and Scope of the Evaluation

The purpose of the evaluation is to assess the implementation of OPSCAP in both Provincial Human Settlements Departments and Metropolitan Municipalities to ascertain how the Programme is functioning and the mechanisms to strengthen it. In order to achieve this, the evaluation will embark on the following which will ultimately

give an understanding as to what the immediate effects, the overall impacts as well as the outcomes of this intervention have been:

- a. An analysis of the environment within which OPSCAP is being implemented.
- b. An analysis of the effectiveness and cost efficiency of OPSCAP intervention.
- c. Measurement of the degree to which the Programme has had an effect on the human settlements sector.

The evaluation parameters have been set in line with the following pre-defined evaluation questions to which the evaluation must respond to as described in Table 7.

Table 7: Evaluation Questions

Evaluation Aspect	Evaluation Question
Theoretical Framework	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?
Programme Structure and Design	Is the OPSCAP being implemented according to the design?
Institutional Arrangements	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?
Resource Efficiency and Value for Money	Are resources used efficiently? Is value for money being obtained?
Monitoring and Evaluation	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?

Source: OPSCAP Evaluation ToR, NDHS, 2022

1.4 Evaluation Criteria

According to the Organisation for Economic Cooperation and Development (OECD), evaluation criteria are the standards or principles used in evaluation as the basis for evaluative judgement with the purpose of supporting consistent, high-quality evaluation within a common framework by providing a standardised framework within which to assess the OPSCAP intervention (OECD, 2021). The criteria are a cornerstone of evaluation practice, encouraging analysis of effectiveness and results (NEPF, 2019). Table 8 below describes the NEPF evaluation criteria with specific reference to OPSCAP.

Table 8: NEPF Evaluation Criteria

Evaluation Criteria	Key Question	Description
Relevance	Is the intervention doing the right thing?	The extent to which the OPSCAP objectives and design respond to the needs of the institutions/ partners, beneficiaries, policies, and priorities, and continue to do so if circumstances change.
Coherence	How well does the intervention fit?	The compatibility of the OPSCAP with other interventions in the country, sector, or institution. The extent to which other interventions (particularly policies) support or undermine the OPSCAP, and vice versa.
Effectiveness	Is the intervention achieving its objectives?	The extent to which the OPSCAP achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups. Analysis of effectiveness involves taking account of the relative importance of the objectives or results.
Efficiency	How well are resources being used?	The extent to which the OPSCAP delivers, or is likely to deliver, results in an economic and timely way. “Economic” is understood as the conversion of inputs (funds, expertise, natural resources, time, etc.) into outputs, outcomes, and impacts, in the most cost-effective way possible, as compared to feasible alternatives in the context. “Timely” delivery is within the intended timeframe, or a timeframe reasonably adjusted to the demands of the evolving context.
Impact	What difference does the intervention make?	The extent to which OPSCAP has generated or is expected to generate significant positive or negative, intended, or unintended, higher-level effects. Impact addresses the ultimate significance and potentially transformative effects of the intervention.
Sustainability	Will the benefits last?	The extent to which the net benefits of OPSCAP continue or are likely to continue. This includes an examination of the financial, economic, social, environmental, and institutional capacities of the systems needed to sustain net benefits over time.

Source: NEPF, 2019

1.5 Evaluation Approach

The participatory evaluation approach was used so as to actively involve programme stakeholders in the evaluation process. Participatory evaluation refers to an evaluation approach where all stakeholders and beneficiaries participate in determining the evaluation design, the data processes and use of information (Biden, 2022). The primary stakeholders participate in the evaluation process of the Programme (Sette, 2021).

The Participatory evaluation approach was selected because it offers the advantage of improving accuracy and relevance of reports in that the programme participants offer a more accurate and detailed view of the programme and its performance. Therefore, because of their day-to-day exposure to the programme, participants intrinsically understand the programme at a deeper level and are conversant with the aspects of the programme that do not fit or work well. As such, the evaluation team was able to see the programme from the perspective of the participants. The participants are also empowered. Furthermore, the approach fosters stakeholder ownership of the evaluation since they participate in the process and gives them an opportunity to meaningfully contribute to the policy changes that will strengthen the programme. (Community Toolbox, 2022; Sette, 2021).

The use of this approach involved programme participants and stakeholders, thus ensured unique and valuable insights into the programme being evaluated. However, the method still had its pitfalls which were carefully managed by the evaluation team. Better Evaluation and Community Toolbox highlight the following limitations of participatory evaluation (Sette, 2021; Rabinowitz, 2022):

- Time and commitment are required.
- The number of resources required.
- There may be conflicts between approaches.
- Unclear purpose of participation, or a purpose that is not aligned with evaluation design.
- Lack of facilitation skills by the evaluator may affect the quality of information gathered.

- The approach only focuses on the data collection aspect of the evaluation process, and
- Lack of cultural and contextual understanding, and the implications of these for the evaluation design.

The OPSCAP participatory evaluation approach involved interviews and focus group discussions with identified key stakeholders or programme participants, ranging from NDHS, PDHS and Metro officials, project managers/implementing agents and other programme partners. Involving stakeholders in the evaluation process substantially improved the quality of the data collected which in turn resulted in appropriate recommendations being made and implemented. Stakeholders participating in the OPSCAP implementation evaluation fulfilled the criterion of working in close proximity to the Programme or benefiting from it as is the case with the capacitated officials. The beneficiaries in this case applied to officials that have benefitted from the skills transfer component of OPSCAP.

Based on the defined scope, the methodology was a combination of the implementation and outcome evaluation types as described in Table 9.

Table 9: Evaluation types

Type of evaluation	Description	Questions to be answered
Implementation evaluation	<ul style="list-style-type: none"> • Evaluates whether OPSCAP's operational mechanisms support achievement of the objectives or not and seek to understand why. • Looks at activities, outputs, and outcomes, use of resources and the causal links of OPSCAP. • Assesses the quality of the indicators and assumptions. 	<ul style="list-style-type: none"> • How well OPSCAP is working? • The extent to which OPSCAP is being implemented as designed. • Whether OPSCAP is accessible and acceptable to its target institutions, population etc.
Outcome Evaluation/ Impact Evaluation	<ul style="list-style-type: none"> • Measures the degree to which OPSCAP is having an effect on the target population's wellbeing and/or behaviours so as to determine whether or not the intended benefits of the programme are actually being achieved (i.e., whether or not the programme is able to meet its intended purpose). 	<p>The degree to which OPSCAP is having an effect on:</p> <ul style="list-style-type: none"> • Successful delivery of human settlements projects • Upskilling of public officials through skills transfer • Is OPSCAP achieving the desired outputs and

Type of evaluation	Description	Questions to be answered
	<ul style="list-style-type: none"> Assesses the effectiveness of OPSCAP in effecting the desired change. Impact evaluation measures changes in outcomes that can be attributed to a specific intervention, i.e., OPSCAP. 	<p>outcomes in terms of the capacitation of the Provincial Departments and Metros.</p>

Source: DPME, 2019

The review and analysis of various documents provided valuable and useful historical and current information about OPSCAP and its implementation to date. This included policy and planning documents, reporting documents from the NDHS, PDHS, Metros, and any other official reports on the Programme. Table 10 depicts the evaluation planning matrix which summarizes the methodology which will be discussed in the ensuing chapters.

Table 10: Evaluation Planning Matrix

Evaluation Aspect	Purpose	Data Collection Method	Activities	Target Group	Target Sample Size	Sampling Plan/ Technique	Deliverable
Theoretical Framework	<ul style="list-style-type: none"> - Appropriateness of OPSCAP in responding to human settlement challenges - Application of the frameworks - Comprehension and usability of the frameworks - Conceptualization of the frameworks 	Review of literature on existing theories, concepts, and definitions relevant to study.	<ul style="list-style-type: none"> - Analysis of general and key documents - Validation workshops 	N/A	N/A	N/A	Chapter in Literature Review Report
Programme Structure and Design	<ul style="list-style-type: none"> - Compliance with programme prescripts - Systems in place - Capacity and relevancy of the team 	Document Analysis Key Informant Interviews	<ul style="list-style-type: none"> - Analysis of annual and quarterly reports & other key documents - Key informant interviews using semi-structured open-ended questionnaires. 	NDHS PDHS Metros External expertise sourced	5 x NDHS 9 x PDs 3 x Metro PMUs 8 x Metros	Purposive & Snowball	Chapter in Literature Review Report
Institutional Arrangements	<ul style="list-style-type: none"> - Relevancy and conversancy with the programme - Proper structures in place - Capacity within the institution - M&E arrangements - Accountability 	Desktop review Key Informant Interviews	<ul style="list-style-type: none"> - Interviews using semi-structured open-ended questionnaires. - Validation workshop - Institutional structure/organogram - Documentation analysis 	NDHS PDHS Metros External expertise sourced	5 x NDHS 9 x PDs 3 x Metro PMUs 8 x Metros	Purposive & Snowball	Analysis of institutional arrangements in Literature Review
Resource Efficiency and	<ul style="list-style-type: none"> - Programme outputs since inception 	Document Analysis	<ul style="list-style-type: none"> - Analysis of Business Plans, Strategic 	NDHS PDHS	5 x NDHS 9 x PDs	Purposive & Snowball	Report of outputs and

Evaluation Aspect	Purpose	Data Collection Method	Activities	Target Group	Target Sample Size	Sampling Plan/ Technique	Deliverable
Value for Money	<ul style="list-style-type: none"> - Resource allocation Versus the task at hand - Resources utilization yielding results 	Key Informant Interviews	<ul style="list-style-type: none"> plans, APP and SDBIPs & other key documents - Assess value for money and return on investment. - Interviews using semi-structured open-ended questionnaires 	Metros External expertise sourced	3 x Metro PMUs 8 x Metros		outcomes of programme
Monitoring and Evaluation Framework	<ul style="list-style-type: none"> - Appropriateness of programme TOC and programme reporting - Clear outline to ensure achievements of the programme objective. 	Document Analysis Key Informant Interviews	<ul style="list-style-type: none"> - Analysis of annual performance plans, SDBIPS & other key documents - Interviews using semi-structured open-ended questionnaires. 	NDHS Provincial Human settlements Metros External expertise sourced	5 x NDHS 9 x PDs 3 x Metro PMUs 8 x Metros	Purposive & Snowball	Revised TOC and M&E Framework

Source: Author Compilation

1.6 Significance of Study

Evidence from the reviewed literature points to the conclusion that there is a gap with regard to studies on operational capital programmes. OPSCAP has remained static as there has been no objective input to its implementation and impact that can determine how sustainable and impactful it is. Previous studies that have been done have focused on the USDG and HSDG outputs from which OPSCAP is derived. Such studies make no mention of OPSCAP's impact in influencing human settlements outcomes. In addition, various unconditional and conditional grants, such as the Municipal Infrastructure Grant (MIG), Informal Settlements Upgrading Partnership Grant (ISUPG) and the Integrated Urban Development Grant (IUDG) funding to Municipalities also contain a component of operational capital funding prescribed between 0.5% and 5%, similar to OPSCAP and the study results can benefit and be of use in this case. In light of the above, the evaluation study of OPSCAP is significant in the following ways:

- It is expected that the evaluation study will make significant findings that will provide decision-makers with valuable insight into the efficacy and implementation of grant-based operational capital initiatives and in so doing improve the design of such programmes.
- The evaluation is also important to policy makers as it will elucidate how the programme is being implemented, detailing the deviations and attempting to explain why such deviations occur. This may contribute to policy reform and strengthening of performance for the human settlements programme.
- Improving accountability and strengthening accountability.
- Generate new knowledge/evidence on the implementation of such programmes which will contribute to more effective decision making.

CHAPTER 2: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

OPSCAP is an operational capital fund dedicated to finance, particularly project management operational costs related to the development of human settlements. As such the literature review will focus on a variety of concepts that relate to the programme's theoretical framework as well as an outline of the programme's design. It is expected that the literature review will give perspective and guidance to the primary data collection exercise by justifying the theories underpinning the conceptualization of OPSCAP.

2.2 Overview of the Literature Review

The literature review will discuss the following:

Part 1: Theoretical Framework of OPSCAP – This section will examine concepts and definitions using local, regional, and international examples focusing particularly on concepts around capital grants, operational funding approaches and capacity building amongst others, with respect to the development of human settlements. The following will be covered:

- Capital and operational budgets.
- Decentralization of service delivery.
- Grant funding.
- Discussion and relevance of capacity and capability.
- Project management and its necessity in human settlements development projects.
- Approaches to funding the project management of capital projects.
- Institutional and organizational capacity building.
- Skills Transfer.

Part 2: Programme Description and Design – As per the Terms of Reference, the literature review will carry out a detailed description of the programme and its design and will provide a brief overview of programme outputs to date. This section will provide a detailed description of the Programme's application, activities, outputs, and outcomes. This aspect will include an appraisal of the Human Settlements Programme

legislative, regulatory environment, and policies in the context of OPSCAP. The section will also highlight the need for a valid theory of change for the Programme by providing a theoretical background for its subsequent development. The following will be discussed:

- The Legislative and Regulatory environment of OPSCAP.
- The programme's institutional framework.
- OPSCAP funding arrangements.
- OPSCAP Monitoring and evaluation framework.
- Overview of the programme's outputs to date.
- Programme Theory of Change theoretical framework.

2.3 Operational Capital Programme Theoretical Framework

2.3.1 Capital and Operational Budgets

The inception of OPSCAP has its origins in the accounting practice of budget development which requires the setting aside of funds for capital and operational expenditure based on predicted revenues.

(i) Budgets

Accounting procedures are typically used to identify, quantify, evaluate, and report an organisation or institutions' financial information. These may include budgets, financial statements and operational plans and forecasts (Universal Class, 2022). Budgets are vital tools that can be used to strategically plan for the funding required to achieve institutional outcomes. A budget is a system that allows an institution to plan for its income and expenses over the course of a set period by projecting future income or revenue and expenses (Lockert, 2022). A budget may also be described as a business plan expressed in monetary terms and can be short-term or long-term (PolitechnikNSC, 2017). There are a variety of budgets that can be created based on the purpose for which the budget is intended.

Budgets may relate to institutions or individuals and may also relate to specific activities or endeavours such as projects. A project budget is the total projected costs needed to complete a project (or undertaking) over a defined period. It is used to estimate what the costs of the project will be for every phase of the project.

The project budget will include such things as labour costs, material procurement costs and operating costs (Bridges, 2019). The two main types of budgets are capital budgets and operational budgets:

a. Capital Budgets

A Capital budget is a financial plan for the acquisition or replacement of existing fixed assets (PolitechnikNSC, 2017). In the context of human settlements developments, the capital budget is the main cost driver and refers to the capital or finances that will be utilised to fund or implement physical development.

b. Operational Budgets

An operational or operating budget concern the ongoing projections of revenue and expense items that affect the income statement and display the following characteristics (BambooHR, 2022):

- Operating budgets facilitate planning of anticipated income and expenses for a specified budget period.
- Operating budgets take into account seasonal differences.
- Operating budgets encompasses the largest segment of the budgeting process.
- Operating budgets are generally created on an annual basis.

Operational budgets differ from capital budgets which estimate the capital needed to complete a project, such as acquiring real estate or new equipment, or repairs that are unanticipated or extraordinary. Operating budgets provide reasonably good estimates concerning the volume and sources associated with the types and amounts of future expenses necessary to continue daily business, project, operations, such as equipment expenditures and salaries, etc. (BambooHR, 2022).

Generally, the operating budget may be composed of a number of smaller budgets constituting the following components:

- Revenue/ Sales - includes all the ways an organisation makes money by selling goods or services.

- Variable Costs - the costs that rise or fall in line with sales volume raw materials, transport, labour, etc.
- Fixed Costs - expenses that remain fairly constant, for example rent and utilities.
- Non-Cash Expenses – such as depreciation, etc.
- Non-Operating Expenses – the most common non-operating expenses include interest payments, losses when disposing of assets, and costs from currency exchanges.

Operational budgets may be funded in the same way as capital budgets but must generally follow the parameters of the project funding model. Funds budgeted for or set aside for the financing of operational expenses are also referred to as operational capital.

(ii) Operational capital

Operational capital refers to the material and financial resources that are utilized by an institution or organization to fund their day-to-day activities so as to sustain operations and meet the institution's obligations and outputs. In the context of OPSCAP the operational capital is utilized in the day to day running or project management of human settlements projects from project conceptualisation or inception to final completion. The project management aspect would constitute a number of professionally skilled expertise including engineers, urban planners, quantity surveyors, etc. who are expected to transfer skills to PDHS and Metro officials.

a. Operational Planning

An important aspect of operational capital and budgeting is that of operational planning which forms the basis of the operational budget. Institutions use operational plans which are strategic in nature to justify operating budget requests over the short to medium term (Universal Class, 2022). Operational plans in the case of OPSCAP can be the Strategic Plans that are prepared over the MTEF by the Provincial Departments and the IDPs of the Metropolitan Municipalities.

b. Origins of Operational Budgeting

Elements of modern budgeting practices can be traced back to ancient Greece, Rome, Mesopotamia, and China (Allen et al., 2015). However, budgets formally originated in the 17th Century with the government of England. From 1760, the Chancellor of the Exchequer presented the national budget to Parliament at the beginning of each fiscal year (Marciano, 2022). The concept of budgets gained traction and in the early 1900s General Motors became the pioneer of a comprehensive business budget that constituted a capital budgeting component and an extensive operational budget component (Marciano, 2022). In 1922, the “father of business budgets” MicKinsey published his book, “Budgetary Control” which further consolidated budgeting as an essential tool for both governments and successful modern-day business management (Marciano, 2022).

Over the years, this dual approach to budgeting in which operational and capital budgets are separated has become the norm. In many developing countries this approach has its origins in the colonial era administrations. These administrations distinguished clearly between the recurring operational costs involved in maintaining a limited range of government services and the “developmental” expenditures needed from time to time to establish new facilities or new administrative functions (OECD, 2007). Limitations on local revenue-raising capacities meant that approval for major capital expenditures often required special budgetary provisions including referral to the supervising colonial authority (Webber, 2007). Separating budgets into capital and operational budgets has the following advantages:

- It is often required by donors and grant funding whose focus tends to be capital development.
- Separation of ongoing costs of government into recurrent costs and non-recurrent costs.
- Suitability for developing countries where capital intensive service delivery is envisaged.
- Different skills set are required to manage operational and capital budgeting and expenditure. (OECD, 2007).

Looking to the future, the OECD postulates that there may be need to do away with this duality of separating capital and operational budgets and to integrate them (OECD, 2007). In line with this view, the OECD observes that over the years, many European governments have achieved high degrees of budgetary integration based on a realisation that:

- a. the distinction between recurrent and development/ capital spending is often quite arbitrary or uncertain; and
- b. that better resource allocation and management decisions can often be made within a single unified framework for revenues and expenditures.
- c. This traditional view of current expenditures as being of lesser economic importance, or merit, has diminished in recent years, especially within the multilateral institutions.

c. Operational Budgeting in South Africa

Municipal and provincial budgeting in South Africa also follows the duality approach and comprises of capital budgets and operational budgets as already described above. Funding for operational budgets is generally from the following sources:

- The equitable share from National Treasury
- Property rates and
- Service charges

On the other hand, sources of funding for capital projects include grants, revenue, donations, loans etc. (Etu, 2022).

(iii) International Perspectives

The Village at Techwood, Atlanta, Georgia

The proposed 900-unit mixed income housing development in Techwood was initiated as a redevelopment project to remove obsolete public housing units. The new development had three components: a physical redevelopment component, an economic development component, and a supportive social services

component. Funds for the housing development came from both the public and private sector – an indirect Department of Housing and Urban Development (HUD) conditional grant dedicated to financing mixed-income developments, as well as equity on tax credits, mortgage finance, amongst others. The total project cost of the housing development was \$60,7 million with on-site construction costs approximating \$47,7 million.

The operational costs of the housing development were estimated at \$13 million. The funding of the operational budget was split between the project funders/financiers in line with the conditions of their respective contributions. However, it should be noted that in this case the operational budget, besides developer fees (project management fees) also contained financing costs, marketing, interest and other soft costs. In contrast to OPSCAP in South Africa, the basis of the operational costs was based on the specific project budget which was the target of the funding (Schubert, 1996).

(iv) Conclusion

Although grant funding from national governments to provincial, local governments and housing institutions is a common practice around the world and is generally the preferred funding method for low-cost housing developments in developing countries, the way operational budgets are handled tends to vary. In line with these contexts, the following can be noted:

- Operational budgets are conventionally linked to individual projects rather than being based on the grant allocation itself as OPSCAP is.
- Capital grants may be allocated with the assumption that the receiving institution has adequate capacity and capability to implement the projects that are targeted by the grant.
- In instances where capital finance is provided in the form of a partnership with the private sector, for example a private developer, there may be an agreement that the developer will carry the operational budgets.
- Operational budgets may also be funded through donor funding.

2.3.2 Decentralisation of Service Delivery

OPSCAP is implemented at both provincial and Metropolitan municipal level through conditional grants which target human settlements delivery. The Housing Act, 1997 and subsequently the Housing Code, 2009 define the respective roles and responsibilities of the three tiers of government with respect to human settlements. The National Department is responsible for oversight and guidance as well as creating an enabling environment. The Housing Act gives the Provincial Department the mandate to create an enabling environment by doing everything in its power to promote and facilitate the provision of adequate housing in its province, including

Decentralization is the transfer of authority and responsibility for public functions (political, administrative, fiscal, and market) from the central government to subordinate levels or other entities (World Bank Group, 2021).

allocating housing subsidies to municipalities. Where required, Provincial Departments also perform physical delivery of housing projects.

On the other hand, municipalities are responsible for creating a public environment conducive for housing development, including the provision of bulk and internal engineering services within their jurisdiction (NDHS, 2016). There is an overlap in the functions of the PDHS and Metropolitan Municipalities when it comes to human settlements delivery, however, but there are efforts to ensure coordination by both parties and alignment with the IDPs and SDBIPs.

In terms of legislation there are three categories of Municipalities with varying levels of devolved authority with respect to human settlements:

- **Category A:** A municipality that has exclusive municipal executive and legislative authority in its area. At present the USDG from which OPSCAP is derived is limited to these.
- **Category B:** A municipality that shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls.
- **Category C:** A municipality that has municipal executive and legislative authority in an area that includes more than one municipality. (The Constitution, 1996).

CASE STUDY

With the support of the World Bank, in Mozambique a similar approach was piloted to holistically capacitate local governments. The Municipal Development Project was initiated using the Municipal Grant Fund (MGF) with the aim of providing support for municipal infrastructure and services. The project constituted the following components which would be funded by the MGF: (a) Legal and Institutional Reform; (b) Municipal Capacity Building; (c) Municipal Grants; and (d) Project Management and Technical Assistance. The programme proved successful in:

- Improved competences of both municipal elected officials and staff;
- Improvements in terms of financial management capacity of the staff in all MGF participating municipalities;
- Development of a set of norms and procedures which contributed to the improved functioning of the municipal system;
- The adoption of new functional organizational structures for the municipalities;
- Creation of a capacity building system
- Creation of a local procurement system consisting of simplified procurement manuals harmonized with the national procurement system.

(Source: World Bank Group, 2007)

The highest level, Category A Municipalities are Metropolitan Municipalities which have the greatest autonomy in terms of governance within their jurisdiction.

The decentralization of service delivery to provincial/ regional and local governments, particularly human settlements in South Africa is in line with regional and international trends. When done right, decentralization enables human settlements delivery to become more efficient. However, in practice, the absence of capacity,

governance, and resources, decentralization can limit the ability and accountability of local governments to deliver services (World Bank, 2021). This has been the biggest drawback of decentralization in the developing world. Specialized skills and institutional capacity tend to be rather concentrated at national level and provincial and local governments and institutions often lack the necessary capacity required to carry out the devolved functions.

According to UN-Habitat, the lack of sufficient administrative, technical, or strategic capacities is one of the biggest challenges in the field of decentralization and building capacities should be a priority. This takes time and therefore needs a long-term commitment from all levels of government. The Organization for Economic Cooperation and Development (OECD) advocates for governments to reinforce the

capacities of public officials and institutions in a systemic approach, rather than adopting a narrow focus on technical assistance (UN-Habitat, 2020).

A World Bank 2021 publication on urbanisation in Tanzania observed that decentralisation of government functions must go hand in hand with capacity building of the provincial institutions and local governments (World Bank Group, 2021), as well as sustained capacitation of human resources through upskilling and skills transfer. In Tanzania, like South Africa services delivery has been decentralised. In the same way central government provides local governments with a merit-based Capital Development Grant dedicated to service provision. The Capital Development Grant has two components i.e., capital expenditure and capacity building (World Bank Group, 2021).

2.3.3 Grant funding and operational budgets

The financing of capital projects and infrastructure developments by way of grant funding issued by central government and sometimes donors are a common practice in South Africa, and the world over as already mentioned. The grants may be conditional in that they are issued with conditions on how they are to be utilised. Conditional grants will often align to the priorities of the central government (Sandford & Smith, 2021).

Unconditional grants on the other hand have no conditions attached to them and as such give the receiving institution greater autonomy in the way the grant is utilised. As this approach to capital funding has gained traction over the years in developing countries, in developed countries capital funding approaches have evolved and new and innovative capital funding strategies have been adopted with local governments gradually decreasing their dependence on capital grants from central government. In contrast, developed countries rely more on debt instruments, Public Private Partnerships (PPP) and equity solutions to fund their capital budgets as well as the associated operational costs which tend to be included in the overall capital budget (Posner, 2009).

South Africa has a number of grants given to Provincial Departments and municipalities for the purpose of capital projects, such as the HSDG, USDG, IUDG etc. However, Provincial Departments and Municipalities seldom have the capacity needed for them to implement the envisaged capital projects. The inception of the

Municipal Infrastructure Grant (MIG) in 2003, for example made it mandatory that Municipalities that were recipients of the grant should have Project Management Units (PMU) in place whose responsibility would be to implement the capital projects funded by the grant. As such, the benefitting Municipalities were permitted to use a limited prescribed portion of the grant to establish a PMU (COGTA, 2004). The funding for PMUs is subject to a minimum of 0,5% and a maximum of 5% to the limit of R 3,5 million of the total grant allocation for the PMU area (COGTA, 2007). The institution of this prescribed capital for the MIG in 2003 set the tone for the later capital grants that were introduced.

2.3.4 Defining Capacity and Capability

OPSCAP is designed to fund the provision of capacity to Provincial Departments and the Metropolitan municipalities and in so doing enhance the institutions' capability to deliver on human settlements programmes and projects.

Capacity in the context of human settlements development refers to specific built environment skills, knowledge and/or expertise which is prerequisite for the successful implementation of human settlements projects. On the other hand, capability focuses on the Institution or Department itself and whether it has the required systems in place that would contribute to the successful completion of housing projects (Jinhui Wu et al., 2010).

Research has concluded that the allocation of capital funding towards the Human Settlements Programmes is not enough to attain the ultimate goal of achieving the right to housing for all as envisaged by Section 26 of the Constitution (HDA, 2013). The lack of these aforementioned skills has been cited as one of the reasons that result in the failure of housing projects (NDHS, 2022). The HSDG and USDG recipients, i.e., the Provincial Departments and Metropolitan Municipalities respectively do not have the required operational capacity in terms of human resources expertise to implement housing projects at scale as intended by the Capital Grants. In their publication of Guidelines for Blocked Projects in 2011, the Housing Development Agency (HDA) also identifies capacity and capability within the Provincial Departments and Metros as a major contributor to housing projects blockage.

As envisaged by the The Comprehensive Plan for the development of Integrated Sustainable Human Settlements (the Comprehensive Plan) Policy of 2004, properly planned and managed human settlements development become a transformative engine of economic growth and quality of life for all (UN-Habitat, 2020). The importance of accessing the required expertise to accomplish these goals requires a deliberate capacitation plan. As such, in line with OPSCAP's logical framework, there was an introduction of an operational capital budget allocated to the Provincial Departments and the Metros to be utilised to purchase and sustain the capacity that was required in the implementation of human settlements projects.

The guidelines of the Programme set out the purpose of OPSCAP to build capacity and sustain operational costs associated with the delivery and administration of the Human Settlements Programme in line with the conditions set out in the Division of Revenue Act (DORA). The operational capital funding will typically build capacity on the following:

- Conceptualisation of housing projects.
- Plan formulation.
- Managing and implementing strategies.
- Policies to improve implementation.
- Programme and project management including financial management and control.

2.3.5 The Need for Project Management

The Comprehensive Plan highlights the need to outsource project management of human settlement projects to private sector expertise using OPSCAP to ensure successful delivery (NDHS, 2004). A Government Technical Advisory Centre (GTAC) case study on the delivery management of infrastructure projects in the public sector places an emphasis on the critical importance of a strong delivery management team (project management team) to ensure that infrastructure projects are implemented efficiently and effectively, resulting in value for money. It is therefore vital that employees of organs of state who are responsible for delivery management of infrastructure programmes and projects demonstrate leadership, consistent governance and systematic administration of procurement, contracts, and project finances. In instances where an organ of state does not have sufficient capacity to

implement its programmes and projects, capacity from either an implementing agent or from the private sector should be contracted to assist the organ of state (GTAC, 2021).

The Project Management Institute (PMI) defines a project as a specific undertaking to deliver a unique tangible output or result. Projects are temporary in nature and close down on the completion of the work they were commissioned to deliver. The Association for Project Management (APM) also has a similar take, defining a project as a unique, transient endeavor undertaken to achieve planned objectives, which could be defined in terms of outputs, outcomes or benefits (Samolovac, 2022). Simply stated, a project is an activity designed with the goal of achieving a predetermined output or deliverable. A project manager is therefore responsible for ensuring a project delivers its intended output in line with a defined time frame and budget (Weaver, 2010).

A programme differs from a project in that it refers to multiple related projects which are managed and delivered as a single package in order to obtain benefits and control that would not be available from managing them individually (ibid). Unlike a project, the goal of a programme is not output but rather the achievement of an outcome or pre-determined objectives (Samolovac, 2022). In the same way the grant funding from which OPSCAP is derived focuses on the outcome of sustainable and integrated human settlements programmes rather than individual localized projects.

The primary intent of OPSCAP is to provide project management support for the implementation of human settlement projects by the Provincial Departments and the Metropolitan Municipalities. The Project Management Institute goes on to define project management as the application of processes, methods, skills, knowledge and experience to achieve specific project objectives according to the project acceptance criteria within agreed parameters (PMI, 2022). Project management has final deliverables that are constrained to a finite timescale and budget. Wikipedia further defines project management as the process of leading the work of a team to achieve all project goals within the given constraints. This information is usually described in project documentation, created at the beginning of the development process. The primary constraints are scope, time, and budget. The secondary challenge is

to optimize the allocation of necessary inputs and apply them to meet pre-defined objectives (PMI, 2020).

The objective of project management is to produce a complete project which complies with the client's objectives. In many instances project management may involve the restructuring of the client's brief to feasibly address the client's objectives.

In an online publication, Lucidchart (2022) states that the purpose of project management is to plan and manage a project to successfully complete its listed goals and deliverables. It involves identifying and managing risks, careful resource management, smart budgeting, and clear communication across multiple teams and stakeholders. The article further explains why project management is a necessary and essential part of project implementation. Research by the PMI found that projects run by project managers performed better in terms of staying on schedule and within budget, meeting the scope and quality standards. According to Lucidchart (2022), project management offers the following proven advantages when implementing projects:

- Realistic project planning – in terms of goals budgets and timelines.
- Clear focus and objectives.
- Strategic alignment.
- The process of delivery is managed and directed, risks are anticipated and handled proactively.
- Quality control – the project should meet all quality standards and project management will ensure defined quality standards are adhered to.
- Cost control – project management improves efficiency in the execution of the project resulting in effective cost control.

2.3.6 Approaches to funding project management of capital projects

The general approach to financing project management costs for built environment projects is to include the cost as a percentage of the overall price when preparing project budgets during project planning. The project management cost can be anything from 2% to 15% of the overall project cost, on a sliding scale proportionate to the size or scale as well as the complexity of the project.

The PMI estimates that on average, project/construction management costs during the construction phase of the project are in the range of 4–8 percent of project cost/budget. The percentage may increase if project controls support is added.

The South African Council for the Project and Construction Management Professions (SACPCMP) has a guideline for construction project management services pertaining to building projects as per the diagram below. The basic fee for normal project management services is calculated at the percentage mentioned against the cost of the works contained in Table 11.

Table 11: SACPCMP guideline for construction project management services

Cost Bracket	From	To	Primary Fee	PLUS SECONDARY FEE	
				Add %	for value over
1	1	1 000 000	16 650	8.00	0.00
2	1 000 001	2 000 000	96 650	8.00	1 000 000.00
3	2 000 001	4 000 000	175 400	7.95	2 000 000.00
4	4 000 001	8 000 000	334 400	7.85	4 000 000.00
5	8 000 001	16 000 000	648 400	7.80	8 000 000.00
6	16 000 001	32 000 000	1 272 400	7.00	16 000 000.00
7	32 000 001	64 000 000	2 392 340	6.30	32 000 000.00
8	64 000 001	128 000 000	4 408 340	5.60	64 000 000.00
9	128 000 001	256 000 000	7 992 400	4.90	128 000 000.00
10	256 000 001	500 000 000	14 264 400	4.24	256 000 000.00
11	500 000 001	1 000 000 000	24 610 000	3.66	500 000 000.00
12	1 000 000 001	2 000 000 000	42 910 000	3.16	1 000 000 000.00
13	2 000 000 001	3 000 000 000	74 510 000	2.83	2 000 000 000.00
14	3 000 000 001	And above	102 810 000	2.58	3 000 000 000.00

Source: SACPCM, 2019

With regards to OPSCAP on the other hand, the prescribed percentage dedicated to project management operations is based on the allocated capital grant rather than the implementation costs of the projects. Both the HSDG and the USDG are dedicated entirely to the funding of projects within the overall human settlements programme and the prescribed percentage is applied in this case to procure project management services for the range of projects that have been identified for funding by the grant in the short to medium term.

In some cases, the percentages applied may also vary and increase depending on the project management phase with higher rates being applicable during the

implementation phase. Other variances may include the charge of a basic hourly rate for project management, particularly during the project inception phase.

The Johannesburg Development Agency (JDA) Approach

The Johannesburg Development Agency (JDA) is an entity of the Johannesburg Metropolitan Municipality tasked with the responsibility of initiating and managing area-based urban regeneration through capital works projects and partnerships and to rejuvenate economic activity throughout the Johannesburg Metropolitan area (JDA, 2018). As development manager of these initiatives, the JDA co-ordinates and manages capital investment and other programmes involving both public - and private-sector stakeholders (JDA, 2018). The JDA is also an implementing agent for some Gauteng Provincial Government projects within the Metro. The JDA draws its operating budget from a 5 percent fee on all projects, including on the capital budget of Johannesburg Metropolitan Municipality, and a transfer received from the Metro to accommodate JDA's non-development-based operations. The private sector regeneration initiatives in the Inner City were significantly financed through private sector involvement (World Bank Group, 2015).

Santiago Urban Regeneration Programme Approach

Similarly, in Santiago, an urban regeneration initiative was initiated after several years of urban decay by attracting private investment in housing and improve the deteriorated physical environment of the district through public capital investment spending. The Municipality's wholly owned development corporation, the Santiago Development Corporation (SDC) was tasked with implementing these initiatives. The SDC operational costs were based on a Municipal allocation of not more than 7% of its capital budgets (World Bank Group, 2015).

2.3.7 Institutional and organisational capacity building

The purpose of the OPSCAP prescribed budget is primarily to build capacity and sustain operational costs associated with the delivery and administration of human settlements programmes (NDHS, 2014). The guideline for the Programme goes on to explain that capacity building within the context of OPSCAP refers to the process through which the institution develops knowledge, skills and attitudes to ensure its ability to achieve the desired outputs and targets set out in the DORA grant framework.

In addition, OPSCAP is intended to build the institutions' capacity to formulate plans, manage and implement strategies to improve implementation, planning and programme and project implementation expenditure towards the achievement of the creation and development sustainable human settlements, outputs and targets. (USDG/OPSCAP Guidelines, n. d).

The United Nations Development Programme (UNDP) and United Nations Disaster Risk Reduction Offices (UNISDR) define institutional or organizational capacity as the capability of an institution or organization to set and achieve social and economic goals, through knowledge, skills, systems, and institutions. While institutional capacity is often mentioned in development contexts and is well understood in general terms, it can be difficult to define in specific terms and in measurable ways, (ITDP, 2016).

The United Nations Academic Impact (UNAI), in an online publication, further defines capacity building as the progressive development and strengthening of skills, instincts, abilities, processes and resources that organizations and communities need to survive, adapt, and thrive. (UNAI, 2022). It further emphasizes the need for the skills to be sustained over time from within, through a process of transformation. As such, individuals and institutions become empowered to transform cities into sustainable, safe, resilient, and just places to live and work in (UN-Habitat, 2020). In the same way the inception of OPSCAP in 2010 was intended to initiate a capacity building process in the institutions that over the years would be able to successfully implement human settlements projects independently.

Another study on urban governance in the developing world carried out by the University of Birmingham highlights that managing cities and urban growth is one of the defining challenges of the twenty-first century and that many municipalities lack the skills, capacity and resources to meet obligations (UN-Habitat, 2020). The introduction of the USDG from which OPSCAP is derived was a response to the challenges being experienced by the Metropolitan cities. The study further argues that expanding capacity to plan, manage and finance urban growth is a fundamental component of effective urban governance. Furthermore, cities that are poorly planned, managed and governed can become centers of poverty, inequality, and conflict (UN-Habitat, 2020). Not only was OPSCAP intended to provide implementation support, but it would address Metro's capacity issues in the long-term. In fact, an Asian

Development Bank (ADB) publication also highlights that providing technical assistance and institutional capacity building to housing institutions must go hand in hand with providing capital for housing development. Institutional development and training in order to build capacity deserve the same priority as financing the physical components of housing projects (ADB, 2022).

Capacity building of institutions must be designed and structured methodically to ensure that knowledge is retained at institutional level rather than at individual level. Groups to be targeted for capacity building must be accurately identified and their level of skills and competencies assessed in advance. Capacity-building interventions should not create dependency and must have built-in sustainability.

International and local experience show that the impact and sustainability of capacity-building interventions are limited when they are consultant driven and not embedded through knowledge transfer in the daily operations of the municipality. (LGSETA, 2017).

2.3.8 Skills Transfer component

An important component of OPSCAP is that of skills transfer to officials in the public sector. The Comprehensive Plan for the Development of Integrated Sustainable Human Settlements (The Comprehensive Plan) states: “A portion of the capital budgets is to be made available for operational expenses and outsourcing planning, engineering, project management and social facilitation to the private sector to ensure delivery in the short term. It will be expected of the private sector teams to provide skills transfer and training to public sector employees who will increasingly have to take on the responsibilities for ensuring delivery” (NDHS, 2004:14).

The Collins Dictionary defines a skill as a type of work or activity which requires special training and knowledge. It is the knowledge and ability that enables one to become proficient at a task or activity. The word transfer in this context refers to the transmission or conveyance of such knowledge and skills.

The LGSETA, 2017 describes skills transfer as the acquisition of skills or competencies, knowledge and abilities over a period of time in a training setting in the workplace. As such skills transfer enables employees to apply the skills that they have acquired in their jobs, (LGSETA, 2017). Cogo & Co, 2017, in an online publication

defines skills transfer as the method in which an employee is taught to perform a new task or skill. The article emphasizes that the key to effective skills transfer is that the individual transferring the skill needs to understand and be able to translate this particular skill to their peer.

Carden, 2020 defines 5 steps required for effective skills transfer:

- Explaining the skill and its importance and use.
- Demonstration of the skill correctly.
- Practicing the skill, with coaching.
- Observation of the skilled recipient practicing the skill within a timeframe.
- Feedback on areas of improvement.

The Comprehensive Plan outlines the four main skills that must be outsourced utilizing operational funding i.e., planning, engineering, project management and social facilitation. As such the external service provider must work closely with the public officials in line with systematic skills transfer plan that will capacitate them in the long-term.

2.4 Gaps in Existing research

There is a lack of research on grant based operational capital, specifically how it can be used effectively to improve service delivery. There is also a lack of documented case studies or examples of how operational capital has been used effectively.

2.5 The Operational Capital Programme

2.5.1 Background

The right to housing is enshrined in Section 26 of the Constitution which directs the State to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right. This subsequently gave rise to the Housing Act of 1997 and over the years, a range of housing policies and programmes aimed at achieving this mandate. The Comprehensive Plan introduced in 2004 highlighted the need to shift towards more inclusive settlement patterns resulting in the revision of housing policies and the introduction of additional housing programmes. In addition, the Comprehensive Plan recognized the need for external contractors to provide implementation assistance at provincial level as paramount in the achievement of the Government's housing development goals and in turn address

capacity constraints in the implementation of housing programmes including housing land identification, acquisition, and assembly. The Operational Capital Budget Programme (OPSCAP) was subsequently introduced by the Minister in 2010 in terms of the provisions of Section 3 (2), (4) and (5) of the Housing Act, 1997 (Act No. 107 of 1997) as part of an ensemble of National Housing Programmes designed to progressively transform settlement patterns in South Africa.

OPSCAP provides the Provincial Departments of Human Settlements with a mechanism to utilise a prescribed percentage (5%) of their annual HSDG allocation for the purpose of appointing external capacity to strengthen operational capacity in the implementation of Human Settlements Development Grant (HSDG) funded projects. The Programme also provides for the strengthening of the implementation capacity of Metropolitan Municipalities through the application of a similar prescribed percentage (3%) on the Urban Settlements Development Grant (USDG) funded housing projects.

2.5.2 Description of the Programme

2.5.2.1 HSDG OPSCAP Component

In terms of the guideline, the main objective of OPSCAP is to provide for a funding framework for the reservation and application of a percentage of the annual housing allocation of the HSDG to provincial governments for the appointment of external capacity to support the implementation of the National and Provincial Housing Programmes. The Programme provides funding for the appointment of external expertise by the Provincial Departments and Metropolitan Municipalities (via the USDG portion) to augment the capacity required for housing delivery at scale, with particular emphasis on the following programmes but not limited to:

- The Informal Settlement Upgrading Programme.
- Projects that promote integration and the creation of a non-racial society.
- The provision of primary social and economic amenities.
- The unblocking of stalled projects.

The key principles underpinning the Programme are:

- The annual reservation of funds and the approval of expenditure under the Programme by the Accounting Officer of the PDHS, in consultation with the MEC, based on the confirmed and agreed needs of the province.
- Standard procurement processes must be adhered to between the organ of State and suppliers of goods and services.
- Approved structures/capacity for monitoring, evaluation, and reporting on the application of the Programme funding must be in place.

The guideline categorically states that the HSDG OPSCAP prescribed funding may not be utilised to enhance the provincial and/or municipal personnel establishment. When applying for the HSDG prescribed OPSCAP funding the Provincial Departments are required to include the scope of the project with specific reference to the identification of the relevant National and/or Provincial Housing Programmes that will be implemented by the external capacity to be appointed, including project specific information outlined in Table 12, amongst others.

Table 12: Required Project Specific Information for HSDG Funding

Project specific information for HSDG funding
(i) Name(s), number(s), and location(s) of the project(s) that will be implemented with the OPSCAP - funded external capacity.
(ii) Motivation for the need for the additional capacity.
(iii) Budget requirements for the application of the Programme.
(iv) Anticipated outputs of the Programme.
(v) Project timeframe(s).
(vi) In the case of existing projects, the date of approval of those projects that will be implemented utilizing the Programme.
(vii) Funding expended to date on the existing project(s) if applicable.
(viii) Funding remaining in respect of the existing project(s) to be affected by the Programme.
(ix) Plans for skills transfer to Provincial Departments or municipal personnel.
(x) A clear description (terms of reference) of the tasks and output requirements of the additional capacity to be appointed.
(xi) Confirmation that no alternative funding for this purpose is available.
(xii) Confirmation that the required capacity has been assigned to undertake performance monitoring, evaluation, and reporting on project progress; and
(xiii) Other relevant details of the existing or planned project(s).

Source: The Housing Code, 2009

In the administration and management of the HSDG component of OPSCAP funding, the Accounting Officer must adhere to the provisions of the annual Division of Revenue Act (DORA). In the case where a National Housing Programme provides funding for project management purposes, OPSCAP may not be used to augment this funding. In the application of the Programme, the Provincial Department of Human Settlements (PDHS) must ensure that:

- The annual funding set aside for the Programme is reflected in the multi-year provincial housing development plan and each annual performance/operational plan over the period of the Medium-Term Expenditure Framework (MTEF).
- Any residual amount not expended during a particular financial year is not rolled over to the following financial year.

The amount to be set aside for the Programme will be determined by the MEC on an annual basis and in terms of the provisions of the prevailing DORA. The PDHS must ensure, in the application of OPSCAP funding, that:

- The approved budget is not exceeded.
- OPSCAP funding is allocated to approved activities in the current financial year.
- Contractual obligations under the Programme that have financial implications over a number of years are properly accommodated in ensuing financial years.
- The monthly report on the Integrated Housing and Human Settlement Development Grant includes the outcome/effectiveness of the utilisation of the approved OPSCAP budget.

2.5.2.2 USDG OPSCAP Component

The guideline for the OPSCAP funding prescribed percentage of the USDG states that the primary purpose is to build capacity and sustain operational costs in the Metropolitan municipalities associated with the delivery and administration of urban settlements programmes in line with the requirements set by the NDHS. Capacity building will enable the Metropolitan Municipalities to achieve the desired outputs and targets set out in the DORA framework for the USDG such as plan formulation, managing and implementing strategies & policies to improve implementation, planning

and programme and project implementation expenditure towards the achievement of the creation and development of sustainable human settlements, outputs and targets.

The capacity building budget for the Metropolitan municipalities must target the following outputs:

- Identification, acquisition and development of land and property.
- Increase in Bulk and link infrastructure and capacity.
- Installation of Basic services.
- Servicing of sites.
- Planning and provision public and socio-economic amenities.

The guideline defines the key outcome of the USDG OPSCAP fund as that of ensuring that there is **improved and enhanced institutional capability and capacity** of Metropolitan Municipalities to implement programme and project objectives to achieve spatial integration and restructuring investment decisions in the Metropolitan Municipality. In the process of achieving this outcome, it is expected that the sub-outcomes outlined in Table 13 will accrue as a value-add towards the realization of the Municipality’s capacity building goals.

Table 13: Key and Sub outcomes of the USDG OPSCAP Funding

Key outcome of the USDG OPSCAP fund
Ensuring that there is improved and enhanced institutional capability and capacity of Metropolitan Municipalities
Sub-outcomes
(i) Optimum, relevant, sustainable programme and project planning and implementation capacity built within Metropolitan Municipalities.
(ii) Stable and effective intergovernmental relations planning coordination and contracting with the Provincial and Sector Departments.
(iii) Innovative programme and project management strategies to increase the delivery of outputs to achieve the MTSF target.
(iv) Improved programme and project management performance in meeting both financial and non-financial targets of the USDG, HSDG and other funding instruments.
(v) Improved implementation of the Government and national human settlements policies and programmes.
(vi) Better horizontal and vertical integration of programme planning, implementation, and alignment of budgets.
(vii) Improved monitoring, evaluation and reporting systems and processes in the delivery of human settlements.

Source: NDHS, 2016

Since the funding is considered to be supplementary and Municipalities are expected to raise additional capacity funding from their own funding sources. Details of such finding must also be indicated in the Capacity Building Plan as well as any other funding sources that address Municipal capacity.

The guideline also defines the following capacity building elements which are the target of the OPSCAP budget in the USDG:

- The recruitment, selection, and appointment of staff – should be based on an approved organogram.
- External technical or specialist/ professional assistance – specify type of specialist assistance together required with clear skills transfer plan and associated costs.

2.5.3 Legislative and Regulatory Environment

The following section examines the legislative and regulatory/policy environment within which OPSCAP operates. South Africa's dawn of democracy in 1994 also ushered in radical transformative changes in the legislative and policy environment relating to human settlements. The new constitution set the stage for inclusivity and integration in human settlements by enshrining the right to adequate housing for all.

The key pieces of legislation and policy frameworks that govern OPSCAP are the Housing Act and subsequently the Comprehensive Plan of 2004, which conceptualised the Programme. The Comprehensive Plan shifted policy away from delivery of subsidised housing units to the creation of sustainable and integrated human settlements (Rust, 2006).

The Policy clarifies that sustainable human settlements refer to “well-managed entities in which economic growth and social development are in balance with the carrying capacity of the natural systems on which they depend for their existence and result in sustainable development, wealth creation, poverty alleviation and equity” (The Comprehensive Plan, 2004:17). The Comprehensive Plan discusses a number of elements which relate to the expanded view of human settlements development which would require sustained capacity enhancements within the sector through programmes such as OPSCAP and others:

- Shifting from product uniformity to demand responsiveness.
- Enhancing the role of the private sector.
- Project management and other support.
- Progressive Informal Settlement Eradication.
- Promoting Densification and Integration.
- Enhancing Spatial Planning.
- Supporting Urban Renewal and Inner-City Regeneration, and
- Developing social and economic infrastructure.

Thereafter the Housing Code in 2009, laid out a framework for the implementation of OPSCAP in line with the Comprehensive Plan. OPSCAP would be required to conform with the provisions of the HSDG and USDG annual DORA frameworks, and also comply with MFMA and the PMFA.

The NDP and the MTSF (2020-2025) further acknowledges the need to transform human settlements that have been plagued by inequity and dysfunction through the implementation of multiple integrated programmes, particularly in priority development areas. Table 14 outlines the legal and policy environment within which OPSCAP operates.

Table 14: Legislation and Policy Framework

Policy/Legislation	Description	Linkages with OPSCAP
The Constitution, 1996	<ul style="list-style-type: none"> ● Most of the Acts/legislation that guides and direct human settlements development in the country are rooted from the constitution of the Republic South Africa and the Bill of rights in particular mandating the institution to carry out housing responsibilities. ● Constitution Mandate (Act No.108 of 1996): chapter 2 section 26 of the Bill of rights places direct responsibility on the Department to ensure realization of everyone right to access adequate housing through various housing programmes. Chapter 2 of the constitution refers to the provision of housing, services and land matters summarised as follows: <ul style="list-style-type: none"> ○ Section 25 (property) provides that. <ul style="list-style-type: none"> - No one may be deprived of property (land) except in terms of law of general application, and no law permit arbitrary deprivation of property. - A person or community whose tenure of land is legally insecure as a result of past racially discrimination laws or practices is entitled to tenure which is legally secure or to comparable redress and that parliament must enact legislation to address such. ○ Section 26 (housing) requires the state to: <ul style="list-style-type: none"> - Take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of everyone’s right of access to housing. - Ensure no one is evicted from their home, or has their home demolished without an order of the court made after considering all the relevant circumstances. 	<p>The right to housing for all is enshrined in the constitution from which the NDHS has its mandate.</p>
Housing Act,1997	<p>The Act provides that the institution assigned with the responsibility of providing human settlements development should develop plans in an endeavor to execute national and provincial housing programmes which is consistent with national housing policy. The Act sets out the respective roles of the three spheres of government, including the role for municipalities in creating a public environment conducive for housing development, provision of bulk and internal engineering services. The Housing Act also sets out the process for housing accreditation of Metros to improve integration of different built environment components to develop sustainable human settlements for the poor.</p>	<p>The Housing Act has given rise to the introduction of the state’s various housing programmes including OPSCAP which provides operational support to some of the programmes.</p>

Policy/Legislation	Description	Linkages with OPSCAP
White paper on housing, 1994	<p>The white paper aims at creating viable, integrated settlements where households can access opportunities, infrastructure, and services. The white paper outlines how the government’s overall approach to the housing challenge is aimed at mobilizing and harnessing the combined resources efforts and initiative of communities, the private and commercial sector including the state. The policy outlines several key strategies and include the following amongst others:</p> <ul style="list-style-type: none"> ○ Stabilizing the housing environment to ensure maximal benefit of state housing expenditure and mobilizing private sector investment. ○ Facilitating the establishment or directly establishing a range of institutional, technical, and logistical housing support mechanism to enable communities to, on a continuous basis to improve housing circumstances. 	<p>The 1994 Housing White Paper outlined the framework and guidelines for the inception of the National Housing Programme.</p>
The Comprehensive Plan for the development of Integrated Sustainable Human Settlements, 2004	<p>The defining policy for human settlements since 2004 has been the ‘Breaking New Ground’ (BNG): A comprehensive plan for the development of Sustainable Human Settlements. The Comprehensive Plan has two key primary elements.</p> <ul style="list-style-type: none"> ○ Sustainable Human settlements: a shift from the provision of housing units to sustainable human settlements. ○ Integration: spatial restructuring of cities and both intra-governmental and inter-governmental integration, requiring integrated planning and coordinated investment. The Comprehensive Plan provides several programmes designed to strategically achieve the following: <ul style="list-style-type: none"> - Stimulating the residential property market - Spatial restructuring and sustainable human settlements - Social (medium density) housing programme - Informal settlement upgrading programme. - Institutional reform and capacity-building 	<p>The Comprehensive Plan emphasized the need to shift towards more inclusive settlement patterns and the need for institutional reform and capacity building as part of the strategy to sustain the national housing programme.</p>
Housing Code, Revised 2009	<p>The Housing Code – revised in 2009, is issued in terms of the Housing Act. It sets out the underlying policy principles, guidelines, norms, and standards that apply to government’s various housing assistance programmes that have been introduced since 1994. The code also outlines the financial interventions available for housing development programmes. It also</p>	<p>The code introduces OPSCAP and sets out the policy guidelines for the programme. It</p>

Policy/Legislation	Description	Linkages with OPSCAP
	<p>clarified the roles and responsibilities of the three tiers of government in the provision of housing as follows:</p> <ul style="list-style-type: none"> ● <i>National Government</i> – to establish and facilitate a sustainable national housing development process. ● <i>Provincial Government</i> – to create an enabling environment by promoting and facilitating the provision of adequate housing in the province within the framework of national housing policy. ● <i>Municipalities</i> – to pursue the delivery of housing. Every municipality must take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to ensure that the housing right as set out in Section 26 of the Constitution is realised. 	<p>also explains the roles of the three tiers of government in the implementation of the National Housing Programme – including OPSCAP.</p>
<p>Division of Revenue Act/ Bill, Annual</p>	<p>The Division of Revenue Act (DoRA) provides for the equitable division of revenue raised nationally between the national, provincial, and local spheres of government. The Act is enacted annually as per the provisions of Section 214 of the Constitution. DoRA amendments are prepared annually in alignment with the MTSF priorities. The allocations have 2 components i.e., equitable share allocations, and conditional grant allocations to Provincial Departments and Municipalities. OPSCAP is funded from Human Settlement Development Grant (HSDG), a Schedule 5 Grant with a specific purpose conditional grant to Provincial Departments and the Urban Settlements Development Grant (USDG), a Schedule 4 Grant to Metropolitan Municipalities.</p> <p>Provincial Departments and Metropolitan Municipalities are therefore accountable for all the HSDG and USDG funds transferred to them by NDHS in terms of the prescripts.</p>	
<p>Public Finance Management Act (PFMA), 1999</p>	<p>Is intended to regulate financial management in the national government as well as ensuring that all revenue, expenditure, assets, and liabilities of that government are managed efficiently and effectively. The Act also provides for the responsibilities of persons entrusted with financial management in that government.</p>	<p>The management of OPSCAP funds must be in line with the provisions of the PFMA.</p>

Policy/Legislation	Description	Linkages with OPSCAP
Municipal Management Act (MFMA), 2003	This governs the use of the resources in the municipality and accountability in relation to the municipal finances	The management of OPSCAP funds must be in line with the provisions of the MFMA.
The Spatial Planning and Land Use Management Act (SPLUMA), 2013	SPLUMA provides national, provincial, and municipal spheres of government with a framework for the establishment of policies and systems relating to planning and land use management	A component of OPSCAP is dedicated to making available suitable land for human settlements development in line with SPLUMA.
Human Settlements Development Grant (HSDG)	<p>The Human Settlements Development Grant (HSDG) is a Schedule 5 Grant in terms of the Division of Revenue Act (DORA). The Grant is allocated to the nine Provincial Departments towards the progressive realization of access to adequate housing through the creation of sustainable and integrated human settlements.</p> <p>The purpose of the Human Settlement Development Grant is:</p> <ul style="list-style-type: none"> ● To provide funding for the progressive realization of access to adequate housing through the creation of sustainable and integrated human settlements. ● To provide funding to facilitate a programmatic and inclusive approach to upgrading informal settlements. 	OPSCAP is derived from 5% of the HSDG and must be utilised in line with the grant framework
Urban Settlements Development Grant (USDG)	The Urban Settlements Development Grant (USDG) is a Schedule 4 Grant in terms of DORA that seeks to support the development of sustainable human settlements and improved quality of life for households through accelerating the provision of serviced land with secure tenure for low-income households in the large urban areas by supplementing municipal resources. The Grant is allocated to the 8 Metropolitan Municipalities.	OPSCAP is derived from 3% of the HSDG and must be utilised in line with the grant framework

Policy/Legislation	Description	Linkages with OPSCAP
Municipal Systems Act, 2000	The Act requires Municipalities to prepare and approve Integrated Development Plan (IDPs) to plan for and guide development within their jurisdiction. In line with this, the Municipalities must also SDBIPs which are management and implementation tool for the programmes/ projects set out in the IDP.	The grant framework is in line with the Municipal planning instruments – IDPs, SDBIPs etc.
Medium Term Strategic Framework (MTSF) (2020-2025)	<p>The current MTSF highlights the fact that human settlement patterns remain inequitable and dysfunctional across the country, with densely settled former homeland areas and insecure tenure. Housing demand has increased dramatically as household size has reduced, with urbanization accelerating over the past 25 years despite extensive efforts to address these issues. The current MTSF period focuses on the following inter-related outcomes:</p> <ul style="list-style-type: none"> ● Spatial transformation through multi-programme integration in priority development areas. ● Adequate housing and improved quality living environments; and Security of tenure. 	The MTSF priorities are expressed in the grant frameworks for the USDG and HSDG from which OPSCAP is derived.
National Development Plan (NDP)	<p>In terms of human settlements, the NDP sets out the objectives for 2030 as:</p> <ul style="list-style-type: none"> ● Strong and efficient spatial planning system, well integrated across spheres of government. ● Upgrade all informal settlements on suitable, well-located land by 2030. ● More people living closer to their places of work. ● Better quality public transport; and ● More jobs in or close to dense, urban townships (NPC, 2012: 58). 	The grant frameworks are aligned to the NDP.
The Housing Development Agency Act ,2008	<p>The Housing Development Agency (HDA) was established in terms of this Act to:</p> <ul style="list-style-type: none"> ● identify, acquire, hold, develop, and release state, privately and communally owned land for residential and community development. ● monitor progress in the development of land and property acquired for the purpose of creating sustainable human settlements. ● undertake project management services, including providing assistance in respect of approvals required for housing developments. 	An agency of the DHS supporting the development of human settlements projects and programmes that are funded by the HSDG and the USDG

Source: Author Compilation

2.5.4 Operational Capital Programme Institutional Environment

The following section examines the institutional framework or environment within which OPSCAP is being implemented. Institutional framework refers to a set of formal organizational structures, rules and norms of institutions which establish what can be loosely termed the rules of the game with regards to the Programme (Willems, 2003). Institutional frameworks provide administrative parameters for programmes and have an impact on programme performance. Institutional structures that are efficient and well-resourced generally tend to make for successful programmes (ibid).

The institutional framework further describes the roles and responsibilities of the various institutions and/or stakeholders (Clews, 2016). OPSCAP's institutional framework is typical and consists of a number of institutions as described in Table 15.

Table 15: Institutional Framework

Institutions	Responsibilities (HSDG)	Responsibilities (USDG)
National Department of Human Settlements (NDHS)	<ul style="list-style-type: none"> • The NDHS is responsible for the transferring of HSDG funds to the Provincial Departments of Human Settlements for the delivery of relevant outputs to create sustainable human settlements and improved quality of household life. • The Department approves conditional grant business plans and ensures compliance with the reporting requirements for conditional grants. • Provide support to Provincial Departments. • Comply with the responsibilities of the national transferring officer outlined in the DORA. • Participate in the National Treasury process for budgeting and benchmarking. 	<ul style="list-style-type: none"> • Facilitate strategic planning, budgeting and implementation support as well as facilitate interaction between national sector and state-owned enterprises or other relevant entities of the state, Provincial Departments of human settlements and participating municipalities on a regular basis. • Annually submit a consolidated evaluation report on the application and achievements realised through the USDG funding to National Treasury. • Provide systems, including a tranche payment system, which support the administration of the USDG, and exercise financial accountability for the USDG. • Monitor municipal spending performance of the Capital Investment Programme and over time the achievement of a more compact city and better performing built environment, utilizing progress assessment based on the Annual Performance Matrix as one of the tools. • Provide support to municipalities. • Facilitate the alignment of provincial Annual Performance Plans for Human Settlements to the revised municipal Human Settlements Chapters of the IDP's to contribute to better performing built environments. • Comply with the responsibilities of the national transferring officer outlined in the DORA. • Participate in the National Treasury process for budgeting and benchmarking
National Treasury	Responsible for DORA allotments of the HSDG funding to the NDHS for distribution to the Provincial Departments.	Responsible for DORA allotments of the USDG funding to the NDHS for distribution to the 8 participating Metropolitan municipalities.

Institutions	Responsibilities (HSDG)	Responsibilities (USDG)
Provincial Department	<ul style="list-style-type: none"> • The PDHS Accounting Officer must annually reserve funds and approve expenditure under the Programme, in consultation with the MEC, based on the confirmed and agreed needs of the province. • Ensure that the annual funding set aside for the Programme is reflected in the multi-year provincial housing development plan and each annual performance/operational plan over the period of the Medium-Term Expenditure Framework (MTEF). • Ensure that any residual amount not expended during a particular financial year is not rolled over to the following financial year. • Ensure contractual obligations under the Programme that have financial implications over a number of years are properly accommodated in the ensuing financial years. • Ensure that monthly report on the Integrated Housing and Human Settlement Development Grant includes the outcome/effectiveness of the utilisation of the approved OPSCAP budget. • Adhering to the provisions of the annual Division of Revenue Act • The PDHS must continuously assess the Program to determine whether it is concentrated on sectoral priorities and utilize the data acquired to decide whether to expand or reduce service delivery levels. • The PDHS must also provide an update on the Program's implementation status, including a description of any issues that have arisen and the steps taken to address them. 	<p>Provincial Departments of Human Settlements must align provincial Human Settlements Plans to the BEPPS of the Metropolitan municipalities and provide certainty through funding allocation/reservation of the HSDG for the application of National Housing Programmes over the medium term to ensure coordinated planning and project implementation.</p>

Institutions	Responsibilities (HSDG)	Responsibilities (USDG)
Metropolitan Municipalities	Consultation with NDHS and PDHS on Outcome 8 targets to be prioritized in the BEPPs	<ul style="list-style-type: none"> • Municipalities must develop, approve, and submit a comprehensive and credible BEPP to the NDHS that demonstrates eligibility for the allocation of USDG funding in terms of the prescribed requirements. • Approve the budget allocations and conditions determined for municipalities and enter into agreements on payment schedules as required by DORA with the NDHS. • Ensure that the municipal planning, funding, and implementation of human settlement development are consistent and aligned to the BEPP. • Submit quarterly reports on performance of capital and operational expenditure of the allocated USDG funds to the NDHS – including the OPSCAP prescribed portion. • Comply with the provisions of the annual Division of Revenue Act with respect to the receiving institution. • Ensure that the municipal planning, funding, and implementation of human settlements and built environment development are consistent and aligned with national and provincial strategic and annual performance plans. • Comply with the terms and conditions of the national performance agreements and provincial and local delivery agreements on the human settlements’ development outcome
Member of Executive Council (MEC)	Determine the amount to be set aside for the annual basis and in terms of the provision of the prevailing DORA.	

Source: Author Compilation

2.5.5 Operational Capital Programme Funding Arrangements

2.5.5.1 Human Settlements Grants

a) Division of Revenue Act (DORA) Capital Grants

Section 214 (1)(a) of the Constitution provides for the division of revenue between the national, provincial, and local spheres of government. In compliance with these provisions, the National Treasury annually publishes the Division of Revenue Act (DORA) in line with the Medium-Term Expenditure Framework (MTEF) for the allocation of funds to the three spheres of government. The allocated funds are then transferred in the form of conditional and unconditional grants. Conditional Grants are allocated in line with grant framework conditions to be fulfilled. OPSCAP is funded by means of two such grants namely, the Human Settlements Development Grant (HSDG) and the Urban Settlements Development Grant (USDG).

b) Human Settlements Development Grant

The Human Settlements Development Grant (HSDG) is a Schedule 5 Grant. The intent of the Grant is the creation of habitable, stable and sustainable integrated human settlements that enable improved quality of household life and access to basic services. According to the Grant Framework, the HSDG has the following outcome statements:

- The facilitation and provision of adequate housing opportunities and improved quality living environments.
- A functionally equitable and integrated residential property market.
- Enhanced institutional capabilities for effective coordination of spatial investment decisions.
- The HSDG includes a component for informal settlements upgrading that promotes integrated sustainable urban settlements and improved quality living environment as per the National Housing Code 2009.

The allocation of the Grant is subject to conditions that relate to the parameters for the utilisation of the grant, amongst others. The framework also stipulates that Provincial Departments may utilise up to a maximum of 5 per cent of the provincial allocation for the operational capital budget (OPSCAP) programme to support the

implementation of the projects contained in the business plan. The prescribed OPSCAP percentage on the HSDG currently stands at not more than 5%.

c) Urban Settlements Development Grant

The USDG is allocated as a supplementary grant to Metropolitan cities in line with schedule 4, part B of the Division of Revenue Act, which means that municipalities are expected to use a combination of grant funds and their own revenue to develop urban infrastructure and integrated human settlements (National Treasury, 2020). The Grant was introduced in the 2011/12 financial year and primarily targets the provision of infrastructure for municipal services and upgrades to urban informal settlements in the eight Metropolitan municipalities through accelerating the provision of serviced land with secure tenure for low-income households in the large urban areas. The USDG constitutes an integrated source of funding to support the development of sustainable human settlements and improved quality of life for households in line with the following outcome statements.

- Increased availability of serviced urban land parcels.
- Increased access to suitable shelter.
- Increased average density of cities.
- Increased security of tenure irrespective of ownership or rental, formal or informal structures security.

There are currently eight (8) Metropolitan Municipalities that receive the annual USDG allocation as illustrated in Table 16.

Table 16: Metropolitan Municipalities receiving USDG

Province	Metro
Eastern Cape	Buffalo City
	Nelson Mandela Bay
Free State	Mangaung
Gauteng	City of Ekurhuleni
	City of Johannesburg
	City of Tshwane
KZN	eThekweni
Western Cape	City of Cape Town

Source: Author compilation

The USDG funds are allocated by the National Treasury to the NDHS which transfers the funds to the eight Metros. Over the years the Metros have been required to prepare an approved Built Environment Performance Plan (BEPP) in line with National Treasury directives which formed the basis of the USDG allocation. The BEPPs are in the process of being phased out and the Municipal IDP (together with the SDBIP) is expected to play this role. The Metros assume responsibility for the USDG funds received from the Provincial Department and in terms of the Municipal Finance Management Act (MFMA). The prescribed OPSCAP percentage on the USDG currently stands at 3%.

2.5.6 Monitoring and Evaluation Framework

This section presents the current monitoring and evaluation framework or approach for OPSCAP. The monitoring and evaluation framework provides guidance on how the monitoring and evaluation of the Programme should be carried out in order to consistently measure its results. It is founded on the Programme theory. Monitoring and evaluation keep track of quantitative and qualitative performance data relating to the Programme and in the case of OPSCAP is the responsibility of a number of institutions as described below.

2.5.6.1 HSDG Monitoring and Evaluation Arrangements

The Programme guideline briefly defines the framework or approach outlined in Table 17 to be utilised in carrying out the monitoring and evaluation framework for OPSCAP.

Table 17: HSDG Approach in conducting M&E framework for OPSCAP

HSDG Framework/ Approach in conducting M&E framework for OPSCAP

- (i) The PDHS must ensure that it monitors and records performance, *inter alia*,
 - In respect of generic (for example, decisions taken at meetings) elements.
 - Cross-cutting (for example Expanded Public Works Programme) conditions.
 - Funds spent; and
 - Objectives met by the service provider.
- (ii) In addition, the PDHS must constantly evaluate the Programme to determine whether it is focused on sectoral priorities and the information gathered must be used to make decisions on the broadening or scaling down of service delivery levels; and
- (iii) The PDHS must also report on the progress being made with the implementation of the Programme, giving details of the problems encountered and the efforts and progress being made to resolve them (The Housing Code, 2009).

Source: NDHS Guideline, 2016

2.5.6.2 Urban Settlements Development Grant and Evaluation Arrangements

On the other hand, the monitoring and evaluation approach for the USDG prescribed portion of OPSCAP is to be carried out in line with the Metropolitan Municipalities' existing planning, reporting, monitoring, and evaluation procedures.

In addition, the Metros must create a capacity building plan for capacity building items linked to the generic outputs of the USDG funding framework. The capacity building plan assists the Municipalities in reflecting the capacity requirements for the delivery of sustainable human settlements. The Capacity Building Plan forms part of the monitoring and evaluation instruments for the Programme and must include the elements listed in Table 18.

Table 18: USDG Approach in conducting M&E framework for OPSCAP

USDG Framework/ Approach in conducting M&E framework for OPSCAP
(i) Clearly state the purpose for which the OPSCAP portion of the grant will be used in relation to the broad capacity building elements i.e., recruitment of technical staff or the appointment of external professional service providers.
(ii) Outline how the capacity building elements are linked to the delivery of the generic output areas.
(iii) Clear costing and quantification of the capacity building elements
(iv) Clear timeframes, cash flow, responsibilities, and desired outcomes for the implementation of the capacity building plan.
(v) Report on USDG expenditure, inclusive of the OPSCAP prescribed amount, against their Service Delivery Budget Implementation Plan (SDBIP) which reports spending on the entire municipal budget.

Source: NDHS Guideline, 2016

The SDBIP provides a detailed plan of how the Municipality will provide services in its jurisdiction taking into account its available financial resources. It presents service delivery targets and outputs which are linked to budgets. The SDBIP is prepared in line with the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) (NMBMM SDBIP-2020/2021).

With the phasing out of BEPPs, the monitoring and reporting of OPSCAP will continue to take place within the IDP and SDBIPs regime as well as follow the quarterly performance reporting of the NDHS.

2.5.7 Overview of Operational Capital Programme performance and outputs to date

The following section gives an overview of the Programme performance and fund utilisation based on a review of publicly available documents as required by the Terms of Reference. The overview will focus on some of the receiving Metropolitan municipalities and PDHS which are actively utilizing the prescribed funds.

Table 19 below depicts the Metros that utilised the OPSCAP budget in the 2021/22 financial year, as of 31st October 2021. The data reflects that by 31 October 2021, not all the Metros had registered expenditure on the OPSCAP based on their annual USDG allocations. This may be because the Metros do not utilise the OPSCAP allocation or no reporting on it was registered, a fact that will be clarified and discussed at length in the findings report.

Table 19: USDG Performance as of 31 October 2021

Departments/ Services	Buffalo City	Nelson Mandela Bay	Mangaung	City of Ekurhuleni	City of Johannesburg	City of Tshwane	eThekwin	City of Cape Town	Consolidation	
	Expenditure	Expenditure	Expenditure	Expenditure	Expenditure	Expenditure	Expenditure	Expenditure	Total available Funds	Total Expenditure
R'000										
Land acquisition and Property acquisition								111 542	139 830	111 542
Housing and Human Settlements	59 902	13 174	50 249	121 937	280 652	99 447	23 638	144 491	1 815 275	793 490
Roads and Stormwater	85 669	17 182	120 511	103 646	65 517	80 560	181 514	35 130,0	1 184 112	689 729
Transport	16 753						15 922	1 189	119 377	33 864
Water and Sanitation/sewer services	58 792	168 205	131 127	183 789	159 873	195 972	167 387	157 356	2 993 985	1 222 501
Electricity and energy	-	28 160	18 828	-	57 089	67 500	172 056	1 700	705 588	345 333
Socio Economic Amenities	10 888	9 568	8 343		7 991		53 722	25 505	261 688	116 017
Waste Management/ Refuse									1 900	-
Solid Waste							27 342		74 278	27 342
EPMO(3% OPSCAP)	15 404	-	12 828	13 048		31 547		17 049	114 336	89 876
VAT - City of Cape Town								57 711	53 773	57 711,0
Roll-overs										-
Total	247 408	236 289	341 886	422 420	571 122	475 026	641 581	551 673	7 464 142	3 487 405

Source: NDHS, 2022

2.6 Operational Capital Programme Theory of Change (ToC)

Defining Theory of Change

A ToC is a purposeful model of how an initiative—such as a policy, a strategy, a programme, or a project contributes through a chain of early and intermediate outcomes to the intended result (DHS, 2016). It can be seen as an on-going process of discussion-based analysis and learning that produces powerful insights to support programme design, strategy, implementation, evaluation and impact assessment, communicated through diagrams and narratives which are updated at regular intervals (DHS, 2016). The ToC is a specific type of methodology for planning, participation, and evaluation that is used in the philanthropy, not-for-profit and government sectors to promote social change. It defines long-term goals and then maps backward to identify necessary preconditions (Chetty, 2018). It also brings about the mechanisms and rational process of realizing a desired impact. A ToC describes the types of interventions that bring about the outcomes depicted in the pathway of a change map (sometimes called a logic model or logical model). Each outcome in the pathway of change is attached to a specific set of outputs and inputs (DHS, 2014).

The ToC can also be defined as a theory of how and why an initiative works. It calls for a systematic and cumulative way of linking activities and outcomes, and ultimately impact (DHS, 2016). Therefore, a ToC should clarify how the application of specific resources results in specific outputs, which if implemented correctly under specific assumptions would result in specific outputs (which could range between immediate-intermediate-or long-term outcomes) which if achieved would have an impact (DHS, 2014).

It is further described as a tool that explains how a given intervention, or set of interventions, is expected to lead to specific development change, drawing on a causal analysis based on available evidence (Better Evaluation, 2022). It helps explain the relationship between a development problem being addressed and the strategies used to address it, showing why and how change takes place (Open Learn, 2017). It is viewed as a method designed to illustrate given interventions that are expected to provide guidance to a specific development change based on the available evidence. It, therefore, produces a series of results that contribute to achieving the final intended

impacts. In the public sector, the ToC is used to take a long-term view with a focus on implementation, knowledge management and impact assessment (Mvuyana, 2023).

The ToC and Logic Model comprises the following linked components:

- Definition of the **aims** and **objectives** of the OPSCAP programme.
- **Inputs** – these are the resources needed to support and sustain the programme, for example funding and human resources. Issues revolves around this component include Budget, Personnel, Transport, Implement, Monitoring, Evaluate and revive.
- **Activities** - these are the activities done to implement change and they involve issues such as Plan, Manage, Coordinate, facilitate and develop. They involve issues such as effective planning and development of projects, funding supplementation, leveraging of capital finance development, hiring of labour, etc.
- **Outputs** - are the immediate results of the programme. An example in this instance would be the number of people benefited from human settlements programme. Issues such as well-located land acquired by the departments and metros, informal settlements upgraded and beneficiaries benefited, socio-economic infrastructure and amenities built, amongst others.
- **Outcomes** – these are the benefits derived from the programme which are a direct result of the outputs. An example would be an increased number of units in the affordable housing sector. And involves issues such as accessing, benefiting, participating, and receiving in relation to program achievements. A better managed integrated Human settlements programme will lead to effective and efficient integrated Human Settlements.
- **Impacts** are long term changes that are community or even country wide. An example would be increased economic activity in the affordable housing market sector and include aspects of change, reformed transforming, empowering, self-reliant, resilient, eradicate, eliminate. Integrated Sustainable Human Settlements with an improved quality of household life in both Provincial Departments and Metros.

2.7 Conclusion

The Literature Review has presented the evaluation approach and methodology to be utilised in this evaluation. It also discussed the theoretical underpinnings of the selected methodologies. In addition, the above discussions also explored the concepts and theories, and comprehensively discussed the associated definitions behind the conceptualisation of the operational capital programme. The discussion also attempted to connect these theories and concepts to OPSCAP in particular and the implementation of the human settlements programme in general. These concepts were largely based on the evaluation questions as well as the problem statement.

CHAPTER 3: EVALUATION FRAMEWORK AND METHODOLOGY

3.1 Introduction

This section discusses the evaluation framework and methodology which was used in the Implementation Evaluation of OPSCAP as well as giving validation to the methodology choice. The section also discusses the following components: study design, sampling procedures, data collection procedures, data analysis and issues of reliability and validity as well as the limitations to the study and ethical considerations.

3.2 Evaluation Framework

Undertaking any evaluation study requires the development of an Evaluation strategy on how to collect data and the methods to be used in the data collection, analysis, and interpretation of the data. This process is termed the 'evaluation approach and methodology', which will be described in detail in this section.

The Multi-sector Initial Rapid Assessment (MIRA) Framework presented in Figure 3 below was adapted to provide guidance as to the nature of data to be collected for OPSCAP. The MIRA is a tool designed to guide assessment planning as well as the collection, collation and analysis of primary and secondary data, and the production of information reports. The framework assists in ensuring that analysis planning and execution are comprehensive, incorporating information from all sectors.

The MIRA is a needs assessment tool that can be employed under conditions of sudden onset of emergencies. It was developed by the Inter-Agency Standing Committee (IASC) in 2012 and was subsequently revised in 2015. The MIRA is an multistakeholder/inter-agency process which allows different actors to create some common understanding of the situation and its evolution. It is rooted on an analytical framework which provides some guidance on the systematic collection, organization, and analysis of both primary and secondary data.

The MIRA analytical framework can also be modified for use in a variety of contexts, for example the Evaluation Team has adopted it for use in the implementation evaluation of OPSCAP. The MIRA analytical framework can also be employed to inform strategic decision making, especially under tight deadlines. Therefore, based

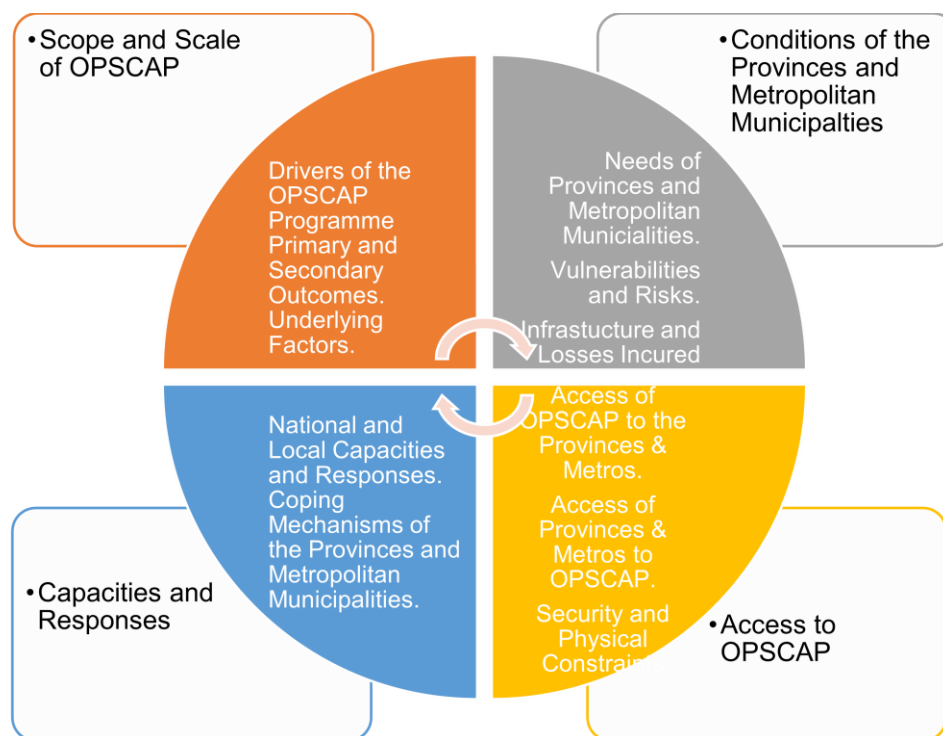
on the foregoing, the Evaluation Team adopted the MIRA framework for use in the OPSCAP evaluation to:

- (i) provide an initial common understanding of OPSCAP's most pressing needs, affected groups and the areas affected.
- (ii) get a voice from the Provincial Departments and Metropolitan municipalities on OPSCAP.
- (iii) gather evidence-based information to assist in the planning for OPSCAP based on globally accepted best practices.

The MIRA analytical framework is based on the following four major domains that provide an analysis of the operational environment and impact of OPSCAP, allowing for further identification of gaps in response and priority needs:

- scope and scale of the OPSCAP
- conditions of the Provincial Departments and Metropolitan municipalities
- capacities and responses.
- access to the OPSCAP.

Figure 2: The MIRA Framework



Scope and scale of the OPSCAP	Conditions of the Provinces & Metros	Access to OPSCAP	Capacities and responses
<ul style="list-style-type: none"> The domain probes into the drivers of the program, the primary and secondary outcomes of the program as well as the underlying factors of the OPSCAP. In this regard, the analytical outcomes will thus include geographical territories impacted, the outcomes of OPSCAP, the number of provinces/metros affected and their needs. 	<ul style="list-style-type: none"> The domain considers the needs, vulnerabilities, and risks, and infrastructure and losses incurred so far. In this regard, the analytical outcomes will be the number of provinces and metros in need and their conditions as per the evaluation questions in the terms of reference of OPSCAP. 	<ul style="list-style-type: none"> This domain will consider access to the program by provinces and metros, access to provinces and metros by the OPSCAP, and security and physical constraints. The analytical output here will thus be hinged on access constraints and provinces and metros in need. 	<ul style="list-style-type: none"> This domain will consider both national and local capacities and responses to the OPSCAP, as well as the coping mechanisms of the provinces and metros. The major analytical outcomes will thus be hinged on the resource and response gaps with respect to the implementation of the OPSCAP.

The evaluation study used a mixed-methods approach (combining the use of qualitative and quantitative data collection and analysis methods). The mixed-methods approach was used considering the fact that the objective was to gain a deeper understanding of the key informants' perceptions on scale, scope, relevance, efficiency and implementation of OPSCAP in Human Settlements delivery. The evaluation aspects were guided by the Terms of Reference (ToR) as shown in Table 20.

Table 20: Evaluation Criteria

Evaluation Aspect/ Criteria	Purpose	Method/Activities	Target Group	Sampling Technique
Theoretical Framework	<ul style="list-style-type: none"> • Appropriateness of OPSCAP in responding to human settlement challenges • Application of the frameworks • Comprehension and usability of the frameworks • Conceptualization of the frameworks 	<ul style="list-style-type: none"> • Analysis of general and key documents • Key informant interviews using semi-structured open-ended questionnaires. • Validation workshops 	NDHS	Purposive
Programme Structure and Design	<ul style="list-style-type: none"> • Compliance with programme prescripts • Systems in place • Capacity and relevancy of the team 	<ul style="list-style-type: none"> • Analysis of annual and quarterly reports & other key documents • Key informant interviews using semi-structured open-ended questionnaires. 	NDHS PDHS Metros Service providers	Purposive & Snowball
Institutional Arrangements	<ul style="list-style-type: none"> • Relevancy and conversancy with the programme • Proper structures in place • Capacity within the institution • M&E arrangements • Accountability 	<ul style="list-style-type: none"> • Interviews using semi-structured open-ended questionnaires. • Validation workshop • Institutional structure/organogram • Documentation analysis 	NDHS PDHS Metros Service providers	Purposive & Snowball
Resource Efficiency and Value for Money	<ul style="list-style-type: none"> • Programme outputs since inception • Resource allocation Versus the task at hand • Resources utilization yielding results 	<ul style="list-style-type: none"> • Analysis of Business Plans, Strategic plans, APP and SDBIPs & other key documents • Assess value for money and return on investment. • Interviews using semi-structured open-ended questionnaires 	NDHS PDHS Metros Service providers	Purposive & Snowball
Monitoring and Evaluation Framework	<ul style="list-style-type: none"> • Appropriateness of programme TOC and programme reporting • Clear outline to ensure achievements of the programme objective 	<ul style="list-style-type: none"> • Analysis of annual performance plans, SDBIPS & other key documents • Interviews using semi-structured open-ended questionnaires. 	NDHS PDHS Metros Service providers	Purposive & Snowball

Source: Author Compilation; Evaluation of OPSCAP ToR

3.3 NEPF Evaluation Criteria

According to the OECD, evaluation criteria are the standards or principles used in evaluation as the basis for evaluative judgement with the purpose of supporting consistent, high-quality evaluation within a common framework by providing a standardised framework with which to assess the OPSCAP intervention (OECD, 2021). The criteria are a cornerstone of evaluation practice, encouraging analysis of effectiveness and results (NEPF, 2019). Table 21 further describes the OPSCAP NEPF evaluation criteria.

Table 21: NEPF Evaluation Criteria

Evaluation Criteria	Key Question	Description
Relevance	Is the intervention doing the right thing?	The extent to which the OPSCAP objectives and design respond to the needs of the institutions/ partners, beneficiaries, policies, and priorities, and continue to do so if circumstances change.
Coherence	How well does the intervention fit?	The compatibility of the OPSCAP with other interventions in the country, sector, or institution. The extent to which other interventions (particularly policies) support or undermine the OPSCAP, and vice versa.
Effectiveness	Is the intervention achieving its objectives?	The extent to which the OPSCAP achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups. Analysis of effectiveness involves taking account of the relative importance of the objectives or results.
Efficiency	How well are resources being used?	The extent to which the OPSCAP delivers, or is likely to deliver, results in an economic and timely way. “Economic” is understood as the conversion of inputs (funds, expertise, natural resources, time, etc.) into outputs, outcomes, and impacts, in the most cost-effective way possible, as compared to feasible alternatives in the context. “Timely” delivery is within the intended timeframe, or a timeframe reasonably adjusted to the demands of the evolving context.
Impact	What difference does the intervention make?	The extent to which OPSCAP has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects. Impact addresses the ultimate significance and potentially transformative effects of the intervention.
Sustainability	Will the benefits last?	The extent to which the net benefits of OPSCAP continue or are likely to continue. This includes an examination of the financial, economic, social, environmental, and institutional capacities of the systems needed to sustain net benefits over time.

Source: NEPF, 2019

3.4 Evaluation Questions

The evaluation parameters and criteria have been set in line with the evaluation questions outlined in Table 22 below from the ToR, to which the evaluation must respond to.

Table 22: Evaluation Questions

No	Evaluation Questions
i.	Does theoretical framework that informs the OPSCAP Programme provide an appropriate response to human settlements challenges?
ii.	Is the OPSCAP being implemented according to the design?
iii.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?
iv.	Are resources used efficiently? Is value for money being obtained?
v.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?

Source: OPSCAP ToR

3.5 Evaluation Design and Strategy

Evaluation design refers to the road map, procedures, and strategy to be followed during the evaluation exercise to find answers to the evaluation questions. In this evaluation, a case study approach was used to gain a deeper understanding on how the Programme interventions in the Provincial Departments and Metropolitan Municipalities are impacting human settlements' delivery and achieving the Programmes' outcomes of an upskilled public service project delivery team. This approach also allowed a comparison of the implementation of the programme among the Provincial Departments as well as the Metropolitan Municipalities. Table 23 illustrates the selected case studies where OPSCAP is being implemented as per ToR.

Table 23: Selected case studies

No	Human Settlements Provincial office	No	Metropolitan Municipalities
1	Eastern Cape	1	City of Johannesburg
2	Free State	2	City of Cape Town
3	Gauteng	3	City of Ekurhuleni
4	KwaZulu Natal	4	City of Tshwane
5	Limpopo	5	eThekweni Metropolitan Municipality
6	Mpumalanga	6	Mangaung Metropolitan Municipality
7	Northern Cape	7	Nelson Mandela Bay Metropolitan Municipality
8	North West	8	Buffalo City Metropolitan Municipality
9	Western Cape		

Source: OPSCAP ToR

3.6 Evaluation Methods

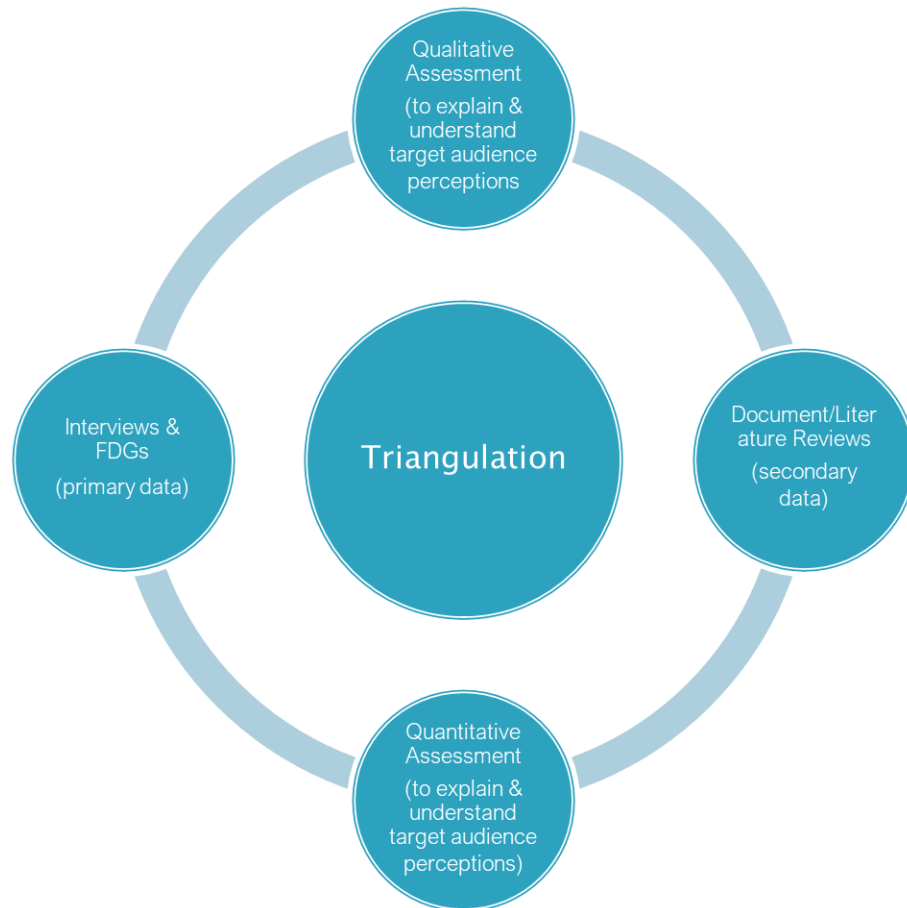
The evaluation adopted both quantitative and qualitative (triangulation) research design methods in terms of data collection and analysis. In achieving these, the study employed basic descriptive statistical measures (quantitative analysis) and participatory retrospective research design (qualitative approach) respectively. Evaluation outcomes from the study were presented in charts and tables in some cases. In-depth desktop literature reviews of pertinent programme documents/publications (as provided) was also carried out, using content analysis methodology.

The participatory evaluation design approach was used - in the qualitative method, to actively involve programme stakeholders in the evaluation process. The participatory evaluation approach was selected because it offered the advantage of improving accuracy and relevance in that the Programme participants offered a more accurate and detailed view of the programme and its performance. Therefore, because of their day-to-day exposure to the programme, they intrinsically understand the programme at a deeper level. Also, they are conversant with the aspects of the programme that do not fit or work well.

As such, the evaluation team was able to see the programme from the perspective of the participants. The OPSCAP participatory evaluation approach also involved the In-depth interviews (IDI) and Focus Group Discussions (FGD) with key informants (respondents/stakeholders) from the Provincial Departments and Metros, who were

sampled utilizing combination of purposeful and snowballing methods. Figure 4 is an illustration of the methodologies and techniques used in this evaluation.

Figure 3: Data Collection Methods and Techniques



Source: Author compilation

3.7 Evaluation Sample Design and Sampling Methods

A combination of purposeful and snowballing sampling methods was employed in the evaluation. The purposeful sampling technique was adopted in the selection of key informants to be interviewed. The purposeful sampling techniques is widely used in qualitative research for the identification and selection of information-rich cases related to the phenomenon of interest (Palinkas *et al.*, 2015). This involves identifying and selecting individuals or groups of individuals that are especially knowledgeable about or experienced with a phenomenon of interest (Cresswell & Clark, 2011). The snowballing technique was used in the identification and selection of relevant key informants who may have been unknown at the onset. This was based on input from

the purposeful sample. The evaluation time scope covered a period of four (4) months with respondents spread across nine (9) Provincial Departments as well as the eight (8) Metropolitan Municipalities being sampled.

3.7.1 Interviews and Focus Group Discussions

The qualitative data collection primarily involved In-depth interviews (IDI) and Focus Group Discussions (FGDs) with key stakeholders (respondents) from the Units in Table 24 in the Provincial Departments and Metros.

Table 24: Metro and Provincial units that participated in the evaluation

No	Department	Unit/Directorate
1	Grant Management	Rental Asset and Property Management
2	Infrastructure Planning	Integrated Human Settlements Planning and Policy Coordination
3	Programme Management Office/ Unit	Human Settlements Programme Managers
4	Finance Unit	Human Settlements Planning and Technical Services
5	Engineering Services and Quality Assurance	Programme Management Unit / Programme Support

Source: Author compilation

The IDI study is an approach which gives room for detailed in-depth information gathering on subject(s) of interest, while the FGD gives room for an issue to be properly zeroed in or further assessed. Both approaches present the advantage of giving room for issues to be properly assessed and come to a logical conclusion. Discussions with the key informants in the Provincial Departments and Metros were done both physically (face-to face) and virtually (web interview). These will include the following:

- (i) Semi-structured questionnaire (Data collection instruments, evaluation matrix and methodology) with a combination of open-ended (and direct) questions covering the necessary themes (subject matter) needed to capture the evaluation set objectives were employed. The data collection instrument was structured into three sections, covering the National Department of Human Settlements Officials, Provincial Department of Human Settlements and

Metropolitan Municipality officials and the Project Management Service Providers sections).

- (ii) The first and second section of the instrument were further structured into different themes to give room for flow, proper inquiry and harnessing of information. Specifically, the interviews were guided by interlinked elements and themes covering theoretical frameworks, institutional arrangements, programme performance and programme outputs at Provincial & Metro level since inception, SOPs, legislative prescripts, and performance indicators of OPSCAP.
- (iii) The interview questions were carefully formulated using existing OPSCAP literature, designed to capture both qualitative and quantitative responses. The interviews were conducted within the parameters of the stated ethical considerations. All interviews with key informants were recorded and transcribed verbatim.

3.7.2 Document Reviews

A desktop literature review of pertinent programme documents/publications (as provided) was carried out, using content analysis methodology. The review and analysis of various documents provided valuable and useful historical and current information about OPSCAP and its implementation to date. The desktop review provided contextual background information to the evaluation problem and assisted in the formulation of research and interview questions and the selection of study subjects. To some extent, the documents provided valuable information on the implementation of OPSCAP in the Provincial Departments and Metros. It also assisted in finalization of the study themes.

Among others, the review of the programme documents included the following documents:

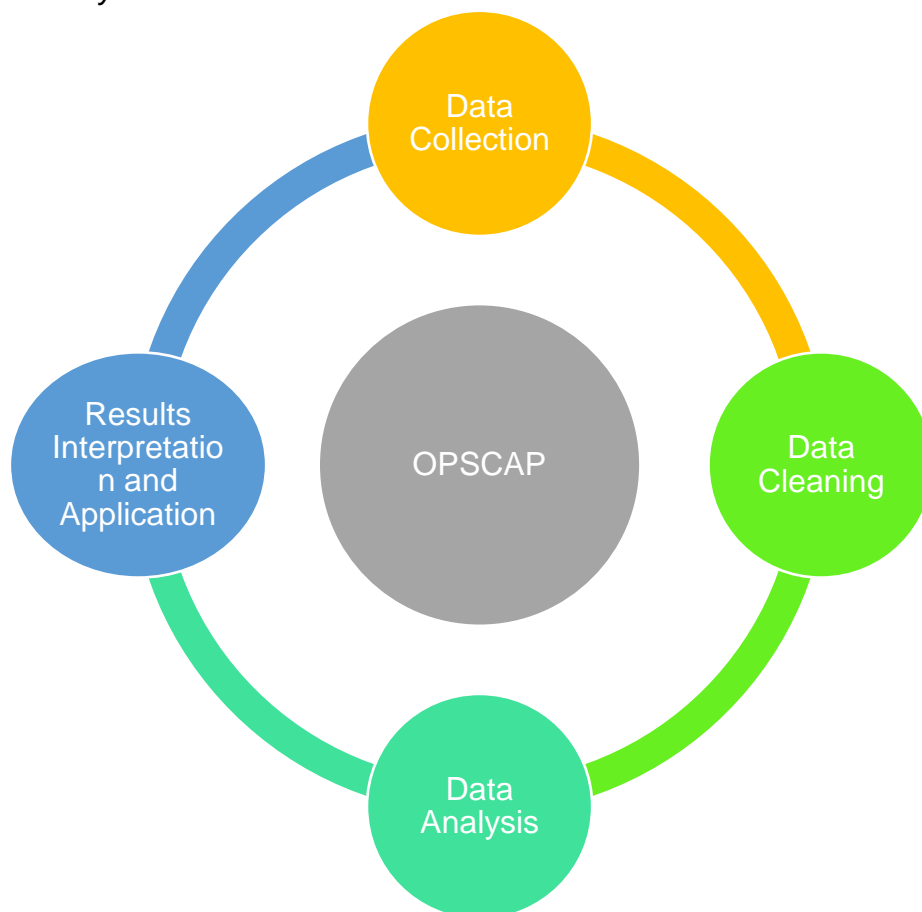
- Legislative and Policy Frameworks
- SPs, APPs, BEPPs, SDBIPs, IDPs
- National documents
- Quarterly and annual reports
- Provincial documents (SOPs)

- Business Plans, and
- Annual Reports

3.8 Data Analytical Framework

Based on the framework presented in Figure 1, data collected was collected, analysed and processed as indicated in Figure 4. The first stage related to the collection of data based on the MIRA framework. After data collection using the various instruments, data cleaning was conducted using various techniques including transcribing, exclusion of unnecessary data and filling the missing data. The data cleaning process was followed by data analysis, thereafter, interpretation and application of results followed so as to create meaning for decision makers in the OPSCAP to make some policy interventions to improve the program.

Figure 4: Data Analysis Process



Source: Author compilation

In line with the selected methodology, the data collected was inductively analyzed taking into account the evaluation objectives. This meant that data was collected, themes, issues or theories were explored from that data. An article in the American Journal of evaluation highlights the advantage of this approach in that it provides a simple, straightforward approach for deriving findings linked to focused evaluation questions (Thomas, 2006). The capturing and processing of data was done using Microsoft Word and Excel.

The analysis of the raw data identified gaps where there was missing information which was further investigated with the relevant informants through follow-on interviews done telephonically and emails.

(i) Data capturing

Interviews were audio-recorded and transcribed. Table 25 illustrates the critical data collection elements for primary data considered in this report.

Table 25: Critical data capturing elements

No	Element	Description
1	Semi-structured open-ended questionnaire construction	<ul style="list-style-type: none"> ✚ A semi-structured open-ended questionnaire was designed that covers the evaluation questions amongst other issues. ✚ The Evaluation Team found this questionnaire to be the most convenient tool due to the nature of the sample under study which includes designers and managers of the OPSCAP. ✚ The questionnaire used in this study was tailored for each target key /primary informants. The semi-structured open-ended questionnaire gave the respondents an opportunity to give their opinions on the matter.
2	Training of Data Collectors/ Enumerators	<ul style="list-style-type: none"> ✚ Data collectors/enumerators assisted with collection of quantitative and qualitative data from the primary informants using the semi-structured open-ended questionnaire. ✚ An online data collection training exercise was arranged, where the aim, objectives, sampling methodology and all other enumeration related activities will be communicated to the data collectors/enumerators. ✚ Ongoing information sharing sessions were also done where the team shared their experiences in a bid to improve the quality of the data collected from the respondents
3	Management of the evaluation	<ul style="list-style-type: none"> ✚ The evaluation team provided monthly status reports on the data collection to the Client. ✚ The Client contacted the various stakeholders to inform them of the evaluation and request their participation.

Source: Author compilation

(ii) Data analysis

Qualitative data collected from interviews and secondary data sources was analysed using the content analysis methodology which is inductive in nature as already described above. Descriptive statistics was used to present quantitative data where it was available.

Content analysis involves sampling, devising analytical categories, defining the unit of analysis, conducting coding, and undertaking quantitative analysis. With respect to document analysis and interview transcripts analytical categories were developed based on:

- (i) Scope of purpose of the research topic.
- (ii) The need to be exhaustive.
- (iii) Mutually exclusiveness.
- (iv) Independence; and
- (v) Developed from a single classification.

3.9 Limitations of the Evaluation Study

The most notable limitation encountered during the data collection process was the predominating perception of OPSCAP as a budget item rather than a programme. This affected the way in which many of the respondents responded to questionnaire which was formulated using best practice for programme evaluation. This was countered to some degree by probing follow-up questions which were unscripted. To some degree, this affected data quality and consistency.

Other challenges with data collection encountered include the following:

- Some documentation did not carry sufficient data / information.
- Slowness by respondents/ participants to provide quantitative and other supporting documentation to validate interview data.
- Respondents' hesitancy to respond to certain questions fully and rather referring the questions to other officials or promising to verify later or providing reticent, vague responses to pertinent questions in spite of probing follow-ups.

- Reluctance to facilitate interviews with additional stakeholders, particularly with external PMUs/ Service Providers contracted by the institutions using OPSCAP.
- It proved challenging to obtain reliable OPSCAP expenditure data in cases where financial reporting was reported inclusive of the entire USDG/ HSDG.
- The evaluation required the assessment of the OPSCAP programme’s performance since inception in 2010. There was no high-quality documentation available for all the Provincial Departments and Municipalities especially during the early years of the Programme.

3.10 Data Quality Issues

The reliance on semi-structured interviews and observations is associated with the following data quality issues which were dealt with as described in Table 26.

- Reliability
- Interviewer and interviewee bias
- Generalizability, and
- Validity

Table 26: Resolving data quality issues

Data Quality Consideration	Overcoming the Quality Issues
Reliability – Results from interviews and observations reflect reality at the time of data collection and therefore are not meant to be repeated. Therefore, they lack standardization because different researchers may come up with different findings.	Completed interviews, pictures and draft notes were kept for records so that other people can refer to understand the processes followed.
Bias – Interviews are by nature an intrusive process and therefore, can result in response bias. Interviewees can either develop a perception about the researcher or may find certain discussions or requests e.g., video recording, giving out names or signatures as sensitive.	Interview preparation and training of interviewees was done.
Generalizability – the assessment will depend on different audience’s experiences and perceptions of OPSCAP which may not present an accurate picture of what the Programme is about.	A variety of stakeholders from the Provincial Departments and Metropolitan municipalities were interviewed to ensure a rigorous comparative analysis is conducted.
Validity – refers to the extent to which the researchers gained access to participants’ knowledge and experience and be able to infer meanings.	The interviewees asked questions for clarity, probing meanings of responses and opinions and carefully explore responses to avoid misunderstandings.

Source: Author compilation

3.11 Ethical Considerations of the Evaluation

Participation was done on a voluntary basis and the participants All interviews were done with the consent or permission. In all interviews the evaluation team explained the purpose of the study and reassured respondents that they were free not to respond to any questions that they feel uncomfortable answering or are unsure of the answer.

CHAPTER 4: EVALUATION FINDINGS AND ANALYSIS

4.1 COMPARATIVE ASSESSMENT

4.1.1 Introduction

This chapter primarily provides a comparative assessment of the implementation of OPSCAP within the Provincial Departments of Human Settlements (PDHS) and the Metropolitan Municipalities (Metros). The comparative assessment will discuss the following:

- A comparison of how the PDHS and Metros are utilizing OPSCAP. This will include a comparative discussion of how the PDHS and Metros understand and interpret, including the application and utilisation of OPSCAP in their jurisdictions.
- A comparative discussion of the constraints that are being experienced by the institutions who are the recipients of OPSCAP.
- Whether OPSCAP is providing value for money for its recipients and stakeholders, and
- Whether the programme is having an impact on the human settlements sector including in the various institutions in which it is being applied and implemented.

4.1.2 Understanding and Utilisation of OPSCAP

4.1.2.1 Understanding of OPSCAP by Metros and PDHS

There is an understanding by the Provincial Departments and Metros that OPSCAP is one of the programmes in the Housing Code introduced to assist with professional resource capacity issues in the implementation of human settlements programmes that are funded by the HSDG and later, the USDG. As the focus of the NDHS shifted from housing to providing sustainable human settlements, there was a recognition that the Provincial Departments and Metros were ill-equipped in terms of the skills that are requisite when planning for and implementing human settlement programmes and projects.

Each financial year, the Provincial Departments and Metros are required to quantify the additional capacity projected for each of the departmental housing programmes

and projects to be funded utilising OPSCAP. This forms part of the business plan for projects to be funded by the HSDG/ USDG for the financial year. The business plan is then submitted to the NDHS after approval by the MEC in the case of Provinces and the Council in the Metros. The allocation towards OPSCAP should be within the stipulated 5% of the HSDG for the Provincial Departments and 3% of the USDG for the Metros.

In addition to the business plans, NDHS officials highlighted that the Provincial Departments are now also required to submit a motivation to the NDHS to justify their projected allocation towards OPSCAP for approval in line with the policy. The submission of motivations appears to have had the impact of guiding the Provincial Departments in terms of what OPSCAP can be utilised for. In general, these submissions now tend to be in line with policy because the NDHS provides oversight and guidance on this by returning submissions that are not in line with policy for changes to be made. Once the Provincial Departments have amended and aligned their submissions with policy has been done, the NDHS approve the submission signs off on them. The grant is then transferred to the Provincial Departments in tranches in line with the DORA framework.

4.1.2.2 Utilisation of OPSCAP by Provincial Departments of Human Settlements

As per the policy intent, OPSCAP utilisation is generally centred on the following uses in Table 27 in the majority of the Provincial Departments. The majority of Provincial Departments as depicted are utilising OPSCAP to appoint external technical expertise to support programme implementation. In addition, the OPSCAP prescribed percentage is split between the service providers and HDA. The HDA has signed an implementation protocol – the Medium-Term Operation Support Plan (MTO) and also provides the Provincial Departments with implementation support in the following, amongst others:

- Land assembly for human settlements projects.
- Implementation support for specified and other identified priority projects.
- Catalytic projects.
- Revitalisation of distressed mining towns.
- Informal settlements upgrading support.

- Priority human settlements and housing development areas (PHSHDAs).

Gauteng Province is unique in that it utilises the services of its wholly owned implementing agent, the Gauteng Partnership Fund, which is paid a programme management fee from OPSCAP. The Western Cape and KZN Provincial Departments are the two (2) Provincial Departments that are utilising OPSCAP to fund the appointment of additional staff on contract to augment the Provincial Departments' delivery capacity.

Table 27: OPSCAP general utilisation in Provincial Departments

General Use	Province
Appointment of external service providers/ PRTs/ Implementing Agent	Northern Cape Limpopo Mpumalanga North West Gauteng
Appointment of Contract Staff	Western Cape KwaZulu Natal
HDA land assembly support and project management support (MTOPI) (generally 1% of the 5% OPSCAP)	Limpopo KwaZulu Natal Gauteng Free State Northern Cape Eastern Cape Western Cape North West

Source: Author compilation

It was observed though that in spite of the final motivations/ submissions being closely aligned to the OPSCAP policy intent, an analysis of expenditure patterns reveals that in some instances OPSCAP was additionally utilised for other uses outside of the policy guide as described in Table 28.

Table 28: Additional uses of OPSCAP

Additional uses of OPSCAP by both Provinces and Metros	
Municipal accreditation support	Property valuation
Township establishments	Records management and warehousing
Deeds searches and physical verification	Occupational health and safety
Title deeds registration	Funding rental tribunals
Beneficiary management	Research
NHBRC enrolments	Scanning, filing, and archiving of forms
Projects	Project evaluation
Geotechnical studies	Architectural services
Legal services	Civil engineering designs
Material quality testing	Land acquisition
FLISP subsidies	Internship and experiential programs
Master plans and development planning	Site Clearing
Travelling and accommodation	Security services

Source: Author compilation

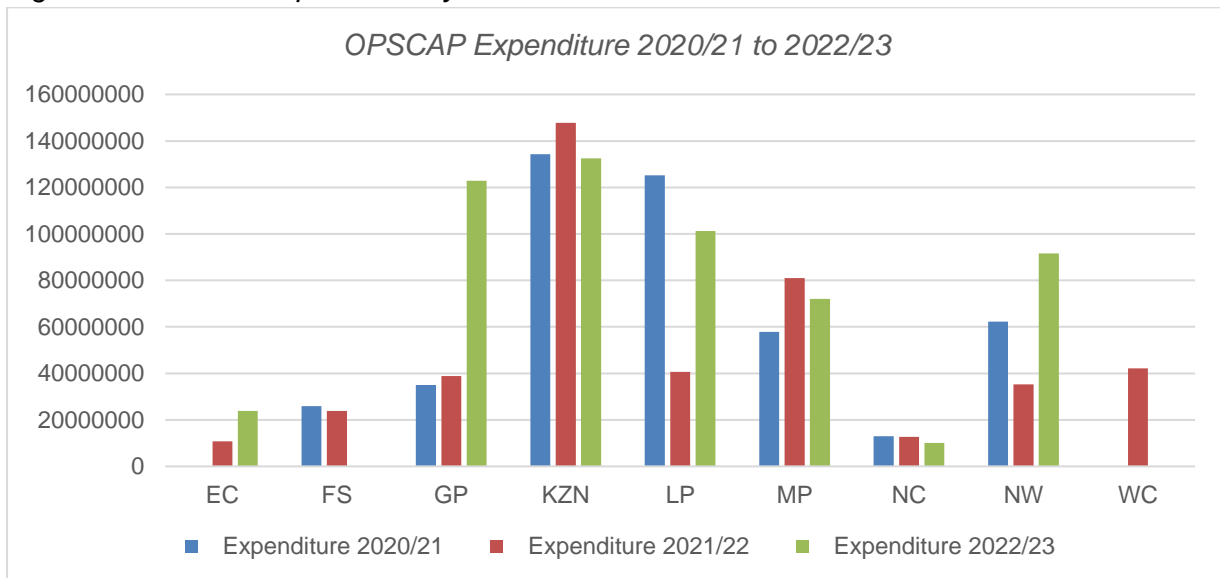
The lack of clarity amongst the respondents as to what is allowable or permissible under OPSCAP was noted amongst several respondents (in both Provincial Departments and Metros). The units or directorates in the institutions that are responsible for the implementation grant (HSDG/OPSCAP) allocation tend to have a broader interpretation of what can be deemed allowable or permissible under OPSCAP. The respondents expressed a sense of frustration from what they perceive as an extremely narrow and impractical interpretation and application of OPSCAP by the NDHS. Provincial Departments such as Gauteng reiterated that OPSCAP needs to also fund Information Technology (IT) systems and technology that contribute to and enhance project management efficiency in the implementation of human settlements projects. Some like Free State were of the view that OPSCAP needs to fund internal PMUs.

4.1.2.2.1 OPSCAP Expenditure by PDHS

Table 29: OPSCAP Expenditure by PDHS 2020 - 2022

Province	Expenditure 2020/21	Expenditure 2021/22	Expenditure 2022/23
EC	-	R10 774 000,00	R23 902 528,00
FS	R25 948 093,00	R23 900 451,00	R0,00
GP	R34 999 598,90	R38 836 970,27	R122 929 518,98
KZN	R134 287 733,01	R147 856 257,21	R132 455 136,65
LP	R125 235 157,80	R40 660 686,57	R101 221 270,60
MP	R57 809 410,40	R81 063 676,38	R72 082 921,21
NC	R12 941 962,52	R12 666 038,10	R10 036 856,54
NW	R62 263 773,75	R35 226 121,96	R91 598 704,09
WC	-	R 42 141 000,00	-

Figure 5: OPSCAP Expenditure by PDHS 2020 – 2023



Source: HSS and Provincial Reports

Table 29 depicts expenditure of OPSCAP by the Provincial Departments over the previous three (3) financial years. The same expenditure is depicted in Figure 6. The OPSCAP budget amount is based on the 5% of the HSDG, meaning that Provincial Departments with a lower allocation of the HSDG receive less and vice versa. Provincial Departments re-iterated the current state of economic situation leading to a decrease in the HSDG allocation has negatively impacted meeting human settlements demands. Northern Cape, whose HSDG allocation is narrower pointed out that OPSCAP was barely enough to cover the identified needs.

4.1.2.3 Utilisation of OPSCAP by Metropolitan Municipalities

The understanding and interpretation of OPSCAP by the Metros was generally consistent with the purpose for which it is intended as outlined in the official guideline document. This is with the exception of Mangaung where it appears OPSCAP has been rather arbitrarily used to fund projects that the Metro was unable to fund with their USDG and internal revenue. However, the application and use thereof varied from Metro to Metro as shown in Table 30.

Table 30: Utilisation of OPSCAP by Metros

Utilisation of OPSCAP	Metro
Establishment of a PMU within the Metro	Buffalo City
Appointment of Contract Staff	City of Ekurhuleni City of Cape Town
Appointment of Professional Service Providers	Nelson Mandela Bay
Funding the Human Settlements Unit within the Metro	City of Tshwane
Youth brigades	City of Ekurhuleni
Title deed registrations, relocations, land purchases, training, project management	Mangaung
Does not use OPSCAP	City of Joburg

Source: Author compilation

As depicted in Table 30, in many of the Metros, OPSCAP is generally used to pay for additional technical staff employed as a contractual basis by the Metros. The technical staff is employed directly as is the case in the Ekurhuleni and Cape Town Metros, or as part of an independent unit or directorate within the Metro as is the case in Buffalo City and Tshwane Metros. Mangaung appears to be the only Metro where OPSCAP is utilised for various other activities such as relocations, land purchases, title deed registrations etc. There was no information available relating to OPSCAP use by eThekweni Metro. City of Johannesburg on the other hand does not make use of OPSCAP and the entire USDG capital grant is dedicated to funding capital projects.

The sentiment by most of the Metro respondents was that the 3% of the USDG is inadequate. This is particularly true for Metros like Buffalo City and City of Tshwane that funded entire units utilising OPSCAP. These Metros have been adversely affected by the splitting of the USDG and the ISUPG into two separate grants. This is so

because, according to policy, OPSCAP can only be funded from one Grant i.e., USDG although the same professional resources are used on ISUPG programmes. Other respondents, like Ekurhuleni Metropolitan Municipality are of the view that OPSCAP was too restrictive. Also, it even caused additional costs related to office and equipment, legal services, etc.

Unlike with the HSDG-based OPSCAP budget, the Metros are permitted by the guideline to employ technical capacity within the Municipality in line with an official, approved organogram. Metros such as BCMM, EMM, City of Tshwane, have gone this route based on a proposed, unapproved organogram. The inherent contradiction with this requirement is that the organogram can only be approved for staff that can be remunerated from the Metros' regular operational budget.

In addition, because of the conditional nature of the Grant, the OPSCAP funded staff can only be contracted on a contractual basis ranging from 1 to 5-year contracts. However, there is a problem of rapid staff turnover amongst these contract staff as they will continue to seek permanent employment. Metros like Ekurhuleni have in some instances been able to absorb the contract employees where funding became available for additional staff, thus further reducing reliance on OPSCAP over time.

4.1.2.4 Skills Transfer in Provincial Departments of Human Settlements

Regarding skills transfer, particularly in the Provincial Departments, there appeared to be no formal process in place to manage and measure it in the Provincial Departments. It was highlighted that the Terms of Reference of the sourced external professional service providers did require that there be skills transfer to departmental officials. Even though many surmised that this was taking place, there were no measurements or reporting done on it for verification.

In Provincial Departments such as Northern Cape, the respondents were of the view that Departmental officials had been able to gradually take on more responsibilities. The Provincial Department expressed its intention to wean itself off depending on external service providers over the coming financial years. Provincial Departments like Limpopo had measures in place in which the external service provider, PRTs provide support for the professional registration of interns. There was a danger identified by the respondents that the PDHS had become too reliant on external service providers

without credible skills transfer strategy in place to ensure sustainability in the coming years.

4.1.2.5 Skills Transfer in Metropolitan Municipalities

With regards to the Metros, the guideline requires them to actively report on a pre-developed capacity building plan each financial year. This aspect appears to have been neglected and there is no formal approach to the process of skills development or capacity building that is linked to OPSCAP.

4.1.3 Legal and Policy Framework for OPSCAP

4.1.3.1 National Department of Human Settlements

As far as the NDHS officials are concerned, the policy intent of OPSCAP is clear. Its sole objective is providing funding for technical skills which the Provincial Departments and Metros would need to implement human settlements programmes. It has been the observation by the NDHS that Provincial Departments have interpreted this to encompass any type of skill that is unavailable within the Provincial Department.

4.1.3.2 Provincial Departments and Metros

Respondents were of the view that the legal and policy framework for OPSCAP was insufficient to ensure that the Programme is implemented seamlessly. The grant frameworks legislate the prescribed OPSCAP percentage. However, there is no mechanism in place to ensure that the Provincial Departments and Metros spend within the stipulated framework. Furthermore, the policy itself, as articulated in the Housing Code appears to be misunderstood by the Provincial Departments because of possibly, lack of clarity on how it should be interpreted and applied. Equally, the guideline for the USDG prescribed 3% OPSCAP portion appears to be unclear to the Metros with some not even being aware of its existence. Respondents highlighted that in addition to the policy, implementation guidelines must be drawn up which discuss in detail what may or may not be funded using OPSCAP.

4.1.4 Monitoring and Reporting on OPSCAP

Evidence from the interviews suggests that OPSCAP is not treated as a standalone programme by both the PDHS and Metros. It is rather, merely a budget component of the HSDG and USDG respectively. As such none of the Provincial Departments and

Metros have a standalone reporting framework for OPSCAP but rather report it in line with the requirements of the HSDG and USDG frameworks respectively.

The monitoring of the USDG is undertaken by following the theoretical principles of monitoring public and development sector policies, programmes and projects. The monitoring activities are provided for and guided by the provisions of the 2019 – 2024 Monitoring, Evaluation, Impact Assessment (MEIA) Policy and Framework (DHS, 2019).

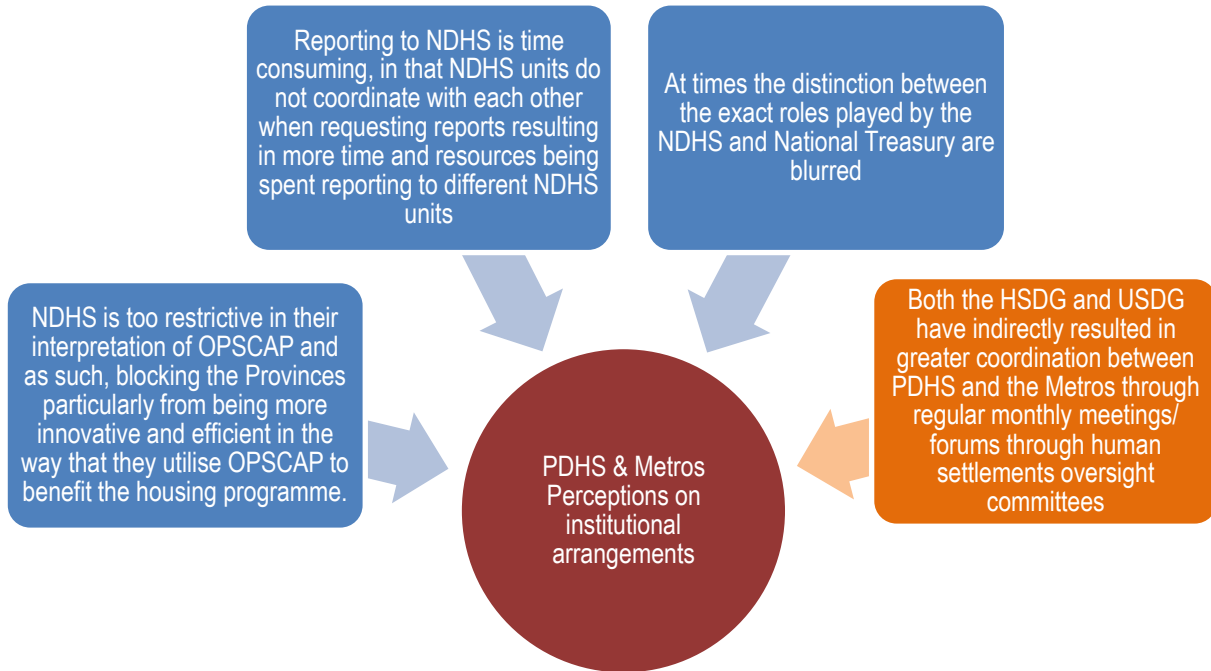
In addition, none of the Provincial Departments or Metros have developed a Standard Operating Procedure (SOP) for OPSCAP. The Provincial Departments utilise the Housing Code as the guideline document and the grant framework when implementing OPSCAP. It was evident that the Metros seemed to be barely aware of the existing OPSCAP guideline for the USDG with officials remarking that they had once seen it but were not sure what it is articulating. Reporting on OPSCAP is based solely on expenditure and is done once a month and quarterly in line with the HSDG and USDG frameworks to the NDHS and NT.

In spite of the fact that the OPSCAP USDG guidelines require the Metros to prepare a capacity building plan against which it is reported on, it appeared all the Metros utilising OPSCAP were not aware of this reporting requirement specifically in relation to OPSCAP.

4.1.5 Institutional Arrangements

The institutional framework for OPSCAP appears to be closely aligned to that of the HSDG and the USDG frameworks. The interviewees appeared to be satisfied with the institutional arrangements that are in place. Figure 7 illustrates both positive and negative perceptions that the Metros and Provincial Departments have on the OPSCAP institutional arrangements.

Figure 6: PDHS & Metros Perceptions on institutional arrangements



Source: Author compilation

4.1.5.1 Main OPSCAP Stakeholders

Table 31 depicts the institutions that were identified as the main stakeholders by both PDHS and Metros. The Metros’ stakeholders form part of the structures/ forums that have oversight on human settlements within the Metros.

Table 31: PDHS and Metros OPSCAP main stakeholders

Provincial Departments of Human Settlements	Metropolitan Municipalities
NDHS	NDHS
National Treasury	PDHS
Municipalities	National Treasury
HDA	-

Source: Author compilation

Besides the stipulations contained in the Grant Frameworks, relationships with stakeholders were guided by the IGR protocols. In addition, the Provincial Departments have an MTOP with the HDA which defines the roles and responsibilities of each party regarding the HDA’s contribution to the Provincial housing programmes.

4.1.6 Identified Challenges/ Issues with OPSCAP

The challenges in Table 32 were highlighted by the various respondents.

Table 32: Identified Challenges/ Issues with OPSCAP

No	Identified Challenges
(i)	The grant allocation is not consistent, so it is difficult to accurately plan.
(ii)	OPSCAP is making the Human Settlements Departments too dependent on SPs for some of its functions. Also, there is an over-reliance on IT systems licensed to Service Providers which leaves the institutions crippled when contracts end.
(iii)	Professional skills funded under OPSCAP are costly.
(iv)	Non-permanence of the capacity is problematic.
(v)	Lack of continuity/ sustainability - contract employees are always looking for permanent positions and therefore do not last. This has negative impact on projects.
(vi)	Lack of platform with NDHS to obtain assistance with addressing challenges faced in relation to OPSCAP.
(vii)	OPSCAP funding is not ring-fenced but rather constitute a percentage of the USDG. As a result, when USDG funds are moved away due to non-performance, this affects the contractual obligations that have already been entered into in line with OPSCAP to fund capacity.

Source: Author compilation

4.1.7 Evaluation Criteria Responsiveness

Table 33 describes the extent of responsiveness that OPSCAP has to the NEPF evaluation criteria.

Table 33: Evaluation criteria extent of responsiveness

Evaluation Criteria	OPSCAP Responsiveness
Relevance	<p>In general, OPSCAP can be considered relevant in both its design and its implementation. This is because OPSCAP responds to the need for professional technical resources needed by the Provincial Departments and Metros to successfully implement their housing programmes and projects and fulfil the USDG/ HSDG outcomes thereof. However, the Provincial Departments and Metros that are utilising OPSCAP highlighted the inadequacy of the funds.</p> <p>In terms of its implementation OPSCAP is relevant in the Provincial Departments and Metros that are implementing it, however institutions such as Mangaung Metro do not utilise the fund in line with the</p>

Evaluation Criteria	OPSCAP Responsiveness
	implementation guide. To a lesser extent, OPSCAP is also utilised for uses that are outside the policy intent of the Programme – this is particularly the case in the Provincial Departments.
Coherence	OPSCAP is coherent in that it is compatible with other human settlements sector interventions and provides much needed support to these interventions and programmes. It is designed to support the achieving HSDG and the USDG outcomes in the Provincial Departments and Metros. Institutions such as Joburg Metro that do not utilise the USDG have designed their own systems to fund operation capital. In institutions where the intervention is not bringing the anticipated results, this has been a result of the perceived ambiguity of the purpose of the intervention rather than the intervention itself.
Effectiveness	Results have been varied amongst the Province and Metros. OPSCAP has been very effective in achieving its intended objectives in some institutions, whilst in some cases it has not. This is particularly the case in Provincial Departments where the objective of OPSCAP to create in the long term, a skilled internal workforce instead of relying on external service providers has not been realised. In some instances, the effectiveness of the programme has been limited by its incorrect implementation (Mangaung) and its design (Tshwane, Buffalo City)
Efficiency	The extent to which OPSCAP can be deemed efficient in its utilisation of resources varies with the institutions implementing the programme. Metros such as Buffalo City, Tshwane, Ekurhuleni & Cape Town are more efficient in their utilisation of the funds in that they generally conform to the guideline in using OPSCAP to achieve their USDG outcomes. In Provincial Departments, when considering the extent to which the Programme’s objectives have assisted the recipients to achieve their HSDG outcomes there is efficiency to some extent in spite of that some Provincial Departments also employ OPSCAP to fund other uses (e.g., GP, MP, LP).
Impact	The OPSCAP intervention has been impactful with both intended and unintended effects resulting from its implementation. Both Provincial Departments and Metros have been able to achieve their HSDG and USDG outcomes over the years save for a few. Grant expenditure has improved tremendously for some institutions particularly where implementation has been done correctly.
Sustainability	The extent to which OPSCAP has been sustainable varies across institutions. In some the benefits of OPSCAP are likely to continue as they build permanent capacity. In some instances, however, institutions have become too dependent on external capacity.

Source: Author compilation

4.1.8 Evaluation Aspects Conclusions

Does the theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?

OPSCAP is an appropriate response to the human settlement challenge of shortage of technical skills required for the implementation of human settlements programmes. However, the OPSCAP budget is merely an operational support mechanism, which although vital, does not constitute a silver bullet in addressing other broader human settlements challenges on its own. It was evident from the respondents that human settlements challenges are often complex and at times addressing the lack of professional skills is not enough. OPSCAP is a supplementary operational budget and is part of a network of programmes and activities which must be correctly implemented in order for OPSCAP to truly be effective.

Ekurhuleni Metro cited its experience with unrests in the community that causes stoppages/ blockages in the implementation of human settlements projects which in turn has a ripple effect on the Metro's ability to complete their projects and spend their USDG allocations.

OPSCAP is an innovative response to providing operational capital for large scale capital grants and follows best practice as demonstrated in the Literature Review. However, due to the fact that this percentage is not based on the value of physical human settlements projects but rather on the Grant itself there may be need to tighten the parameters to ensure that there is no duplication of services during actual project implementation.

The grant design is deemed appropriate, although all the respondents were adamant that OPSCAP prescribed percentages were grossly inadequate for the purpose. Nevertheless, in many instances funds were being diverted to other uses. In addition, there appears to be a duplication of resources in instances where external service providers and Departmental project managers are doing the same tasks continually without any skills transfer taking place or a plan in place for the institution to eventually take over these functions.

Is the OPSCAP being implemented according to the design?

The initiation of OPSCAP was intended to ease the capacity constraints for the Provincial Departments and Metros. Also, in the long term to allow the institutions to develop the required capacity internally. It is clear that this has not been the case, particularly with PDHS. In most instances, external service providers have merely become an extension of the Provincial Departments, a situation which has been worsened by the delays in filling of vacancies within the Departments. In fact, some of the respondents highlighted that the institutions had become too dependent on external service providers resulting in the Provincial Departments' core services now being outsourced. The capacity building element of the OPSCAP has not materialised and Provincial Departments are still too dependent on external service providers in spite of several years in which they have implemented the programme. There is need to relook at this OPSCAP component to ensure that Provincial Departments and Metros build internal capacity to run their own projects.

It was evident from the discussions that the policy needs to provide further guidelines in addition to what is contained in the Housing Code to remove the ambiguity in the understanding and interpretation of how OPSCAP can be used. NDHS respondents emphasized that the Provincial Departments already had funding for operational expenses and stricter guidelines would ensure that OPSCAP use remains solely for procuring project implementation expertise. If any other operational expenses are to be funded with OPSCAP, then the new guidelines must be precise on what these expenses are and must not leave it open to arbitrary interpretation.

The ambiguous view of OPSCAP's policy intent by the respondents has led to OPSCAP being viewed, in addition to providing technical capacity, as a readily accessible fund that can be used whenever the Provincial Departments and Metros experience any kind of funding shortfalls in the pursuit of achieving their human settlements outputs.

What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?

The NDHS has oversight over the OPSCAP Programme. The fact that Provincial Departments and Metros have varying interpretations and applications in terms of what OPSCAP can be utilised for points to the fact that there is a gap that the NDHS must address with respect to OPSCAP:

- Do the OPSCAP recipients understand the policy intent of OPSCAP?
 - Additional guidelines may be required to address this aspect? Due to staff turnovers in the institutions, there may even be need to regularly workshop both the policy itself as well as the guidelines to ensure a uniform understanding. The policy intent of OPSCAP must be effectively communicated, not just to the human settlements division but finance and HR divisions so that there is an understanding that OPSCAP is tied to human settlements projects.
- The lack of funding for certain obligations related to human settlements programmes.
 - This includes particularly the procurement of security detail to protect completed projects or project related expenses, emergencies, and disasters. NDHS must provide clear guidance on these unique expenses.
- The policy was developed in 2010 and has never been updated or revised and has therefore, not kept up with changes in the external environment. This includes the funding of new and efficient software and automated systems that can greatly improve efficiency of project management in human settlements.

Other gaps noted relate to the fact that there is no way of ensuring that OPSCAP funds are utilised exactly as defined in the approved business plan and accompanying motivation. The fact that OPSCAP funds can be seamlessly directed elsewhere makes the entire process inefficient. The Human Settlements Directorates within the Province and Metros must oversee OPSCAP funds and ensure that they are utilised in line with the policy provisions.

Are resources used efficiently? Is value for money being obtained?

Objectively measuring the value for money provided by OPSCAP is impossible since full data on allocations and expenditure and breakdown of uses was not available. However, strictly using the rudimentary measure of how the external capacity sourced using OPSCAP has been instrumental in assisting the Metros and Provincial Departments to develop plans, and pipeline projects to be implemented, managing expenditure etc, on both the HSDG and the USDG shows that there is value for money from OPSCAP.

In addition, efficiency and value for money is intrinsically linked to programme design and application thereof. It is evident that the Provincial Departments and Metros have not always strictly utilised OPSCAP for its intended purpose and in line with the policy intent. In that sense, it may be arguable that resources are being used efficiently and value for money is being obtained. Nevertheless, the establishment of necessary parameters will go a long way in addressing these misgivings.

Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?

The indicators that the Provincial Departments and Metros report on for OPSCAP are expenditure. This is inadequate. There is need to link OPSCAP expenditure to the housing project and programme activities that it is supporting. This will assist the NDHS to monitor the types of expenses that OPSCAP is being used for, particularly if they are not in line with the policy. The focus of the reporting framework is on the USDG and HSDG programmes and projects and OPSCAP is treated as a component of that.

4.1.9 Evaluation Key Findings and Recommendations

Table 34 depicts the OPSCAP evaluation’s key findings and the linked recommendations.

Table 34: Evaluation Key Findings and Recommendations

No	Key Findings	Linked Recommendation
1	The grant allocation amount is not consistent, so it is difficult to accurately plan. The decrease in the overall HSDG/USDG allocation over the years has had an impact on the prescribed OPSACP allocation. In addition, it is difficult, for the Metros in particular to plan for beyond a three-year period when hiring employees because the funds are not guaranteed. As such, limited budget and escalating costs of the professional skills may make the Programme unsustainable.	There is need for provincial departments/ Metros to undertake skill audit and needs, which will then lead to the identification and prioritization of the critical skills required to improve capacity in the provincial department and ensure implementation of the housing programme in line with the estimated budget (in the MTEF budget) to avoid overspending on OPSCAP.
2	Some Departments have become too dependent on SPs for some of their core functions. There is also an over-reliance on SPs IT systems which leaves the institutions crippled when contracts end.	OPSCAP should be able to acquire systems such as software that are required in the delivery of human settlements and not just rely on the systems of the service provider whose term is limited.
3	Non-permanence of the professional capacity that is procured utilising OPSCAP is problematic. There is lack of continuity/ sustainability as contract employees are always looking for permanent positions and therefore do not last. This has a negative impact on projects.	Formalization of the skills transfer process by NDHS to enable Provincial Departments particularly to build and retain capacity obtained through OPSCAP in a sustainable manner.
4	The OPSCAP budget is inadequate for the full needs of particularly Metros who have established internal PMUs funded by the Programme. Furthermore, the split between USDG and USPG has resulted in the 3% operational capital being severely reduced and exacerbated the shortfalls.	The human settlements departments in metro municipalities in liaison with their CFOs to identify and prioritize critical skills and resources to be procured/acquired based on the programme and projects to be implemented within an MTEF period; and ensure that those mandatory resource/skills required are budgeted for (from the municipal fiscus) and ring fenced to avoid skills gaps that will impact negatively on the implementation of human settlements programmes.
5	There is an ambiguous view of OPSCAP’s policy intent by the	There is a need to set specific parameters that define the type of expenditure that can

No	Key Findings	Linked Recommendation
	institutions which has led to the Programme being viewed, in addition to providing technical capacity, as a readily accessible fund that can be used whenever the Provincial Departments and Metros experience any kind of funding shortfalls related to operational expenses in the pursuit of achieving their human settlements outputs.	be allowed and not allowed by OPSCAP. NDHS must additionally develop an OPSCAP oriented implementation guideline/strict measures to guide the recipients to ensure effective and optimal utilization of OPSCAP. The NDHS must ensure that the enforcement of OPSCAP policy and guidelines is prioritized, in an endeavor to improve the level of alignment by recipients of the funds. Regular workshopping of the OPSCAP policy and guidelines with key stakeholders to ensure common and consistent understanding of the Programme.
6	The skills transfer component envisaged in the Programme design does not always take place at the desired level.	Formalization of the skills transfer process by NDHS to enable Provincial Departments particularly to build and retain capacity obtained through OPSCAP in a sustainable manner.
7	There is no monitoring and evaluation framework specifically for OPSCAP.	The NDHS to develop mandatory OPSCAP customized indicators to be adopted and implemented to ensure that Provincial Departments and Metros are evaluated and monitored on.
8	Lack of platform with NDHS so as to obtain assistance with addressing faced in relation to OPSCAP in particular.	The NDHS to introduce an OPSCAP champion/office to play a role of a coordinator/contact point amongst stakeholders (Departments/Metros) to enhance /strengthen channels of communication and advisory

Source: Author Compilation

4.1.10 Conclusion

OPSCAP appears to be quite relevant in its contribution to the human settlements programme in the Provincial Departments and the Metros in that these institutions have come to rely on it to provide the operational capital required to procure the services of professional expertise to assist with project identification and management of human settlements programmes. All the respondents from the Provincial Departments and Metros were in agreement with the fact that the support from OPSCAP has been helpful in ensuring that spending of grant allocation is realized and

successfully implement human settlements programmes by achieving their annual targets and increasing expenditure.

There is a general sentiment from the PDHS and the Metros that OPSCAP gives exceptional value for money. OPSCAP enables these institutions to have sufficient capacity to develop project business plans, implement human settlement projects successfully in line with the outcomes of the HSDG. However, the over reliance on external sourced expertise by these institutions leaves much to be desired. There is not much of monitoring in terms of whether the PDHS and the Metros will be able to sustainably implement human settlements programmes in future with limited or no assistance from the service providers.

Furthermore, respondents were of the view that OPSCAP needs to be clear and specific in terms of what can be funded from it. There needs to be better communication from NDHS to achieve this. Others felt that it was necessary to customise it to accommodate the conditions of individual Provincial Departments and Metros. All were adamant that they were utilising OPSCAP as prescribed by the Housing Code and were not deviating in any way, in spite of evidence from some expenditure documents showing variations. It is vital that NDHS undertakes a workshopping exercise to clarify the intent and purpose of OPSCAP. Additionally, the Department must publish a detailed and specific guideline for the utilisation of OPSCAP in line with the Housing Code.

4.2 PROVINCIAL CASE REPORTS

4.2.1 Introduction

The Chapter provides an in-depth assessment of the OPSCAP within the individual nine (9) Provincial Human Settlements Departments. The assessment discusses the following:

- How the Departments of Human Settlements are utilizing OPSCAP.
- How OPSCAP is interpreted by the Provincial Departments in the way that it is being applied to the unique environment of the Department.
- Impact of the OPSCAP in relation to addressing capacity gaps in the Provincial Department.
- The constraints the Provincial Departments are experiencing in relation to OPSCAP.
- Whether OPSCAP is providing value for money.
- What types of outputs OPSCAP is producing in the human settlements sector?
- Allocation and expenditure towards OPSCAP in previous financial years (since 2010).
- The impact of OPSCAP on the ability of the Provincial Department to spend on and fulfil its HSDG framework conditions.
- Reporting framework for OPSCAP.
- Effectiveness of OPSCAP allocation and utilization.
- The level of understanding and compliance with OPSCAP legal framework by the Provincial Departments.

4.2.1 Eastern Cape Department of Human Settlements (ECDHS) Findings

The review and analysis of the documents was limited to national documents, expenditure trends and motivations accompanying business plans amongst others in relation to how the Provincial Department utilizes OPSCAP allocation to improve its human settlements programmes and projects. The Provincial Department was interviewed later after the validation workshop was undertaken to substantiate the information captured from various documentation at the SP's disposal.

The OPSCAP participatory evaluation approach involved interviews and officials participated in the interview process included the following amongst others:

- (i) Chief Financial Officer.
- (ii) Chief Director - Human Settlement Property & Asset Management.
- (iii) Project Management and Budgeting

4.2.1.1 Programme interpretation and application

Understanding of conceptualisation by ECDHS

OPSCAP in the ECDHS is conceptualized in terms of the policy guidelines. It is understood as a funding portion of the HSDG for building capacity and capability for human settlements programmes within the Provincial Department, supplementing gaps identified in relation to skills capacity. Furthermore, the ECDHS perceives that it cannot exceed grant approval of 5% as outlined in the policy provision. The Provincial Department understands that allocation of funding is linked to approved housing programmes for which funding is provided, in order to create an enabling environment for the Provincial Department to have the required competency, capacity, and skills to meet the mandate of delivering human settlements programmes.

The ECDHS viewed OPSCAP relevant, since it is meant to be utilized to augment capacity within the department. However, the Provincial Department is of the opinion that the OPSACP guideline is limiting and has an element of inflexibility in that it does not allow the Provincial Department to utilize the fund for other associated activities that relate to the human settlements' delivery process.

In its planning process, the ECDHS ensured that the approved business plan includes OPSCAP related activities with the 5% budget allocated to fund supplementary skills capacity to be sourced and in line with the guidelines. The steps followed by the Provincial Department in order to access the OPSCAP funding are highlighted as follows:

- Decision documents accompanying submission of business plan.
- Funds gazetted in terms of DORA.
- Approval of budget within the Provincial Department.
- Implementation of plans.
- Monthly and Quarterly reporting on the HSDG to NDHS.

Utilisation of OPSCAP by ECDHS

The Provincial Department utilizes OPSCAP to appoint external resources to support municipalities accreditation processes with capacity required to implement human settlements delivery. The Provincial Department further uses OPSCAP funding to procure external resources in the form of project management team (PMT) to execute and control of project implementation with the department. The PMT consists of a Project Manager, Control Works, Inspector from the Developer, the Contractor and the NHBRC. Over the past five financial years the Provincial Department has partially been allocating OPSCAP and utilizing it as per the guideline. Table 35 indicates USDG/OPSCAP allocation and expenditure per financial year between 2017 and 2023.

Table 35: Eastern Cape DHS HSDG/OPSCAP allocation and expenditure

FY	HSDG Allocation	OPSCAP 5% Actual Budget Allocation	OPSCAP Expenditure
2017/2018	R 2 205 055 000	R 44 439 200	R 44 439 200
2018/2019	R 1 908 439 000	R 71 413 778	R 71 388 164
2019/2020	R 2 058 778 000	R 63 000 000	R 57 964 896
2020/2021	R 1 479 164 000	R 25 641 529	R 24 509 004
2021/2022	R 1 761 713 000	R 29 832 712	R 31 409 149
2022/2023	R 1 592 766 000	R 57 942 116	R 57 942 071

Source: ECPHS reports

The HSDG allocation has been decreasing over the period of five financial years. The Provincial Department has seen resources dwindling, which has also affected the OPSCAP allocation and sourcing of the skills required to implement human settlements programmes. However, the Provincial Department has been utilizing the allocated OPSCAP fund as planned. Over the years the Provincial Department has been utilizing OPSCAP to fund the following activities in terms of its of business plan:

- Project Human Resources & Professional Support & Consultants.
- M&E Verification of All Projects & Electronic Construction Management System (eCMS) reporting.
- Regional Project Support & Verification (the use of Government & Subsidy and Transport of Control Work Inspectors & Project Managers).

- Municipal Professional Services and Support.
- Youth Brigade allocated to projects in line with the National Youth Development Programme.

In the two (2) financial years (2021/22 and 2022/23) the Provincial Department utilized portion of OPSCAP funding to pay accommodation and travelling costs of the PMT in an endeavor to cover eight accredited municipalities implementing human settlements programmes in the region of R 6 446 000. Furthermore, the Provincial Department planned to use R 5 040 000 from OPSCAP allocation to fund external resources for a period of three years (2021-2024) to perform the following activities:

- Assist in the prevention of unlawful occupation and illegal selling of houses.
- Assist in the mitigation against incorrect occupation and renting of subsidy houses.
- Encourage beneficiaries to take ownership of their completed houses to prevent municipalities from billing the units whilst the actual beneficiaries are not rightful occupants.
- Provide consumer education to beneficiaries on their rights and obligations, and
- Provide adequate social facilitation to beneficiaries to educate them on available housing opportunities.

Table 36: Eastern Cape DHS Operational Capital Allocation and Expenditure

FY	Budget		Expenditure per activities				
	Allocated		Project Human Resource	M&E verification	Professional services	Regional project support & verification	Youth brigade
2021/2022	R 10 774 000	R	R 6 356 660	R 3 232 200	R 646 440	R 537 700	-
2022/2023	R 23 092 528	R	R 3 012 962	R 6 250 283	R 5 040 000	R 6 446 000	R 2 343 283

Source: ECHS Business plans/OPSCAP reports

Table 36 depicts the two (2) financial years of OPSCAP allocation in the Provincial Department and activities funded. Large portion of OPSCAP allocation amounting to R 9 482 483 has been directed toward M&E verification of all Projects including Project Human Resources with an allocation of R 9 369 622 respectively. The Regional project

support & verification (R 6 369 622) and Municipal professional services (with R 5 686 440) followed and then women and youth brigade with an amount of R 2 343 283.

The fact that the large portion of the OPSCAP funds is directed towards sourcing external services is an indication that the Provincial Department lacks capacity internally to execute those responsibilities. The equitable share is unable to assist the ECDHS recruit staff complement internally and as such has created gaps which has led the Provincial Department's reliance on OPSCAP to acquire capacity for the implementation of human settlements programmes.

According to the expenditure trends documents, the province has also utilized OPSCAP to additional activities such as legal fees, deeds search, services offered by the tertiary institutions (Fort Hare university & Nelson Mandela Metropolitan University), auditing firms (KPMG), ad hoc payments such as salaries amongst others. In addition, the ECDHS is utilizing OPSCAP to fund the implementing agent fees (e.g. HDA) following the MOA entered with these agencies to ensure support and capacitation of municipalities implementing human settlements programs. Over and above the implementing agencies, the ECDHS went further to enter into service level agreement with the institution of high learning (Nelson Mandela Metro University, Fort Hare University and Stellenbosch) to ensure capacity support to municipalities including councilors.

In its endeavour to ensure accreditation of municipalities, the ECDHS has also in the last quarter of 2021/22 incurred huge expenditure due to the costs incurred in capacitation training to municipalities conducted by Nelson Mandela Metro University for a period of three (3) months. The ECDHS has been utilizing the OPSCAP allocation on the State Asset Maintenance Programme. The expenditure trends in relation to OPSCAP utilization portrays a habit of over expenditures due to the fact that funds can be used in any other activities that are not budgeted for but require immediate funding.

4.2.1.2 Value for Money

Considering the trends in terms of activities funded with OPSCAP allocation, the ECDHS has seen value for money through the utilization of OPSCAP. Value for money is being obtained in terms of human capital sourced as it is assisting in the drive for capacitating accreditation of municipalities. However, the ECDHS acknowledges the gap in relation to staff complement internally due to limited funds from the equitable share to appoint relevant skills required, but with the OPSCAP allocation the Department has seen improvement in human settlements delivery.

A significant portion of OPSCAP is mostly utilized for sourcing external expertise to execute human settlements programmes for the Provincial Department, but whether the internal staff are benefiting (in terms skills transfer) from the services rendered by external resources procured for future sustainability in the Provincial Department leaves a lot to be desired.

Therefore, in as much as the ECDHS has seen value for money in utilizing OPSCAP funds, the concern of the Provincial Department has not been about building capacity internally, but how the Provincial Department is performing in the implementation of human settlements programmes without considering the capacity improvement.

What types of outputs has the programme produced since inception?

OPSCAP has been a vital contributor to the ECDHS ability to deliver on its mandate regarding human settlements. The funds from OPSCAP have been used to secure human capacity for project management over the years to improve the functionality, processes, performance, systems and service delivery by the province and accredited municipalities. The Provincial Department has intended to achieve the target on the following aspects over the years through the external resources procured utilising OPSCAP:

- Title deeds issued to beneficiaries.
- Prevention of unlawful occupation and illegal selling of houses.
- Mitigation against incorrect occupation and renting of subsidy houses.
- Provide consumer education to beneficiaries on their rights and obligations.

- Provide adequate social facilitation to beneficiaries to educate them on available housing opportunities.
- Legal occupation of houses and compliance with restriction voluntary sales of state subsidized houses, and
- Job opportunities created.

This can be attributed to the appointment of external expertise sourced that has been instrumental in project identification and leading to successful project implementation of these projects.

Perceived Negative Impacts of OPSCAP

As clearly stated, the ECDHS uses large portion of its OPSCAP fund to employ contract technical staff. Therefore, there has not been any perceived negative impacts with the programme, except that it is limiting and does not allow flexibility for the Provincial Department to expand its utilization to other activities supporting human settlements delivery.

Skills Transfer and Capacity Development

The ECDHS is providing support to its municipalities to get accreditation to ensure implementation of human settlements programme. Most of the skills transfer and capacity development is directed towards municipal officials and councillors to enable them plan, make correct decision in the implementation of human settlements programs as opposed to capacitation of internal staff to ensure sustainability of human settlements in future within the Provincial Department.

Institutions of high learning (Nelson Mandela Metro University, Fort Hare University and Stellenbosch) have been brought on board through the service level agreement entered with the ECDHS to ensure capacity development to municipalities including councillors is realized.

Skills and expertise sufficient to implement human settlement programmes

The Provincial Department relies on the external resources sourced through the utilization of OPSCAP funding. Internally the ECDHS lacks sufficient skills and expertise to implement human settlements programmes due to limited funding from

the equitable share to appoint required staff. Therefore, OPSCAP has been of assistance to the Provincial Department acquire relevant skills and expertise to implement human settlements programmes.

Gaps or skills shortages

The ECDHS acknowledges that OPSCAP does not make provision for permanent employment but contracted staff, who often leave when contract come to an end. Therefore, gaps in relation to skills shortage will always be experienced as long as the equitable share is not able to assist in recruiting staff complement required to implement human settlements programmes. The ECDHS is of the view that OPSCAP has been helpful in the absence of equitable share support to addressing skills gaps, but it is to a certain extent not enough to address skills gaps experienced by the Provincial Department in an endeavour to address human settlement programmes.

4.2.1.3 Programme Monitoring and Reporting

The ECDHS does not to have OPSCAP M&E framework in place. Utilization of OPSCAP allocation is in terms of housing code, DoRA and PMFA. The process follows the guideline in which the Provincial Department is expected to report on the overall HSDG/OPSCAP utilization to the NDHS on a monthly and quarterly basis as part of in-year monitoring reporting.

4.2.1.4 Policy and Legal Framework

In view of the limitations of Provincial equitable share budgets for the ECDHS, the Comprehensive Plan introduced a framework for a funding mechanism to assist Provincial governments. Therefore, the Provincial Department utilise the OPSCAP for the use of direct and indirect project governance and Project Management related activities, which is currently under 5% stipulated condition as per the Housing Code. The Housing Code provides clear guidelines to the ECDHS through the application of the OPSCAP funding. It is expected that the ECDHS shall not exceed the approved budget of 5% of the grant allocation, and that allocation of the funding will be utilized on approved activities.

4.2.1.5 Funding Framework

The ECDHS acknowledge the main objective of the OPSCAP is to provide for a funding framework for the reservation and application of a percentage of the annual housing allocation to the relevant Provincial governments. Although OPSCAP funding is viewed as limiting and not flexible, it is however not meant to be a replacement of equitable share to ensure appointment of internal staff.

It is the view of the ECDHS that OPSCAP allocation is being utilized in terms of the policy guidelines to ensure that the management of all running projects are aligned to the departmental quality standards, where positive governance, and assurance on a project level are implemented and measured through the proper controls. Therefore, the ECDHS assert that OPSCAP funding is optimally and efficiently utilized and follows the funding frameworks guide, and usage include the below listed activities:

- The appointment of external capacity.
- The administration and management of the Operational Capital Budget, the Accounting Officer must adhere to the provisions of the Division of Revenue Act (DORA) and the application thereof in terms of the Housing Code.
- The management of all projects not to exceed the approved budget and that the allocation of the funding is related to approved activities as per the approved Business Plan.
- The issues related to the process to initiate and plan a project to establish the scope, budget and resources required for the implementation and the execution and control of projects must be defined.
- The establishment of a project management team that should manage the governance, assurance, and quality within a project team of a construction project within the execution and control environment.

4.2.1.6 Institutional Framework

The administration and management of the Operational Capital Budget should be in line with the Provincial Department and must ensure the adherents according to the provisions of the DORA, and the application thereof in terms of the Housing Code. Furthermore, the responsibility of the Provincial Department is to create an enabling environment to ensure the required competency, capacity, and skills to meet the mandate of the Provincial Department in relation to human settlements delivery.

Internal Stakeholders

The internal stakeholders contributing to the implementation of human settlements programmes in the Provincial Department include directorates responsible for program implementation and Project Management Unit (PMU).

External Stakeholders

- NDHS – business plans and HSDG/OPSCAP monthly and quarterly reports are submitted to the NDHS.
- HDA – implementing agency in terms of MOA entered between the parties to ensure management and implementation of human settlements programmes.
- NHFE and COEGA - implementing agencies for the implementation of human settlements programmes in terms of SLA signed with the Provincial Department, and OPSCAP is being utilized.
- Institutions of higher learning- provide capacity development to municipalities through SLA, particularly on officials and councillors to be able to implement, monitor human settlements programmes.

4.2.1.7 Issues/ Challenges

- The Department is of the view that OPSCAP 5% allocation is not enough considering myriad human settlement challenges faced by the province.
- The policy guidelines on OPSCAP are limiting and not flexible to enable the Department to utilize the allocation to other activities supporting human settlements programmes. therefore, the need for policy guidelines review is imminent.
- The fact that portion of OPSACP allocation comes from the HSDG, the Department often falls short of meeting the human settlements target. Therefore, the NDHS should consider separating OPSCAP from the HSDG to ensure Department spent more on human settlements delivery than sourcing external resources.
- The equitable share received from the province by the Department is limited and cannot address skills gaps currently experienced in the Department, hence OPSCAP is the means to an end to acquire required capacity for the implementation of human settlements programmes, and

- The Department has to certain extent experience variation (e.g., legal costs, accommodation of PMU, etc.) in the utilization of OPSCAP due to budgets shortage in the Department.

4.2.1.8 General

The ECDHS ensure that the supply chain management process is followed when sourcing out the external resources. Over and above that the Department implement policy prescripts and national priorities guideline in empowering and elevating women, youth, and persons with disabilities (WYPD) as part of the beneficiaries.

4.2.1.9 Concluding Remarks

The ECDHS has over the years been utilizing OPSCAP allocation in terms of how it interprets the OPSCAP guidelines. Therefore, OPSCAP in the Department has been utilized to fund the following:

- Project Human Resources & Professional Support & Consultants.
- M&E Verification of All Projects & Electronic Construction Management.
- System(e-CMS) reporting.
- Regional Project Support & Verification (The use of Government & Subsidy and transport of Control Work Inspectors & Project Managers).
- Municipal Professional Services and Support.
- Youth Brigade allocated to projects in line with the National Youth Development Programme.

The ECDHS has not been able to build capacity internally to ensure sustainability in the implementation of human settlements programme in the future due budget shortage and limit the over-reliance on external resources that come with exorbitant cost. Nevertheless, OPSCAP funding has been of assistance to the ECDHS in ensuring that municipalities get accreditation and capacitated to implement human settlements programmes. Through OPSCAP, the ECDHS has been closing gaps experienced internally in relation to staff complement by sourcing external expertise assisting with the implementation of human settlements programmes. Table 37 below depicts the summary of evaluation findings for Province.

Table 37: Eastern Cape DHS Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	Yes, the theoretical framework is appropriate, however, OPSCAP is not effectively and optimally utilized in the Metro. The challenges (capacity building) meant to be addressed by OPSCAP has not been given the attention it deserved, either by design or ignorance of the Department. Therefore, there is no evidence in the Department that the introduction of OPSCAP improved expenditure and delivery on the HSDG funded human settlements programmes and projects.
2.	Is the OPSCAP being implemented according to the design?	No. The Department is not implementing OPSCAP according to its design in that a portion OPSCAP is directed to activities outside the policy intent of the Housing code/ guideline.
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	The Department experience capacity gaps to an extent that most of the human settlements' programs are achieve through the utilization of external service providers appointed through OPSCAP allocation, Therefore, capacity challenges still not being address as OPSCAP is not effectively utilized to build capacity so that the Department can be able to sustain itself in the long run, in relation to the implementation of human settlements programmes and delivery.
4.	Are resources used efficiently? Is value for money being obtained?	OPSCAP is not optimally utilized in the Department. Therefore, the issue of value for money is not being realized in the utilization of OPSCAP. A large portion of OPSCAP allocation in the Department is being utilized for other activities in addition to procuring external resources and as to whether the issue of skills transfer on internal staff is taking place or not.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The only indicator that is used to track OPSCAP by Department is the amount spent, which is reported monthly internally and quarterly to the NDHS in line with the HSDG framework. The Department monitors and reports on the performance and expenditure of HSDG/OPSCAP allocation by HDA on the human settlement's programmes.

Source: Author compilation

4.2.1.10 Lessons Learned

- Large portion of OPSCAP allocation in the Department is not directed towards building capacity and/or addressing skills gaps, but to aid other human settlements programmes that could have not been covered due to limited resources.
- The Department is over reliant on the external resources to implement and achieve human settlements programmes, whilst less attention is given to capacity improvements.
- Through OPSCAP allocation value for money is being realized by the province, although there is need for improvement in the way the Department should utilize OPSCAP funds.

4.2.1.11 Recommendations

- The NDHS to ensure that all institutions utilizing OPSCAP allocation should interpret HSDG/OPSCAP guideline to ensure same understanding in its implementation.
- The Department to ensure utilization of OPSCAP allocation to invest on capacity building and ensure that internal staff benefit from the external resources procured (skills transfer). This will ensure sustainability in the implementation of human settlements programmes in the future.

4.2.2 Free State Department of Human Settlements (FSDHS) Findings

The OPSCAP participatory evaluation approach involved mainly interviews with the following key stakeholders:

- Officials responsible for the implementation and coordination of the HSDG including OPSCAP allocation.

The officials in the FSDHS were interviewed with a view to gather information on how the Provincial Department is utilizing its 5% OPSCAP allocation. A set of structured questionnaires were used to ensure representativeness in responses to assist in the evaluation process and not to deviate from the objective of the evaluation.

Discussions with the key informants in the FSDHS was undertaken virtually to discuss the questionnaire in general and what outputs were expected. The Provincial

Department availed senior officials in the level of Chief Directorate responsible of Human Settlements Programmes and directly responsible for the implementation of HSDG including OPSCAP programme. The officials were identified as key participants in this process. The interview guide was sent to the Province and key informants beforehand to ensure that sufficient time is given to prepare for the interview.

4.2.2.1 Programme interpretation and application

Understanding of conceptualisation in FSDHS

OPSCAP in the FSDHS is conceptualized in terms of how the policy guidelines prescribed. It is understood as a funding portion of the HSDG for building capacity in an endeavour to deliver human settlements programmes within the Provincial Department and supplements skills gaps experienced.

In its planning process the Provincial Department ensured that the approved business plans include OPSCAP related activities with an indication of the budget allocated to fund those activities and are in line with the guidelines. The steps followed by the Department in order to access the OPSCAP funding are highlighted as follows:

- Submission of business plans.
- Funds gazetted in terms of DORA.
- Approval of budget within the Department.
- Implementation of plans.
- Quarterly HSDG reporting to NDHS.

OPSCAP is seen relevant as it meant to assist the Department increase and improve capacity to ensure implementation of human settlements delivery. The FSDHS is of the view that OPSCAP is too prescriptive as it does not allow the Department to have a leverage of utilizing OPSCAP to address other human settlements activities in the province. The province is of the view that the arrangements of OPSCAP dictates on what it should be used for, and it is a cause for concern. It is also the opinion of the province that the programme should have been left at the province's discretion to utilize the funds in relation to human settlements delivery.

Utilisation of OPSCAP by the FSDHS

The Department utilizes OPSCAP allocation to unlock other human settlements challenges experienced in the province. The large portion of OPSCAP in the province is directed/assigned to Housing Development Agency (HDA) as the stakeholder/partner in the human settlement's delivery programme.

The province indicated to have been achieving most of its human settlements target through the support of HDA, hence the large portion of OPSACP is used on HDA. Furthermore, HDA can utilize OPSCAP funds on its related activities including improving its own capacity to support the province deliver implement Human settlements programmes. Over the years OPSCAP has not been allocated towards building capacity to ensure sustainability in the Department on implementing Human Settlements delivery but to propel human settlements targets.

The expenditure figures confirm that the OPSCAP allocation is partially directed to the HDA and can be utilized as deem fit, following the MTOP agreement between the two institutions. In 2022/2023 financial year the OPSCAP allocation was R23 750 000 which was all made available for the HDA to implement human settlements programmes in line with the provisions of the MTOP. In the 2021/22 financial year OPSCAP was used to fund training activities i.e., the allocation paid outstanding invoices received from the CTC College for mentorship of the Contractors Development Programme (CDP) contractors which were settled in June 2021. Furthermore, OPSCAP was also intended to fund the PMU operation which in terms of expenditure trends was delayed by supply chain process. R 3 500 000 was allocated and by the end of quarter three the funds had not yet been spent. However, R 18 million of R 21.5 million was already spent in the second quarter of 2021/22 financial year.

Table 38 illustrates the allocation of OPSCAP over a period of five years. Only three financial years reflects the allocation of OPSCAP, but expenditure has been made on all five financial years. The Department allocation appeared to be smaller, however, it has been reasonable spent. It has been revealed during interview with the Department that most of the OPSCAP portion is directed towards HDA to implement and manage

all human Settlements programmes. It is therefore, presumed that the expenditure has been used HDA activities.

Table 38: Free State DHS Operational Capital Allocation and Expenditure

FY	Actual Budget Allocation	Expenditure
2018/2019	-	R 13 501 000,00
2019/2020	R 23 816 000,00	R 12 943 000,00
2020/2021	-	R12 942 000,00
2021/2022	R 13 595 000,00 751	R 9 203 000,00
2022/2023	R 15 678 000,00	R 30 482 000,00

Source: FSDHS Business plan/OPSCAP allocation, 2018/19-2022/23

Over and above utilization of OPSCAP on professional services the department has been utilizing OPSCAP to pay deeds search, municipal accreditation, traveling and accommodation and other ad hoc payments as reflected in the expenditure trends on HSDG/OPSCAP utilization.

4.2.2.2 Value for Money

The Department has not been utilizing OPSCAP to build its capacity to ensure sustainable implementation of Human settlements programme in the long run. The current arrangements are that funds are directed to HDA to ensure achievements of human settlements programmes are targets. Therefore, the issue of value money in as far as OPSCAP is concerned is not about capacity building and ensure sustainability by the Department to implement human settlements programmes.

What types of outputs has the programme produced since inception?

Through the assistance of HDA the Department outputs include land acquisition programme amongst others being achieved. HDA is also tasked to manage the consultants procured by the Department to execute human settlements programme. In summary, the Department through the support of HDA has claimed to have been able to achieve the target on the following aspects over the years through resources procured utilising OPSCAP:

- Land Ge-Spatial services
- Project planning, programming, and coordination

- Land acquisition/assembly
- Project implementation
- Informal settlements upgrading

Perceived Negative Impacts of OPSCAP

The Department is of the view that some of the OPSCAP portion should be allowed to fund the activities of internal PMU experiencing capacity constraint including lack of office equipment limiting the PMU perform its function as expected in ensuring that human settlements in the Department are delivered.

For the financial year 2023-24, the Department intends to have its PMU tap into the OPSCAP funds as it has capacity constraint to execute its human settlements programmes. The Department has since requested the approval from the National Human Settlements to that effect. The restriction in utilizing OPSCAP on areas such as training of internal staff and professional registration of the same internal staff has been overemphasized.

The FSDHS is further of the view that Provincial Departments are not the same in terms of challenges encountered. Therefore, the blanket approach in the use of OPSACP is affecting the progress in which the delivery of human settlements was expected in the province.

The Department is of the opinion that if the OPSCAP funding guidelines were to be reviewed to relax the restrictions mentioned above; the Department will be in a position to address other human settlements related needs which are not accommodated limited budget.

Skills Transfer and Capacity Development

The Department has not been utilizing OPSCAP allocation to supplement and ensure that capacity is improved. Over the years the Department has been able to achieve its human settlements targets through the support of HDA utilizing OPSCAP funding. Therefore, the skills transfer brought by the implementation of OPSCAP allocation cannot be measured at this stage as it has not been utilized for the intended purposes that is outlined in the guidelines.

There is no OPSCAP funded capacity development programme. OPSCAP funds are currently not being used for capacity development but used to fund HDA activities including building its own capacity to support the Department achieve human settlements targets. However, HDA is in turn expected to capacitate internal staff in the Department.

Human settlements capacity challenges in the Province

Over the years the Department has not been building capacity to ensure delivery of human settlements programme. During the discussion it was revealed that the Department relied on HDA to implement human settlements.

This is substantiated by the request made by the Department to NDHS to be allowed to utilize OPSCAP fund on in house PMU, PMIO and source external expertise to assist the Department to implement and achieve human settlements targets.

It has been established that during the interview discussion that HDA is at liberty to utilize OPSCAP funding alternating with its own budget. The funding is used to pay the cost of any assistance to the Department in relation Human Settlements programmes including any payment of resources required by the agency, as long as the expenditure is provided (invoices are sent to the Department to disburse).

Skills and expertise sufficient to implement human settlement programmes

The presence of the HDA through the protocol/agreement entered between the two institutions including collaboration and support programmes set out in the Medium-Term Operational Plan (MTO) also come handy in assisting the Department with the required skills. Therefore, HDA is being utilized as the main resource with skill capacity in ensuring human settlements programmes are achieved. If additional responsibility arise, addendum to the agreement will be developed to ensure that payment of the service is accounted for.

Gaps or skills shortages

The skills gaps to execute human settlements programmes is acknowledged and the organizational structure has not addressed that gap, hence reliant on HDA. This has been exacerbated by the in-house PMU which has its own capacity constraints

including and unable to play the meaningful role of assisting the Department to implement its human settlement programme.

The request for approval from NDHS to utilize OPSCAP fund Programme Implementation Management Office (PIMO), in-house PMU and source externally to ensure implementation of Human Settlements programmes is an indication of skills gap or shortage. The PIMO is expected to provide capacity to the internal PMU to ensure implementation of human settlements programme.

It was established in the interview discussion that the issue of skills development is aligned with organizational structure of the entire institution and has to do with decision making in the Department. Therefore, the Department has not provided any plan/intentions to address the matter.

4.2.2.3 Programme Monitoring and Reporting

The Department does not have OPSCAP M&E framework. OPSCAP is rather reported on within the framework of the HSDG Framework. The HDA reports on the expenditure of the of HSDG/OPSCAP allocation that it is being directed towards HDA's operations to assist the Department on human settlements delivery programmes.

4.2.2.4 Policy and Legal Framework

The Department has not developed a Standard Operating Procedures (SOP) specifically for OPSCAP. It is guided in its use by the guideline developed for Human Settlements directorate that were developed by the NDHS in line with the HSDG framework.

The view of the Department in relation to the OPSCAP allocation is that the program is too prescriptive. The programme limits the Department to expand its usage.

4.2.2.5 Funding Framework

The 5% OPSCAP allocation has not been effectively and optimally utilized by the Department. The OPSCAP funding mechanism has been largely used to support HDA activities to realize its objectives of delivering human settlements programme on behalf of the Department. However, the Department is of the view that the 5% OPSCAP funds are accounted for. This is because where the funding is being directed to,

achievements in relation to human settlements are realized. Major achievements have been achieved through the support of the HDA assistance.

4.2.2.6 Institutional Framework

The institutional arrangements in relation to OPSCAP are governed by pre-defined processes and policies including protocol agreements. In addition to the framework defined in the HSDG/OPSCAP guideline the Department has the following arrangements in place:

Internal Stakeholders

- Human Resources Department – is responsible for appointing the required contract employees in line with the department HR policies.
- Finance – preparation and submission of the Medium-Term Expenditure Framework (MTREF) budget in line with the MFMA and ensure that expenditure is in line with the business plan and policy guidelines.

External Stakeholders

- NDHS – business plans and HSDG quarterly reports are submitted to the NDHS.
- HDA – Provide technical assistance and expertise to ensure delivery of Human Settlements programmes.
- PIMO- provide technical capacity and advice as and required.

Monthly and quarterly meetings are also held with the NDHS as part of the HSDG support framework.

4.2.2.7 Issues/ Challenges

The Department identified the following challenges that it is experiencing as it implements OPSCAP:

- The decreasing of HSDG over the year impacting negatively on the planning and utilization of funds effectively. The OPSCAP allocation has been lessor, and the institutions find it expensive to afford to procure capacity as well as competing in the market for quality technical skills required.

- The limitations and inflexibility of the OPSCAP utilization by Department has the negative impact in the achievement of some human settlements' targets.

4.2.2.8 General

Regarding the national priorities of elevating WYPD, the Department follows its approved employment equity plan in handling all its appointments. The plan is aligned to the Employment Equity Act, which advocates workplace equity and prioritising WYPD.

4.2.2.9 Concluding Remarks

The OPSCAP initiative since its inception has been of assistance to the Department and most of the human settlements' programmes have been achieved. However, the Department has not been utilizing OPSCAP allocation effectively and optimally such that incremental capacity building is realized. The role of HDA has been beneficial to the Department such that it has been tasked to handle all human settlements delivery programmes on behalf of the Department, hence the large portion of OPSCAP is used on HDA. Although the Department is of the view that there is value for money through utilization of OPSCAP capacity improvement and skills transfer cannot be verified as internal monitoring processes are not clearly coordinated. Table 39 depicts the summary of evaluation findings for the Province.

Table 39: Free State DHS Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	No. OPSCAP is not effectively and optimally utilized in the Department. The challenges (capacity building) meant to be addressed by OPSCAP have not been given the attention it deserved, either by design or ignorance of the Department. Therefore, there is no evidence in the Department that the introduction of OPSCAP improved expenditure and delivery on the USDG funded human settlements programmes and projects.
2.	Is the OPSCAP being implemented according to the design?	Relatively. The Department is not implementing OPSCAP according to its design in that most of the allocation is directed to HDA and procure services of external resources (consultant). The Department has often not been utilizing the entire 5% of the OPSCAP budget taken from the HSDG. However, the remaining amount is utilized for other human settlements capital projects/programme. There is a need for the Department

No	Evaluation Questions	Indicators
		to start addressing the issue of capacity improvement to ensure sustainability in the Department in relation to implementation of human settlements programmes in the long run.
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	The Department experience capacity gaps to an extent that most of the human settlements' programs are achieved through the utilization of external service providers appointed through OPSCAP allocation, including the HDA as per the MTOP agreement. Therefore, capacity challenges still not being address as OPSCAP is not effectively utilized to build.
4.	Are resources used efficiently? Is value for money being obtained?	OPSCAP is not optimally utilized in the Department. Therefore, the issue of value for money is not being realized in the utilization of OPSCAP. A large portion of OPSCAP allocation in the Department is being directed to HDA, and the Department cannot confirm whether transferring skills on internal staff is taking place or not. However, the HDA is being seen as delivering according to agreed terms and within protocol agreement (MTOP) and therefore, value for money is being realized.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The only indicator that is used to track OPSCAP by Department is the amount spent, which is reported monthly internally and quarterly to the NDHS in line with the HSDG framework. The Department monitors and reports on the performance and expenditure of HSDG/OPSCAP allocation by HDA on the human settlements' programmes.

Source: Author compilation

4.2.2.10 Lessons Learned

- The Department has not been utilizing OPSCAP allocation effectively and optimally.
- The Department has not been prioritizing building of its internal capacity to implement human settlements programmes, due over reliant of external capacity procured including assistance of HDA.
- Lack of coordination in relation to HSDG/OPSCAP has negative effects on the Department to align and positively implement the programme as guided by the policy prescripts.

4.2.2.11 Recommendations

- The guideline may need to be reviewed to allow flexibility by Department to utilize OPSCAP allocation for pressing affecting human settlements delivery.
- NDHS to ensure conceptualization and interpretation of OPSCAP policy guide is at the same level for institution implementing OPSCAP to avoid variations currently taking place.
- NDHS to explore more on various entities which will partner with Departments and ensure that skills transfer from within is increased.

4.2.3 Gauteng Department of Human Settlements (GPDHS) Findings

The OPSCAP participatory evaluation approach involved mainly interviews with the following key stakeholders:

- PMO – Programme and Project Management.
- Programme and Regional Coordination: City of Tshwane.
- Programme and Regional Coordination: City of Ekurhuleni.
- Programme and Regional Coordination: Urban Renewal.
- Grant Management.
- Management Accounting: Infrastructure Reporting, and
- Sector Transformation Programmes

The officials in the GPDHS were interviewed with a view to gather information on how the Department is utilizing its 5% OPSCAP allocation. A set of structured questionnaires was used to ensure consistency.

Discussions with the key informants in the GPDHS was undertaken virtually to discuss the questionnaire in general and what outputs were expected. The Department availed senior officials in the above units for the purposes of the discussion. However, the interview process was not completed due to them having prior commitments before the exercise was completed. The interview guide was sent to the respondents and key informants beforehand to ensure that sufficient time is given to prepare for the interview.

4.2.3.1 Programme interpretation and application

There is a recognition in the province of what OPSCAP entails as set out in the Housing Code in that the programme caters for the funding of the procurement or acquisition of key personnel with crucial skills required for delivering on the human settlements programme. The province follows the following steps in order to access the OPSCAP funding:

- Identify and quantify the need for technical support - based on technical skills that are lacking in the Department.
- Preparation and submission of business plans.
- Motivation letters for OPSCAP allocation submitted to NDHS.
- Business plan approval by NDHS.
- Funds gazetted in terms of DORA.
- Implementation of plans, and
- Monthly and quarterly HSDG reporting to NDHS.

Skills Transfer

The Terms of Reference for the external service providers has skills transfer component which requires the Department to institute a mechanism of transferring skills to the Department's officials, so that they are able to perform independently. Officials are assigned to work with the PMU, however there is no measurement of the degree to which skills are being transferred but it is assumed that it is taking place informally.

Utilisation of OPSCAP

The GDHS mainly utilizes OPSCAP for the following:

- Operational funding of the Gauteng Partnership Fund (GPF) in performing certain functions for the human settlements programme.
- Funding the operational budget of the MTOP with the HDA.

*The Gauteng Partnership Fund (GPF) and Housing Development Agency (HDA)
Implementation Protocol*

The GPDHS has entered a tripartite implementation protocol since 2018 with the GPF and HDA to provide technical support and augment the Province's capacity in the implementation of mega and catalytic projects towards creating new housing opportunities. The GPF is a wholly GDHS owned entity and is an implementing agent of the GDHS for the delivery of integrated human settlements. In terms of the IP, for the implementing agents to provide capacity and resources, a programme management fee to the tune of 5% calculated against the total value of projects to be implemented by implementing agents should be provided for by the Province. This operational budget for this implementation protocol is funded by OPSCAP. The total amount required for the 2022 financial year was R 52 828 695.39 against the value of mega and catalytic projects to be implemented.

According to the GDHS 2021 Annual Report in the 2019/20 and 2020/21 financial years for example, the IP utilised less than 1% of the OPSCAP budget with the remaining 4% being dedicated to the following uses:

- The title deed programme
- Master Plan formulation
- Renewal projects
- Beneficiary administration
- Support programmes
- GIS, and
- Public participation, amongst others

In the years 2022 and 2023, the GPDHS earmarked the remainder of the 4% OPSCAP budget to the following:

- Alexandra Renewal Project Management Offices – R 36.5 million in 2022 and R 35 million in 2023.
- Hostel redevelopment bulk infrastructure assessment – R 25 million (2022).
- Contractor Development Training – R 19 million (2023), and
- Technical assessment of asbestos roofs – R 50 million (2023)

The allocation for 2019/20 and 2020/21 is depicted in Table 40.

Table 40 Gauteng DHS OPSCAP Allocation 2019/20 to 2020/21 FY

Description	FY 2019/20	FY 2020/21
HSDG Allocation	R 5 164 409 000	R 3 955 283 000
Amount Requested for OPSCAP	R 258 220 450	R 197 764 150
Amount for project management support (HDA and GPF)	R 58 130 064	R 52 808 695

Source: Gauteng DHS documents

4.2.3.2 Operational Capital Allocation and Expenditure

Table 41 Gauteng DHS Operational Capital Allocation and Expenditure

FY	HSDG Allocation	Indicative OPSCAP Amount (5%)	OPSCAP Expenditure
2018/2019	R 5 163 800 000	R 258 190 000	R 310 376 000
2019/2020	R 4 963 780 000	R 248 189 000	R 186 897 000
2020/2021	R 4 344 414 000	R 217 220 700	R 34 941 000
2021/2022	R 3 885 252 000	R 194 262 600	R 48 415 000
2022/2023	R 4 311 126 000	R 215 556 300	R 86 760 000

Source: Gauteng Provincial Documents

Table 41 depicts the HSDG allocation vis-a-vis the expenditure recorded for OPSCAP between 2018/2019 and 2022/2023 FY. The GPDHS generally uses less than the stipulated 5% towards OPSCAP. However, as already mentioned above, only a portion of the OPSCAP is used to address programme and implementation support for human settlements projects.

4.2.3.3 Value for Money

The GPDHS is of the opinion that OPSCAP has value for money in that it is impacting performance positively, with targets being achieved. In the previous financial year for example, the Province was able to achieve its targets, particularly on its mega projects with 3 701 sites serviced and 2 544 housing units delivered. The availability of technical skills within the implementing agents also meant that there was effective project management resulting in projects being delivered on time and being of a high standard. As such OPSCAP has been effective in contributing to the Province's ability to deliver on its mandate and meet its financial and non-financial targets.

4.2.3.4 Programme Monitoring and Reporting

OPSCAP is reported in line with the HSDG framework, on a monthly and quarterly basis. The GPF and HDA report to the Provincial Department which remains accountable for the funds in terms of the DORA. Internally, project meetings take place weekly to report on progress.

4.2.3.5 Policy and Legal Framework

The GPDHS has not developed a SOP for OPSCAP but is guided in its use by the Housing Code and the HSDG Grant Framework, including DORA and the PFMA. The Province is of the view that the limit of 5% is too little and is sometimes inadequate for the needs that exist. However, an analysis of the provincial documents reveals that only the 1% is utilised in line with the policy and the other 4% is utilised for other uses.

4.2.3.6 Institutional Framework

The following stakeholders have been identified by the Provincial Department as key when it comes to OPSCAP:

- Municipalities – all the human settlements projects are being implemented at Municipal level.
- The HDA as party to the MTOP Agreement with the Province and GPF.

Working relationships between the stakeholders are governed by the inter-governmental relations (IGR) framework in line with the Intergovernmental Relations Framework Act, 2005.

4.2.3.7 Issues/ Challenges

The Provincial Department identified the following challenges that it is experiencing as it implements OPSCAP:

- OPSCAP should be able to acquire systems such as software that are required in the delivery of human settlements.
- Limited budget and escalating costs may make the Programme unsustainable.

- Skills transfer component does not always take place at the desired level in spite of that being a stated requirement in the Terms of Reference of the Service Provider.
- GPF is unable to certify the projects it manages for payment, and this must be done by departmental officials who were not involved in the projects.

4.2.3.8 Concluding Remarks

The province highlighted how OPSCAP has been relevant in its contribution to the human settlements programme by enabling them to procure much needed technical skills. Certain professional technical skills cannot be acquired directly because of lower salary brackets in the public sector so OPSCAP provides the Department with a mechanism of acquiring scarce skills indirectly. This assists the Department to deliver quality services and within the specified timeframes.

The utilization of OPSCAP funding in the GPDHS has over the years contributed to some extent to addressing some of the human settlements' capacity challenges experienced despite the shortcomings of the programme. Table 42 below depicts the summary of evaluation findings for the Province.

Table 42 Gauteng DHS Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	Yes. OPSCAP addresses the major challenge of technical capacity constraints in the implementation of human settlements programmes and projects. There is evidence that the introduction of OPSCAP has gradually improved expenditure and delivery of projects.
2.	Is the OPSCAP being implemented according to the design?	Partially. Although a fair amount of the OPSCAP budget is dedicated to funding the tripartite IP with GPF and the HDA, more than half of the OPSCAP budget is dedicated to additional uses that cannot be classified as adhering to the intent of the Programme.
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	No institutional gaps/ issues have come to light that relate particularly to OPSCAP.

No	Evaluation Questions	Indicators
4.	Are resources used efficiently? Is value for money being obtained?	There is value for money obtained in the utilisation of OPSCAP in the contributions made by the resources purchased using the OPSCAP fund. However, this is counteracted by the fact that the Province also uses OPSCAP to fund additional items not in line with policy.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The only indicator that is used to track OPSCAP is expenditure, which is reported monthly internally and quarterly to the NDHS in line with the HSDG framework/ DORA provisions.

Source: Author compilation

4.2.3.9 Recommendations

- Relevant project management systems should be procured using OPSCAP.
- Sliding scale calculation of OPSCAP can be applied to avoid OPSCAP funds being utilised for other uses.

4.2.4 Kwa Zulu Natal Department of Human Settlements (KZNDHS) Findings

The OPSCAP participatory evaluation approach involved mainly interviews with the following key stakeholders:

- Officials responsible for the implementation and coordination of the HSDG including OPSCAP allocation.

The officials in the KZNDHS were interviewed with a view to gather the information on how the Department is utilizing its 5% OPSCAP allocation. A set of structured questionnaires were used to ensure representativeness in responses, which will assist in the evaluation process and not to deviate from the objective of the evaluation. The analysis and assessment of the institution on how is executing its responsibilities in relation to Human Settlements delivery in the Provincial jurisdiction through utilization of 5% OPSCAP from the allocated HSDG.

Discussions with the key informants in the KZNDHS was undertaken virtually to discuss the questionnaire in general and what outputs were expected. The Department availed senior officials in the Human Settlements directorate responsible for Human Settlements Development Grant led by the CFO who is responsible for the

budgeting and ensure that implementation of the HSDG is according to policy guidelines and approved business plan. The assigned official/employee were identified as key participants in this process. The interview guide was sent to the municipality and key informants beforehand to ensure that sufficient time is given to prepare for the interview.

4.2.4.1 Programme interpretation and application

Understanding of conceptualisation by KZNDHS

OPSCAP in the KZNDHS is conceptualized in terms of the policy guidelines. It is understood as a funding portion of the HSDG for building capacity and capability for human settlements programmes within the Department supplementing gaps identified in relation to skills capacity. The programme does not afford institutions to procure or recruit skills required on a permanent basis. This is because the skills acquired cannot be made part of the Department organizational structure but serve as supplementary on a contract basis.

Over the years, the Department has been experiencing challenges in relation to recruiting and retaining staff with necessary skills, competencies, education requirements and experiences in the technical and engineering fields. The situation has been exacerbated by the higher salaries that are offered in the private sector and municipalities that have attracted staff with these skills and competencies and led to higher staff resignation. The introduction of Occupation Specific Dispensation (OSD) for engineers compounded the problem (KZN DHS SP, 2015/16- 2019-20).

The Department has also experienced challenges regarding meeting employment equity targets in respect of the disabled. This is largely because buildings and facilities are not “disabled friendly”. The remedy to renovate buildings so that they are more accessible for persons with disability is a long-term solution. However, it is one that will be very expensive to undertake (KZN DHS SP, 2015/16- 2019-20).

In its planning process the Department ensured that the approved business plans include OPSCAP related activities with the 5% budget allocated to fund supplementary skills capacity to be sourced in line with the policy guidelines. The steps followed by the Department to access and utilize OPSCAP funding are highlighted as follows:

- Submission of business plans.
- Funds gazetted in terms of DORA.
- Approval of budget within the Department.
- Implementation of plans, and
- Quarterly HSDG reporting to National Department of Human Settlements.

The OPSCAP is viewed relevant to support the Department acquire relevant capacity to implement human settlements programmes. OPSCAP is critical in the Department as core of human settlements is being supported by this supplementary technical skills resources recruited and /or procured utilizing OPSCAP allocation.

Utilisation of OPSCAP by KZNDHS

The Department clearly perceives and interpret OPSCAP allocation in relation to its intended purposes and as per the guideline. The purpose is to augment and supplement capacity to ensure implementation of Human Settlements programmes as per the approved business plans.

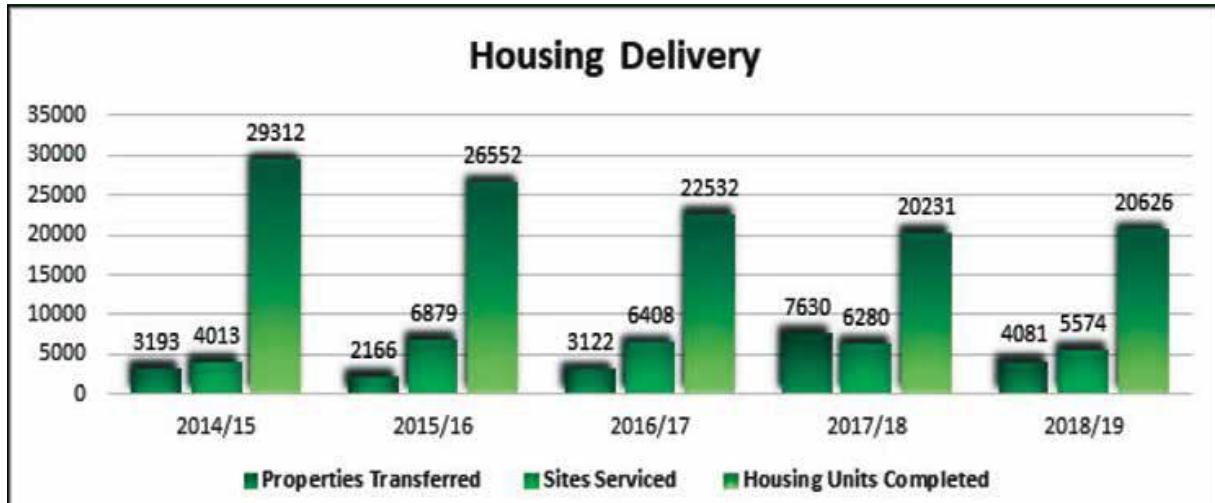
With the reality of lack of capacity experienced by the Department to implement human settlements programmes, the Department has since been utilizing OPSCAP to procure external resources for support. As depicted in the 2012/22 financial year business plan, the Department had a 5% OPSCAP allocation totaling R 122 751 000.

Due to the challenges in relation to capacity to execute human settlements programmes, the Department resorted to outsourcing capacity by procuring services of external skills (engineers and technical services) for a period of five years utilizing R 86 394 000 from OPSCAP funds. The remaining balance of R 36 357 000 has been disbursed to fund the services of HDA following the protocol agreement between the two institutions.

Over and above utilizing OPSCAP on improving capacity, the Department has been utilizing OPSCAP to pay legal fees and accreditation of municipalities (HSDG/OPSCAP expenditure trends, 2010/23).

Nevertheless, various human settlements programmes have been achieved through the utilization of OPSCAP funds on external resources procured in the Department. Figure 8 below depicts the human settlements delivery achieved by the Department in utilizing HSDG through the OPSCAP funded resources since 2014. From 2014/15 up to 2018/2019 financial years, the Department utilized OPSCAP to procure external resources, whose assistance has led to human settlements delivery.

Figure 7: Human settlements related programs achieved over financial years



Source: SP 2020/21-2024/25

Over the past five financial years the Department has been utilizing OPSCAP allocation on five key areas such as salaries, professional services, security services other related goods and public participation. The trends indicates that large portion of OPSCAP is used on salaries and followed by the goods and services (professional fess). Each financial year 5% OPSCAP allocation has been distributed across those activities except for two financial years, where 4,7% and 4% was allocated respectively, and the Department has been spending all the allocated fund on those activities.

The expenditure trends also revealed that OPSCAP allocation has been utilized to address other human settlements needs that occurred due to unforeseen circumstances such as payments of catalytic projects across the province and over expenditure on OPSCAP allocation was experienced in the 3rd quarter of 2022/23 financial year, due to additional staff complements appointed in response to storm disaster experienced in the Province during April 2022.

The Provincial Department has been using OPSCAP to fund public participation events and the activity was funded for two financial years (2018/19 and 2019/20). However, because human settlement has various needs, OPSCAP is being allocated to address those pressing which include land acquisition (feasibility studies), Enhanced Extended Discount Benefit Schemes (EEDBS) -transfer and registration of properties. Table 43 illustrates the budget allocation and expenditure per activities by the Department.

Table 43 KZN DHS Operational Capital Allocation and Expenditure

FY	Actual Budget Allocation	% Allocated	Compensation of employees	Goods and Services			
				Professional services and HDA allocation	Specialized security services	PMU located in districts	Public participation events
2018/19	R150 515	4.7%	R 88 178 000	R 62 3337 000	R 11 000 000	R 3 359 000	R 6 000 000
2019/20	R 156 211	5%	R 95 059 000	R 61 152 000	R 11 000 000	R 3 360 000	R 5 000 000
2020/21	R 125 037	4%	R 90 809 050	R34 228 030	-	-	-
2021/22	R 122 751	5%	R 86 394 000	R36 357 000	-	-	-
2022/23	R 126 876	5%	R 86 950 000	R 9 926 000	-	-	-

Source KZNDHS 2018/19-2022/23 Business plans/OPSCAP allocation motivation

4.2.4.2 Value for Money

The strong growth against Compensation of employees can mainly be attributed to posts funded by the HSDG, in line with DORA. This allows for a portion (up to 5%) of the conditional grant funding to be used for administrative purposes to enhance service delivery. The allocation over the 2021/22 MTEF relates to contract posts such as Professional Construction Project Manager, Community Development Practitioner, etc. which are funded through HSDG and TDRG. The Department has not provided for any salary increases over the MTEF. However, In the 2019/20 financial year, the Department ensured that 3% of the HSDG is allocated to Compensation of employees (KZN DHS APP, 2022/23).

The Department has achieved its set targets which include amongst others, skills transfer to young professional and that enable those graduates to register with respective professional bodies. Therefore, the Department has been benefiting and value for money is being realized through OPSCAP funding. The Department is of the view that the OPSCAP resources are being used optimally and accounted for.

Also, value for money is being realized through the OPSCAP procured contract staff complement in ensuring that Human Settlements programmes are delivered as planned.

What types of outputs has the programme produced since inception?

The Department in consultation with the National Department of Human Settlements (NDHS), the National Treasury (NT), and the Provincial Treasury (PT), has over years been reviewing, refining, and clarifying the Performance measures and Indicators utilised to measure the Service Delivery of the Department. Besides the challenges experienced in relation to capacity and resource constraints, the Department has been able to achieve above the targeted performance and remarkable decrease in the housing backlog within the province (KZN DHS SP, 2009/10 to 2013/14).

The strategies used by the Department to achieve its human settlements targets has been effective. Respondents indicated that if it was not for the OPSCAP allocation, the Department would have not achieved much on human settlements programmes. Although OPSCAP helps to build capacity for a short-term, progress is being realised. OPSCAP is one of the good initiatives brought by the NDHS in support of the provincial departments for capacity improvement, hence it's being utilized optimally to achieve human settlements set targets.

The implementation model in the Department encompasses the overall implementation of HSDG in place and is effective. OPSCAP allocation, therefore, assists the Department to procure relevant skills needed to implement the human settlements programmes as per the business plan.

The innovation in the utilization of OPSCAP allocation on increasing capacity in terms of technical expertise from the built environment disciplines has enabled the Department to achieve it's set targets.

Strategies that are being used by the Department has led to the achievement of the set targets as the Department is utilizing the OPSCAP optimally. The Department has been able to achieve the target on the following aspects over the years through resources procured utilising OPSCAP:

- Rural Housing programme
- Social Housing
- Emergency Housing programme
- Finance Linked Individual Subsidy Programme
- Integrated Residential Housing Programme, and
- Transferring of Properties

Perceived Negative Impacts of OPSCAP

- The Department is of the view that OPSCAP allocation is limiting and does not allow the institution to plan around it.
- The grant has been decreasing over the years and that affected the OPSCAP allocation.
- Procuring and recruiting capacity is expensive as external expertise and professions have standard rates and further the Department will have to be competitive with the market if it must acquire the best and relevant skills.
- The NDHS should consider revising the guideline and, in that increase, the 5% OPSCAP allocation has become smaller and cannot cover the costs that come.
- The Department is also of the view that OPSCAP should be made flexible to go beyond augmenting capacity improvements as the Provincial Departments are not the same in terms of human settlements challenges experienced.
- The respondents indicated that variation is influenced by how a particular Department interpret policy guidelines in an endeavour to have OPSCAP implemented appropriately including multiple challenges that require immediate interventions. Such challenges may include supporting municipalities to attain accreditation.

Skills Transfer and Capacity Development

In the financial years 2010-2014 the Department endeavours to prioritize developing human capability and strengthening governance and service delivery. The Department entered into a co-operative agreement with the Flanders Government to establish housing components at selected municipalities in the province. An initial pilot project was successfully undertaken where six (6) municipalities in the Midlands region were assisted (KZN DHS Strategic Plan, 2009/10-2013/14).

The assistance package was based on providing the municipality with a Housing Demand Database and the training and equipment to effectively utilise this system. In addition, the project funded the salary of a housing manager in the municipality over the three-year period of the agreement (KZN DHS SP, 2009/10-2013/14).

The Department is utilizing OPSCAP allocation to supplement and ensure internal staff capacity is improved. Over the years the Department has been able to achieve its human settlements targets using OPSCAP funding. Therefore, the skills transfer brought by the implementation of OPSCAP allocation can be measured at this stage. There is no OPSCAP funded capacity development programme in place as envisaged in the guideline. OPSCAP is not used for capacity development but to procure and recruit technical skills in the built environment to increase capacity for the Department to deliver human settlements programme.

The outsourcing of certain professional functions where skills are lacking in the Department has greatly assisted in ensuring human settlements delivery. The Department has a programme for developing skills within the organizational structure, but retention of high calibre staff is extremely difficult (KZN DHS SP, 2015/16-2019/20). Table 44 illustrate the capacity within the Human Settlements' Directorate since 2009-2014. The unit appeared to have built capacity over the years to ensure human settlements. The trends shows that the Department has been stable and able to sustain its workforce at 888 staff complement over a period of three financial years.

Table 44 KZN DHS Employment and Vacancies by Programme

Personnel numbers	2009 Actual	2010 Target	2011 Target	2012 Target	2013 Target	2014 Target
Administration	216	266	285	300	300	300
Housing, Needs, Research and Targets	35	36	38	50	50	50
Housing Development	150	241	250	270	270	270
Housing Asset Management, Property Management	421	327	289	268	268	268
Total	822	870	862	888	888	888
Total personnel costs (R'000)	138,797	160,976	172,287	180,040	180,040	180,040
Unit cost (R'000)	169	185	200	203	203	203

Source: KZN DHS SP 2009/-2013/14

Human settlements capacity challenges in the Provincial Department

The capacity constraint challenges cut across the Provincial Department organizational environment and human settlements is not excluded. The availability of sufficiently skilled technical, engineering, professional and managerial staff in the marketplace willing to work for government mean that the Provincial Department has had to be innovative in ensuring that the professional and managerial skills required for delivery are available.

OPSCAP allocation is not designed/utilized to recruit or procure required skills on a permanent basis, but for a short term (contract). Therefore, capacity challenges are being experienced as and when the terms or contract of recruited personnel lapses. The core, which is responsible for the implementation of human settlements delivery suffer the most due to limited capacity caused by the departure of those technical skills.

Skills and expertise sufficient to implement human settlement programmes.

The Provincial Department has an MOU with Housing Development Agency (HDA) for the acquisition of private land and release of state land (KZN DHS SP, 2015/16-2019/20). The presence of HDA through the protocol/agreement entered between the two institutions also come handy in assisting the Department with the required skills. Therefore, HDA has been utilized as an additional resource with skills capacity in ensuring human settlements programmes are achieved. The Department allocates 1% of the HSDG/OPSCAP to HDA for the management of catalytic projects and the reduction in the HSDG resulted in a reduction of this allocation to HDA (KZN DHS APP, 2022/23).

As part of restructuring human settlements entities, the KZNDHS has viewed HDA as fully fledged property agency whose job is not only to acquire land and prepare but to also serve as project managers to assist the province and its municipalities and any other sphere of government that might need support.

Although the Department has technical skills internally to execute the human settlements delivery, it comes with a lot of responsibilities. The Department to function sustainably need to have some of the OPSCAP recruited officials retained for stability

and to ensure that delivery of human settlements programme continue without hinderance. Table 45 is extracted from the Department's documents in relation to skills in place and additional to ensure implementation of human settlements programmes over the years.

Table 45 KZN DHS Employment and Vacancies by Salary Bands

Salary band	Number of posts	Number of posts filled	Vacancy rate (%)	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	152	152	0	0
Skilled (Levels 3-5)	205	203	1	19
Highly skilled production (Levels 6-8)	373	344	7.8	13
Highly skilled supervision (Levels 9-12)	123	101	17.9	0
Senior Management (Levels 13-16)	25	20	20	5
Contract Workers (Levels 9 - 12)	2	2	0	10
Total	880	822	6.6	47

Source: KZN DHS SP 2009/10-2013/2014

Gaps or skills shortages

There is recognition in the Department in terms of skills shortage particularly in the built environment and the housing sector. This factor impacts on the rate in which the Department expect delivery of human settlements in the province. The Department is addressing the issues of skills gap in part through the collaboration with tertiary institutions as well as through the Capacity Building programmes of the Department (KZN DHS SP, 2009/10-2013/2014). Table 46 indicates how the Department identified the skills challenges and mitigation measures put in place.

There is limited financial resources from the equitable share to appoint professional staff. Hence Contract staff are appointed utilizing OSCAP funding. The organisational structure of the Department is not aligned to support the mandate and strategy of human settlements (KZN DHS SP, 2020/21-24/25).

To address the skills shortage, the Department ensures that it utilizes OPSCAP to bring in interns and young professionals who assist the Department in the process of implementing human settlement programmes including serving as additional capacity.

The young professionals in turn are assisted to register with respective councils and become professionals.

Nevertheless, the Department cannot be able to retain majority of the interns after registering with respective professional councils and becomes attractive to prospective employers. Furthermore, the implementation of the Candidacy Development Support Programme aids employees to obtain their professional registration. The aim of this Programme is to build a pool of skilled professionals in the built environment fields (KZN DHS APP, 2022/23).

The resources that the institutions have acquired using OPSCAP include amongst others Professional Construction Project Manager, Community Development Practitioner, etc. which are funded through HSDG/OPSACP and TDRG. Those skills augment capacity of the Department and ensure that the human settlements projects are implemented and achieved (KZN DHS APP, 2022/23).

Table 46 KZN DHS Mitigation measure with regards to skills needs

Risk Name	Risk Description	Current Controls
Resource Capacity Internal & External	<ul style="list-style-type: none"> - Inadequate housing expertise, raw materials, project management skills to deliver houses. - Lack of support (human capacity) for social housing component. - Inability of housing institutions to manage the project. - Failure to sustain institutions in the long term. 	<ul style="list-style-type: none"> - Resource capacity - Internal & external - Scholarship and internship programmes implemented at national and provincial level. - A youth forum implemented to attract youth to the industry. - General project management engagement with key suppliers to align demand with their supply. - Tripartite agreements in place. - Emerging contractor's contractor programme engaged to build capacity. - Operation Capital (OPSCAP) provides for funding capacity where lacking. - A Service provider database

Source: KZN DHS SP 2009/10-2013/14

4.2.4.3 Programme Monitoring and Reporting

The Department does not have OPSCAP M&E framework. OPSCAP is reported on within the framework of the HSDG Framework. The KZNDHS Human Settlements Unit reports on the overall HSDG utilization to the NDHS on a monthly and quarterly basis

as part of the HSDG framework reporting and OPSCAP is part of the activity reported on.

4.2.4.4 Policy and Legal Framework

The Department has not developed a Standard Operating Procedures (SOP) specifically for OPSCAP. However, this is guided in its use by the guidelines developed for Human Settlements Directorate in the province for the utilisation of OPSCAP that were developed by the NDHS in line with the HSDG framework.

4.2.4.5 Funding Framework

The 5% OPSCAP allocation has been utilized effectively and optimally by the Department. The OPSCAP funding mechanism has been assisting the Department to realize its objectives of delivering human settlements programme. The Department is incrementally increasing its capacity and to a certain extent skills acquired through OPSCAP. Where possible, the Department ensures that those skills are retained to sustain the institution to implement human settlements programmes in the long run.

4.2.4.6 Institutional Framework

The institutional arrangements in relation to OPSCAP are governed by pre-defined processes and policies including protocol agreements. The Department is complying with the guidelines as prescribed and OPSCAP is being utilized as intended. In addition to the framework defined in the USDG/OPSCAP guideline, the Department has the following arrangements in place:

a) Internal Stakeholders

(i) Capacity Building Unit

This unit ensures the achievement of greater co-operative governance between the province and municipal government. The Department aims to ensure that the municipalities are capacitated and accredited in accordance with respective capacity building efforts to enable these municipalities assume the responsibility of being housing developers in terms of the new comprehensive plan for sustainable settlements.

(ii) Human Resource Management

The responsible component renders Human Resource Management Services to the Department. This entails implementing effective recruitment and acquisition processes, reinforcing, and developing human capital investment programmes and efficiency.

(iii) Chief Financial Officer

The component oversees the provision of sound financial, supply chain and assets management, with the Department to ensure full compliance to the requirements of the PFMA and other prescripts guiding the programme in the Department. The departmental risk management strategy and internal compliance assessments are in addition managed from this unit. Furthermore, the office of CFO ensures preparation and submission of the Medium-Term Expenditure Framework (MTREF) budget in line with the MFMA and ensures that expenditure is in line with the business plan and policy guidelines.

b) External Stakeholders

- NDHS – business plans and HSDG quarterly reports are submitted to the NDHS.
- HDA – Provide technical assistance and expertise to ensure delivery of Human Settlements programmes.
- Tertiary institution -training support and development of curriculum, and
- Provincial treasury- sector alignment and budget allocation and approval.

These external stakeholders identified/established by the Department are known as Action Work Group. It is comprised of strategic partners that both influence and make a positive change on human settlements delivery in the province. These includes amongst others, the Housing Development Agency (HDA), COGTA, Accredited Municipalities, District Municipalities, ITB, Water Authorities and CBOs / Non-Governmental Organizations such as the Federation of Urban and Rural Poor, and ABM. Monthly and quarterly meetings are also held with the NDHS as part of the HSDG support framework.

Table 41 illustrates stakeholders partnering with the Department and the level of participation including respective roles in ensuring that human settlements programmes are achieved. The external stakeholder management analysis is reflected in Table 47.

Table 47 KZN DHS Stakeholder Management Analysis

Stakeholder	Role	Level of Impact (H, M, L)	Level of Influence (H, M, L)
Municipalities Water Services Authority Sector Departments Communities and CBO's Traditional Leadership Human Settlements Entities (NHBRC, HDA, SHRA, ITB,) NDHS, Provincial Treasury Implementing Agents and contractors	Buy-in, project approval, budget allocation, sector alignment, project implementation	H	H
NHBRC, EDTEA, Consultants, TVET	Training, Training material	H	M
SCM and transformation programmes	Administration/ Support Services	H	H
Contracts, SCM, Special projects, IAs, EPWP graduates	Administration/Support Services, buy-in, participation	H	M
SETAs, Business hubs (e.g., IEs)	Funding	H	H

Source: KZN DHS APP 2022/23-24/25

4.2.4.7 Issues/ Challenges

The Department identified the following challenges that have been experienced in the process of implementing human settlement programmes and utilization of OPSCAP:

- The Department identified the issue in relation to interpretation of prescripts by respective institutions on guiding the implementation has an influence towards the implementation OPSCAP allocation.
- The decreasing of HSDG allocation over the years impacting negatively on the planning and utilization of funds effectively. The OPSCAP allocation has been lesser. As a result, institutions find it expensive to afford the sourcing capacity as well as competing in the market quality technical skills required.
- The inflexibility of the OPSCAP utilization by respective institutions has the negative impact in the achievement of some human of human settlements targets

as departments are experiencing multiple challenges that require immediate interventions.

4.2.4.8 General

Regarding the national priorities of elevating women, youth, and persons with disabilities (WYPD), the Department follows its approved employment equity plan in handling all its appointments. The plan is aligned to the Employment Equity Act, which advocates workplace equity and prioritising WYPD. The Department also encourages external resource procurement to ensure implementation of gender equity when recruiting personnel.

The Department has been advocating for youth building brigade and women build programmes to empower these groups on a socio-economic status. Over and above capacitation of designated groups, funds from HSDG is allocated to women-owned companies and 10% of work to youth-owned business (KZN DHS APP, 2019/20). To promote youth development, the Department is implementing the Graduate Internship Programme, Work Integrated Learning Programme, and the Candidacy Development Support Programme for the bursary graduates. The Department further intends to ensure that 50% of total youth appointed for the said developmental programmes shall be females, 48% men and 2% for people with disabilities (KZN DHS APP, 2022/23).

4.2.4.9 Concluding Remarks

The optimal utilization of OPSCAP funding in the KZNDHS has been contributing towards addressing some of the human settlements' capacity challenges experienced despite the shortcomings of the programme. OPSCAP funding has to a certain extent been of assistance to the Department in building its own capacity incrementally within the human settlements' directorate, although the Department is still relying on external capacity sourced (SPs) for the execution of catalytic projects.

OPSCAP has provided the Department with the opportunity to have skills transferred on internal staff both directly and indirectly from the sourced external resources including training of young graduates and interns brought in through this program.

The Department has most of its human settlements' programs achieved through the assistance of OPSCAP funding programme and value for money brought by OPSCAP

funding is being realized. However, there is still room for improvement to ensure that human settlements services are continuously and sustainably implemented in the long run including minimal reliant of on external service providers to manage and implement human settlements programmes. Table 48 below depicts the summary of evaluation findings for the Province.

Table 48 KZN DHS Summary of findings

No	Evaluation Questions	Indicators
1	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	Yes. OPSCAP is effectively and optimally utilized in the Department. The challenges (capacity building) meant to be addressed by OPSCAP have been given the attention it deserved. Therefore, there is evidence in KZN DHS that the introduction of OPSCAP improved expenditure and delivery on the HSDG funded human settlements programmes and projects.
2	Is the OPSCAP being implemented according to the design?	Yes. KZN DHS is implementing OPSCAP according to its design. The Department is incrementally building its capacity to ensure sustainability in the implementation of the human settlements programme in the long run. The Department has often over the years benefited from the HSDG allocated taken from other Provincial Departments based on its performances and that can be linked to with capacity built over the years within the department and the optimal utilization of 5% the OPSCAP allocation.
3	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	Over the years, the Department has been faced with challenges in the organizational environment, the major challenge that has been existing in respect to human resources is capacity constraint. The availability of sufficient skilled technical, engineering, professional and managerial staff in the marketplace willing to work for government meant that Department has had to be innovative in ensuring that the professional and managerial skills required for delivery are available. Furthermore, recruiting and retaining staff with necessary skills, competencies, education requirements and experiences in the technical and engineering fields. The situation has been exacerbated by the higher salaries that offered in the private sector and municipalities that have attracted staff with these skills and competencies and lead to higher staff resignation from the department. The introduction of Occupation Specific Dispensation (OSD) for engineers and compounded the problem. Nevertheless, 5% OPSCAP allocation to utilize to augment capacity has been handy to the Department in ensuring delivery of human settlements programmes.

No	Evaluation Questions	Indicators
4	Are resources used efficiently? Is value for money being obtained?	Largely, KZN Department of Human Settlements is implementing OPSCAP according to design in that most of the budget is utilized to procure the services of professional technical staff such as project managers/administrators and engineers to support the human settlements programme. The Department does not have to utilize the entire 5% of the OPSCAP budget taken from the HSDG with the balance going towards capital projects. Therefore, the Department is seeing value for money by utilizing OPSCAP allocation effectively and optimally.
5	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The only indicator that is used to track OPSCAP by Department is the amount spent, which is reported monthly internally and quarterly to the NDHS in line with the HSDG framework.

Source: Author compilation

4.2.4.10 Lessons Learned

- Augmenting capacity improvement to ensure delivery of human settlements programme has benefitted the Department and if it was not for OPSCAP, human settlements delivery would have been affected and compromised.
- The Department has since realized that utilizing OPSCAP optimally will yield results and has taken steps to follow the prescribed OPSCAP guidelines to address the situation.
- OPSCAP has importuned the Department to have its capacity incrementally increased and sustained as the Department is able where possible, retain some of the skills recruited through the programme.

4.2.4.11 Recommendations

- The guideline may need to be reviewed to allow flexibility by departments to utilize OPSCAP allocation for pressing affecting human settlements delivery.
 - This proposal is influenced by the fact that institutions implementing OPSCAP are different and facing enormous challenges that require

immediate intervention, in this case for KZN DHS, accreditation of municipalities is an issue.

- The Department is further recommending that NDHS to reconsider reviewing the guidelines which will enable the OPSCAP allocation being increased considering the economic challenges leading to decreasing of HSDG allocation over the years.
- OPSCAP guidelines to be reviewed to allow flexibility within the institution/department to retain certain percentage of technical skills acquired through the programme particularly in the built environment.

4.2.5 Limpopo Department of Human Settlements (LDHS) Findings

The OPSCAP participatory evaluation approach involved mainly interviews with the following key informants:

- Officials responsible for the implementation and coordination of the HSDG including OPSCAP allocation at the level of Chief Director and Director of Human Settlements Planning.

Discussions with the key informants in Limpopo was done virtually. A set of structured questionnaires were used to ensure representativeness in the responses, which then assisted in the evaluation process and not to deviate from the objective of the evaluation. The interview assisted in the analysis and assessment of the institution on its utilization the 5% OPSCAP from the allocated HSDG.

The interview guide was sent to the key informants beforehand to give them time to prepare for the interview.

4.2.5.1 Programme interpretation and application

Understanding of conceptualisation by LDHS

OPSCAP is recognised in the LPDHS as the operational funding portion of the HSDG for building capacity and capability for human settlements development within the province. The steps followed by the Department to access and utilize OPSCAP funding are indicated below and include amongst others:

- Submission of business plans.

- Funds gazetted in terms of DORA.
- Approval of budget within the province.
- Develop an Implementation of plans, and
- Quarterly HSDG reporting to NDHS.

The relevance of OPSCAP to the development of human settlements is recognised by the Provincial Department in that they make use of the fund to augment their project management capacity.

Utilisation of OPSCAP by the LDHS

The large portion of OPSCAP in the province is directed/assigned to Housing Development Agency (HDA) as the stakeholder/partner in the human settlement's delivery programme.

The respondents highlighted that OPSCAP is being implemented according to design although at times the Provincial Department has slightly exceeded the prescribed percentage. The Department directs the designated funding to sourcing the additional capacity and it ensures that the funding is around 5%. The Department plans to increase to 5.8% in the next financial year because the province made submission of motivation for the need of increase.

The province is of the view that most of the achievements in the human settlements' delivery was through the support of HDA, hence the large portion of OPSCAP is used on HDA. OPSCAP has not only been allocated towards building capacity to ensure sustainability in the Department on implementing Human Settlements delivery but to ensure implementation of human settlements programmes.

The Provincial Department's allocation appeared to be smaller on two financial years, however, it increased on the 2022/23 financial year. Most of the OPSCAP portion is directed towards HDA and NHBRC programmes to implement and manage all human Settlements programmes. It is therefore, presumed that the expenditure has been used HDA activities. Table 49 depicts the HSDG allocation, the associated OPSCAP allocation as well as expenditure for the 2021/22 and 2022/23 financial years.

Table 49 Limpopo DHS Operational Capital Allocation and Expenditure

FY	HSDG allocation	OPSCAP allocation	OPSCAP Expenditure	Description
2021/2022	R 877 000 000	R 56 601 000	R 30 214 000	Payment for Professional Fees and MTOP
2022/2023	R 906 953 000	R 14 273 000	R 11 849 592	Accelerated delivery of housing opportunities Efficient utilisation of land for HSD Improved property market

Source: Limpopo DHS reports

Table 50 illustrates the allocation of OPSCAP over a period of three years and the expenditure thereof. It is evident that the Department is increasing the spending as financial years proceed. The Department further uses the OPSCAP funding to procure the external resources in the form of project management team (PMT) to execute and control of project implementation.

Table 50: Limpopo DHS OPSCAP Allocation and expenditure

Description	Classification	Expenditure 2020/21	Expenditure 2021/22	Expenditure 2022/23
NHBRC Enrolment 19/20 (Phase)	BP Reporting 2020/2021	R 14 223 274.84	R 2 432 992.86	R 0.00
Professional Resource Team	BP Reporting 2020/2021-OPSCAP	R 14 924 999.96	R 0.00	R 0.00
Implementing Agent/MTOP Support/ HDA 20/21 (Phase)	BP Reporting 2021/2022 – OPSCAP	R 7 000 000	R 7 890 000	R 20 910 000
NHBRC Enrolment 21/22 (Phase)	BP Reporting 2021 /2022	R 0.00	R 6 088 466.60	R 303 136.78
Implementing Agent/ Removal of Asbestos/ HDA/21/22 (Phase)	Unclassified	R 0.00	R0.00	R16 800 000
NHBRC Enrolment	Unclassified	R 0.00	R0.00	R17 130 246.42

Source: Limpopo DHS business plan/OPSCAP allocation reports

4.2.5.2 Value for Money

The Department has not been utilizing OPSCAP to build its capacity to ensure sustainable implementation of human settlements programme in the long run. The current arrangements are that funds are directed to HDA and NHBRC to ensure achievements of human settlements programmes are achieved. Therefore, the issue

of value money in as far as OPSCAP has not been prioritized in an endeavour to ensure sustainability to implement human settlements programmes in the Department.

What types of outputs has the programme produced since inception?

The HDA has been assisting the Department to ensure that outputs are achieved and include land acquisition programme amongst others being achieved. HDA is also performing the task of managing the consultants procured by the Department to execute human settlements programme. The Department ensures that calculations on OPSCAP allocation embarked on in the preparation of the business plans are done beforehand for the resources required in each financial year.

Perceived Negative Impacts of OPSCAP

The Department is of the view that provinces are not the same in terms of challenges encountered. Therefore, the guidelines attached to the use of OPSCAP limit the Department in addressing other human settlements challenges that could be not covered due to lack of financial resource experienced in the Department.

The Department is of the opinion that if the OPSCAP funding guidelines were to be reviewed to reduce the restrictions, the Department would be in a position to improve on its human settlements programme.

Skills Transfer and Capacity Development

The Department has not been utilizing OPSCAP allocation to supplement and ensure that capacity is improved. The Department has been able to achieve its human settlements targets through the support of HDA. There is no OPSCAP funded capacity development programme. OPSCAP funds are currently not being used for capacity development but used to fund HDA activities to support the Department achieve human settlements targets.

Human settlement capacity challenges in the Province

LPDHS has not been building capacity to ensure delivery of human settlements programme. It was revealed that the Department relied on HDA to implement human settlements. The capacity challenges in the Department are due to limited resource to

appoint the required capacity with skills to ensure implementation of human settlements programmes.

Skills and expertise sufficient to implement human settlement programmes

The presence of the HDA through the protocol/agreement entered between the two institutions including collaboration and support programmes set out in the Medium-Term Operational Plan (MTO) has been helpful to the Department with the required skills. The Department is limited in terms of skill and expertise required to implement human settlements programmes.

Gaps or skills shortages

The skills gaps to execute human settlements programmes is acknowledged and the organizational structure has not addressed that gap within the LPDHS. Implementation of human settlements programmes requires some high level of skills, and the Department has not addressed that due limited budget to compete in the market for those skills that come with high cost.

4.2.5.3 Programme Monitoring and Reporting

The LPDHS does not have a performance monitoring framework used for OPSCAP. It generally reports performance in terms of expenditure only and that is done on a monthly basis and quarterly basis to the NDHS and NT.

4.2.5.4 Policy and Legal Framework

The Department utilises the HSDG grant framework which stipulates the prescribed percentage for OPSCAP. The province also applies the OPSCAP in line with the Housing Code.

The LPDHS utilises Human Resources Department for appointing the required contract employees in line with the Department HR policies.

HDA and PRT also provide technical assistance, assist with project pipelining and expertise to ensure delivery of Human Settlements programmes in the LPDHS.

OPSCAP contributes to the delivery which adds more capacity that assists in planning and development. The Department is able to implement the OPSCAP through the assistance of external capacities such as the HDA. The Department works with agencies to assist them in planning for the capacity expenditures. The Department also sourced professional resource team over a period of three years to assist on a variety of things including town planning, project management and any legal issues that they may require, especially in relation to construction management.

4.2.5.5 Funding Framework

The Department uses OPSCAP to fund the following activities:

- Appointment of additional capacity.
- A portion of it cater for HDA which assist in project pipelining, land assembly and capacity issues.
- Appointment PRT which occur every after 3 years and it assists in planning, project management, legal issues related to construction management and town planning.

Housing funding allocations: The Province's past housing delivery rate cannot be sustained due to rising product prices without a corresponding rise in provincial housing financing. In the absence of significant private housing financing and community sector support from the national and provincial levels, delivery will remain weak over the MTSF.

The main obstacles to having a big impact on the human settlements sector are the lack of land in established townships, the lack of urban development sites with services, the lack of infrastructure in large enough quantities for new developments, and the lack of registered townships that can issue title deeds.

- In addition to the aforementioned difficulties, there were also the following:
 - Community protests that interrupt projects because participants want participation in projects.
 - Illegal occupation of built homes through beneficiary neglect, untraceable beneficiaries, and house sales.

- Development of slums as a result of emigration to economically viable towns.

The Human Settlements Development Grant (HSDG) has climbed by 657.93% since 1994, product costs have increased by 1136.58% during the same time, making it more and more difficult for the province to meet its MTSF targets within the available budget.

The expected yearly HSDG allocation for the duration of this Multi-Year Human Settlements Development Plan (MYHSDP) (fiscal years 2019/20–2024/25) is R 1.3 billion, for a total of R 7.8 billion. Given the lack of enough bulk infrastructure for planned developments, this cash allocation is insufficient to carry out all projects. Delivering the projects on the Limpopo Human Settlements Project Pipeline will cost an estimated R 28.4 billion.

All approved beneficiaries in the Housing Subsidy System (HSS) are assigned to a single contractor in a specific municipality, defined by village. This makes it possible for a contractor who is given beneficiaries in a municipality to be aware of their names as well as the village or township where they will be in advance, speeding up the home-building process.

4.2.5.6 Institutional Framework

LPDHS has not developed a SOP for OPSCAP but is guided in its use by the Housing Code and the HSDG Grant Framework, including DORA. The Department is of the view that the limit of 5% is too little and is sometimes inadequate for the needs that exist.

4.2.5.7 Issues/ Challenges

The LPDHS identified the following challenges that it is experiencing as it implements OPSCAP:

- The set percentage of 5% for OPSCAP seems to not be enough for the Limpopo Province. The Capacity that is needed is more than that for which the Department has budgeted.

- The Department indicated how the institutions that are to provide capacity are not capacitated themselves and that becomes a challenge in implementing OPSCAP.

4.2.5.8 General

With regards to the national priorities of elevating WYPD, the LPDHS follows its approved employment equity plan in handling all its appointments. The plan is aligned to the Employment Equity Act, which advocates workplace equity and prioritising WYPD.

4.2.5.9 Concluding Remarks

The relevance of OPSCAP to the development of human settlements is recognised by the Department in that they make use of the fund to augment their project management capacity. However, this capacity is built in line with the Department’s MTOP agreement with the HDA which is providing support to the Province’s human settlements programme. The utilization of OPSCAP funding for the MTOP has contributed to some extent to addressing some of the human settlements’ capacity challenges experienced in the Province. Table 51 below depicts the summary of evaluation findings for the Province.

Table 51 Limpopo DHS Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	Yes, the Province utilises the grant framework, HSDG which specifies what needs to happen with regards to the OPSCAP. The province applies the OPSCAP in line with these policies as the OPSCAP forms part of the grant framework.
2.	Is the OPSCAP being implemented according to the design?	No, the OPSCAP is not being implemented according to design. The province directs the designated funding to sourcing the additional capacity and it ensures that the funding is around 5% but going to increase to 5.8% in the next financial year which the province made submission of motivation for the increase. The additional capacity is obtained by the province through a profile where they source professional team over a period of three years to assist in variety of things including planning, Project management and any legal issues that may be required especially in construction management and town planning.

No	Evaluation Questions	Indicators
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	The LPDHS indicated that no major gaps have been seen or identified related to the programme itself. The Department further stated how the SLA and Implementation protocol bound the service provider to deliver in time and that reduces the risks of human settlement delivery being affected.
4.	Are resources used efficiently? Is value for money being obtained?	OPSCAP is not optimally utilized in the Department. Therefore, the issue of value for money is not being realized in the utilization of OPSCAP. The other portion of OPSCAP allocation in the Department is being directed to HDA and PRT. However, the HDA is being seen as delivering according to agreed terms and within protocol agreement (MTOP) and therefore, value for money is being realized.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	According to the LPDHS officials, the Department does not have a performance monitoring framework used for OPSCAP. It generally has performance in terms of expenditure only and that is done on monthly basis and quarterly basis, which is also reported to national and performance indicators.

Source: Author Compilation

4.2.5.10 Recommendations

- (i) The Capacity that is needed is more than what the province has budgeted for. It is recommended that the capacity needs to increase as well as come up with regulation on how this capacity is going to be planned.

4.2.6 Mpumalanga Department of Human Settlements (MPDHS) Findings

The OPSCAP participatory evaluation approach involved interviews and focus group discussions with the following key stakeholders:

- Chief Financial Officer.
- Chief Director Engineering Services and Quality Assurance.
- Acting Chief Director for Rental Asset and Property Management, and
- Director for Integrated Human Settlements Planning and Policy Coordination.

Discussions with the key informants in MPDHS were done virtually. The interview guide was sent to the key informants beforehand to give them time to prepare for the interview.

4.2.6.1 Programme interpretation and application

Understanding of conceptualisation

OPSCAP is recognised by the MPDHS as the operational funding portion of the USDG for building capacity and capability for human settlements development within the Department. The Department follows the following steps in order to access the OPSCAP funding:

- Submission of business plans.
- Funds gazetted in terms of DORA.
- Approval of budget within the province.
- Implementation of plans, and
- Quarterly HSDG reporting to National Department of Human Settlements (NDHS).

The relevance of OPSCAP to the development of human settlements is recognised by the Department in that they make use of the fund to augment their project management capacity.

Utilisation of OPSCAP by MPDHS

In the MPDHS, OPSCAP prescribed portion of the HSDG has been previously utilised to appoint external expertise to enhance capacity required for delivery at scale and funding project management unit. The PMU is external service provider which argument the province's own PMU, a respondent indicated that the PUM works outside the Departments' offices and the unit offers the province project management services, engineering services and town planning services in most instances.

The MPDHS joined the programme (Cuba-South Africa bi-lateral relations) in 2002 which focuses on technical support, quality control, skills transfer, and project management, among others moreover the province utilised OPSCAP funding to recruit Technical Advisors from Cuba and then allocated them per district to maximise

inspections and quality assurance at local level. The Department spent R 1 080 000 for the 2018/19 financial year as indicated in the 2018/2019 APP for the technical advisors from Cuba. The following are some of the operations that OPSCAP is utilised for:

- Establishing new integrated human settlements as well as upgrading informal settlements.
- Beneficiary management.
- Research work.
- Service sites, and
- Testing for quality building materials in laboratories.

Operational Capital Allocation and Expenditure

Table 52 MPDHS OPSCAP Allocation and Expenditure

FY	HSDG Allocation	OPSCAP Allocated	Expenditure
2020/2021	R 966 417 000	-	R 57 809 410,40
2021/2022	-	-	R 81 063 676,38
2022/2023	-	R 11 556 000	R 72 082 921,21

Source: Mpumalanga DHS documents

Table 52 depicts the allocation towards OPSCAP from the allocated percentage of HSDG for the previous financial years. For the 2022/2023 financial year the province appears to have spent more than what has been allocated to them and the reason for this is not clear.

Table 53 MPDHS Operational Capital Expenditure breakdown

Project Description	Expenditure 2020/21	Expenditure 2021/22	Expenditure 2022/23
OPSCAP/Mafunyane tech/scanning, filing, and archiving of forms (phase)	R 53 605,02	R 0,00	R 0,00
OPSCAP/Mafunyane tech/scanning, filing, and archiving of forms 2017/18 (phase)	R 149 030,61	R 103 643,07	R 0,00
OPSCAP/Seco Construction Project Manager Unit (PMU) / Mpumalanga (phase)	R 23 764 027,40	R 24 691 754,44	R 19 201 029,74
OPSCAP/BKZ37 consulting/ research on evaluation of projects/Mpumalanga (phase)	R 1 588 200,00	R 1 058 800,00	R 0,00
OPSCAP/Rental Tribunal 2020/21 (phase)	R 3 700 574,65	R 4 802 717,11	R 351 250,18
OPSCAP/Globe research/evaluation of projects/Mpumalanga (phase)	R 0,00	R 1 074 063,48	R 1 611 095,22
OPSCAP/Kuhle solutions/research on properties acquired by Department MP (phase)	R 0,00	R 0,00	R 1 598 500,00
OPSCAP/Lehuma consula/design and draw building plans/Mpumalanga (phase)	R 0,00	R 0,00	R 647 760,30

Source: OPSCAP Expenditure 2020-2023

Table 53 depicts the breakdown of projects and their expenditure from OPSCAP allocation in the province over the past three financial years 2020/21 to 2022/23 the province utilised OPSCAP funding for scanning, filing, and archiving of forms (beneficiary management), PMU, research, and evaluation of projects along with design and drawing of building plans, most projects on some financial year they did not utilise OPSCAP funding except for the rental tribunal that has been utilising OPSCAP in each of the above indicated financial years.

4.2.6.2 Value for Money

What types of outputs has the programme produced since inception?

OPSCAP has been a vital contribution to the MPDHS' ability to deliver on its mandate with regard to human settlements. This can be attributed to the appointment of expertise that has been instrumental in project identification and identification leading to successful project implementation of these projects. The funds from OPSCAP have been used to secure human capacity for project management over the years to improve the functionality, processes, systems, performance, and service delivery by

the Department. The outsourcing of human capacity and capability plays a vital role in propelling service delivery, as indicated by Statistician General, Dr Pali Lehotla, (MDHS, 2016) the Cuban technical support resulted in the provincial government doing extremely well in the eradication of shacks, which has declined from 14.5% in 2006 to 10.9% in 2016. Though informal dwellings have proved to be difficult across the country, but Mpumalanga has made significant strides in that regard registering an improved 84% of formal dwellings and battling with only 10.9% of informal dwelling.

The Department has been able to achieve the following aspects over the years through resources procured utilising OPSCAP:

- Implementation of PMU
- Relocation of pegs
- Servicing of stand, and
- Deeds search and title deed physical verification

Perceived Negative Impacts of OPSCAP

The Department is of the view that the allocated amount from OPSCAP is not enough and not flexible in a way that the Department cannot execute some activities such as GIS or research related within the allocated percentage.

Skills Transfer and Capacity Development

The MPDHS funds candidates appointed for town planning or engineering positions to help with the implementation of human settlements programs or projects using OPSCAP allocation. The appointed PMU that consists of Engineers, Town Planners, Construction Project Managers, etc. does contribute to skills transfer as the institutional official learn from the PMU human capacity.

Human settlements capacity challenges in Provincial Departments and Metros

The MPDHS encounters lack of human capacity and capability to propel service delivery for instance the shortage of housing inspectors, which prompted concerns from the Auditor General regarding the quality of houses produced. As such the province ensured that housing inspectors were appointed utilising OPSCAP funding

as the shortage of such capacity compromised the quality of houses delivered, even though the capacity aided by OPSCAP is for a short term, but it results in progress being realised. In addition, according to a 2016 press release by the MPDHS the delivery of quality human settlements projects received a huge boost with the arrival of 14 Technical Advisors from Cuba.

Skills and expertise sufficient to implement human settlements programmes

There is shortage of skills and expertise to implement human settlements programmes in the MPDHS. Currently, candidates are appointed within the Department to augment the capacity of the Department. A respondent indicated that for human settlements programmes to be successful there is a need for qualified expertise such as “engineers, planners, or construction project managers” which the Department does not have.

Gaps or skills shortages

- The Department have shortage of qualified expertise such as engineers, planners, or construction managers.
- There is a shortage of building inspectors to inspect houses that the Department builds to result in quality houses.

Resources acquired using OPSCAP.

- Project Management Unit (PMU) - the external service provider that augments the Department’s PMU. It increases departmental capability by bringing various skills that the province needs for successful implementation of human settlements programmes.
- Technical Advisors from Cuba –They were there to aid capacity in terms of housing inspections, which led to the production of high-quality homes in the province and deepened efforts to ensure improved service delivery, and
- Candidates- assists the Department in the implementation of human settlements programmes. These are planners and engineers.

4.2.6.3 Programme Monitoring and Reporting

The MPDHS does not have a monitoring and evaluation framework designed specifically for OPSCAP. The framework that is there is for HSDG, which the Department is using to report for OPSCAP, and reporting on HSDG is done on a monthly and quarterly basis.

4.2.6.4 Policy and Legal Framework

The MPDHS has not developed a Standard Operating Procedure (SOP) for OPSCAP. However, in terms of policy and legal frameworks, it is using the Housing Code, Part 3 of the Operational Capital Budget. The Department also utilises the Grant Framework, and prescripts such as the National Treasury regulations and PFMA.

4.2.6.5 Funding Framework

The MPDHS has been using the 5% allocated budget from OPSCAP to achieve human settlements service delivery through the appointment of external expertise to argument capacity and other resources acquired in the province. The Department indicated that previously, activities such as research work for the Department and GIS amongst others were funded using OPSCAP. However, this is no longer the case as the funding arrangements does not allow for such activities to be covered within the allocated percentage.

4.2.6.6 Institutional Framework

The MPDHS institutional arrangements in relation to OPSCAP are governed by pre-defined processes, policies, and where necessary Service Level Agreements (SLAs). In addition to the framework defined in the HSDG OPSCAP guideline. the Department has the following arrangements in place:

Internal Stakeholders

- Human Resources Department – is responsible for appointing the required contract employees in line with the Department’s HR policies.
- Finance – preparation and submission of the Medium-Term Expenditure Framework (MTREF) budget in line with the PFMA.

- External Stakeholders
- PMU - external service providers augmenting the Department's own PMU. They provide skills transfer to relevant officials in the Department.
 - Rental tribunal- it promotes stability in the rental sector by resolving disputes between landlords and tenants that arise due to unfair practice within the province.
 - Municipalities - assists the Department in unlocking blocked projects and, municipal inspectors also assist in monitoring the delivery of quality projects.
 - NHBRC – The association with HNBRC helps the province to deliver quality human settlements projects that fully comply with South African National Standard (SANS) and human settlements projects that are quality assured.

4.2.6.7 Issues/ Challenges

The MPDHS identified the following challenges that it is experiencing as it implements OPSCAP:

- The 5% cap that is there is not enough for the full implementation of the entire human settlements' programmes.
- The grant is very limiting in the sense that the programme cannot fund GIS, research projects and issues of NHBRC because of the guidelines.
- OPSCAP cannot finance or fund the assets like purchasing of vehicles to support inspectors to be able to inspect houses.
- There is no monitoring and evaluation framework specifically for OPSCAP.
- Shortage on capacity or skills especially housing inspectors in the Department for quality houses.

4.2.6.8 General

The MPDHS does take into consideration the issue of equity and mainstreaming of women, youth, and people with disability when advertising tenders, for the whole grant. However, this is not specifically OPSCAP prioritising WYPD.

4.2.6.9 Concluding Remarks

The Province highlighted how OPSCAP has been relevant in its contribution to the human settlements programme by enabling them to procure much needed technical skills. Certain professional technical skills cannot be acquired directly because of lower salary brackets in the public sector so OPSCAP provides the Department with a mechanism of acquiring scarce skills indirectly. This assists the Department to deliver quality services and within the specified timeframes. However, the programme's implementation has not been strictly according to design. Table 54 below depicts the summary of evaluation findings for the Province.

Table 54 Mpumalanga DHS Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	Yes. OPSCAP does respond to some of the human settlement challenges that the province is encountering such as shortage of skills and capacity, whereby through OPSCAP the province sourced for external capacity and the Department produced quality houses but the moment the capacity left the quality of the houses is of concern in the province.
2.	Is the OPSCAP being implemented according to the design?	To a certain extent, the province implements OPSCAP according to design, for instance the province used the allocated fund to source out capacity to propel service delivery within the Department although previously funded activities such as GIS which doesn't fall under the activities that OPSCAP funds
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	The province has been having challenges regarding capacity, specifically housing inspectors, this has been affecting the delivery of houses in the province as their quality is questioned or of concern.
4.	Are resources used efficiently? Is value for money being obtained?	There is value for money obtained in the province, through the use of OPSCAP the province sources for external expertise to argument capacity and propel human settlement service delivery.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	There are no specific indicators specifically for OPSCAP, because the province takes OPSCAP as a support which enable the province to meet its targets set on the annual performance plan.

Source: Author compilation

4.2.6.10 Lessons Learned

The 5% allocation is not enough to implement all the Department's programmes and with the HSDG reducing due to factors such as COVID-19 amongst others whereby HSDG saw a reduction towards the contribution to the COVID-19 Relief Fund, The OPSCAP amount also reduced which affected human settlements service delivery.

4.2.6.11 Recommendations

- The MPDHS is proposing that the funding arrangement should be flexible to allow the Department the opportunity to propose or motivate for the activities that suits their needs.
- The province is of the opinion that the funding should allow the purchasing of vehicles to allow the officials to go around doing building inspections for quality houses.
- The 5% capped allocation needs to be looked at or rather the Department be allowed to propose the amount needed out of OPSCAP.
- OPSCAP should cater for supporting initiatives such as research, or GIS which assist in accessing accurate information which will also assist in the implementation of human settlement programmes and or specific projects.
- The MPDHS proposes initiative such as automating the grant processes as the process is manual and human dependent.

4.2.7 Northern Cape Department of Human Settlements (NCDHS) Findings

The OPSCAP participatory evaluation approach involved interviews and focus group discussions with the following key stakeholders:

- Acting Programme Manager – Human Settlements, and
- Grant Management

Discussions with the key informants in NCDHS were done virtually using MS Teams. The interview guide was sent to the key informants beforehand to give them time to prepare for the interview.

4.2.7.1 Programme interpretation and application

Understanding of conceptualisation

There is a recognition in the province of what the OPSCAP entails as set out in the Housing Code in that the programme caters for the funding the procurement of key personnel with crucial skills required for human settlements. The Department follows the following steps in order to access the OPSCAP funding:

- Identify and quantify the need for technical project management support.
- Preparation and submission of business plans.
- Motivation letters for OPSCAP allocation submitted to NHDS.
- Business plan approval by NDHS.
- Funds gazetted in terms of DORA.
- Implementation of plans, and
- Monthly and quarterly HSDG reporting to NDHS.

Relevance of OPSCAP

The province highlighted how OPSCAP has been relevant in its contribution to the human settlements programme by enabling them to procure much technical project management skills that the Department does not have internally. Part of the responsibility of the OPSCAP-procured PMO staff is to transfer skills to relevant officials in the Department.

Skills Transfer

Skills transfer between the PMO and the Department's technical teams/units is ongoing as they work together. However, this is not formalised or measured and reported on formally. It is the view of the Provincial Department that after the current term of its PMO there may no longer be a need to use OPSCAP to fund external service providers. The Department is of the opinion that the skills transfer endeavour is generally effective and in the near future, is the internal officials will be able to continue running the Department's own human settlements programmes without PMO support. The respondents emphasised that the Departmental officials have been able

to take on more responsibilities as they have become more skilled, as well as to deliver on targets.

Utilisation of OPSCAP by NCDHS

The NCDHS has utilized OPSCAP over the years to establish a Project Management Office (PMO). The PMO is outside the Department as an external service provider appointed via a competitive bidding process in line with relevant legislation and policies. The province explained that it has been careful to utilize OPSCAP strictly in line with the Housing Code. The PMO constitutes a host of technical built environments such as engineers, project managers, town planners, etc. The current service provider, V3 Consulting, has been appointed for a period of three (3) years and is tasked with providing project management support to the Department's human settlements programme.

Provincial documents submitted to the NDHS to motivate the use of OPSCAP also show that OPSCAP utilisation is split between the PMO and HDA with a ratio of 4% and 1% respectively.

Operational Capital Allocation and Expenditure

Table 55 Northern Cape DHS Operational Capital Allocation and Expenditure

FY	HSDG Allocation	OPSCAP Budget Allocated	OPSCAP Expenditure
2018/2019	R 507 193 000	R 17 065 400	R30 481 550
2019/2020	R 451 059 000	R 23 816 000	R 9 202 924
2020/2021	R 519 888 000	R 13 595 250	R 13186 825-
2021/2022	R 374 104 000	R 13 226 400	R 12 666 038

Source: NCPDHS Reporting Documents

Table 55 shows the HSDG vis a vi the OPSCAP allocation as contained in the Department's historical business plans in the period 2018/19 to 2021/22.

In Table 56, in the 2019/2020 financial year the NCDHS requested an amount of R 19 571 200 in OPSCAP funding, which constituted 4% of their requested HSDG allocation of R 487 490 000. The province utilised the 4% OPSCAP funding to appoint professional service providers including V3 Consortium who was appointed for a 3-

year period. An additional 1% was also requested to fund project management support by the HDA.

Table 56: Northern Cape DHS OPSCAP Allocation 2019/20 FY

Description	FY 2019/20
Overall HSDG allocation	R487 490 000
OPSCAP Budget for HDA project management services (1%)	R 4 874 300
OPSCAP Budget for professional service providers (4%)	R 19 517 200

Source: Provincial documents

4.2.7.2 Value for Money

There is value for money in that it is impacting performance positively, with targets being partially achieved and expenditure being high. It is the view of the NCDHS that OPSCAP the intervention has assisted it to significantly improve performance over the years. Not only has the NCDHS been able to spend its own funds, but it has benefitted from funds transferred from other Province who were unable to spend them in the previous financial year. In the 2021/22 the Provincial Department received an additional R60million and another R 194 million in the 2022/23 FY because of improved performance supported by OPSCAP. The respondents felt that the ability to use OPSCAP to provide the Department with the project management support contributed immensely to its ability to meet its targets as efficiently as it is doing now.

As such OPSCAP has been effective in contributing to the Provincial Department's ability to deliver on its mandate and meet its financial and non-financial targets.

Value for money is also realised in the areas of employment/ job creation, skills transferred to departmental officials.

Standard Operating Procedure

The Department has highlighted that it does not see the need to have an SOP in addition the guidelines in the Housing Code. OPSCAP is a budget item in the Business Plan.

Negative impacts of OPSCAP

The Department highlighted the over-reliance on external service providers and their processes, systems etc as a negative and unintended impact of OPSCAP which it was

in the process of rectifying. The lack of adequate skills in the Department in previous years resulted in the outsourcing of some of the Department's core functions to external service providers which is not ideal.

4.2.7.3 Programme Monitoring and Reporting

The NCDHS uses the NDHS M & E Framework for all the Grants to report on OPSCAP. Reporting on the HSDG is done on a monthly and quarterly basis to NDHS and NT using the template provided. The HSDG reports on both financial and non-financial achievements/ information. OPSCAP reporting is integrated into this framework.

4.2.7.4 Policy and Legal Framework

The NCDHS has not developed a SOP for OPSCAP but is guided in its use by the Housing Code and the HSDG Grant Framework. The Department is guided by these documents in its utilisation of OPSCAP, including DORA and the PFMA.

4.2.5 Funding Framework

The respondents pointed out that the limit of 5% has disadvantaged Provincial Departments like the Northern Cape where the HSDG allocation is already low and the 5% is not adequate to address all the needs related to project management and implementation support.

4.2.7.6 Institutional Framework

Institutional relationships are guided by the Inter-Governmental Relationship (IGR) framework. The following stakeholders have been identified by the Department as key when it comes to OPSCAP:

- Municipalities – all the human settlements projects are being implemented at Municipal level. The PMO assists with the compilation of business plans and project pipelining for human settlement projects on behalf of the Municipalities who do not have the capacity or capability to carry out these functions.
- Sector Departments

4.2.7.7 Issues/ Challenges

The Department is experiencing the following challenges in implementing OPSCAP:

- The Department is trying to reduce reliance on external expertise which tends to be problematic in the long run. This can only be done through appointing officials to do the work but this process is often affected by delays and lack of funding.
- The limitation of 5% in the Northern Cape is inadequate because the HSDG allocation ranges from approximately R 270 million each financial year. 5% of this translates to R 13,5 million which is inadequate. Increasing the allocation also has the undesired effect of reducing the allocation towards capital projects.

4.2.7.8 General

With regard to the national priorities of elevating women, youth and persons with disabilities (WYPD), the Department follows its procurement policy which elevates WYPD priorities in line with the current MTSF.

4.2.7.9 Concluding Remarks

The Provincial Department has consistently utilised OPSCAP to procure the services of an external PMO to support the Department's human settlements delivery programme. In addition, an MTOP agreement with the HDA has also been providing much needed support for specific human settlements programmes/projects. Table 57 below depicts the summary of evaluation findings for the Province.

Table 57 Northern Cape DHS Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	Yes. OPSCAP addresses the major challenge of technical capacity constraints in the implementation of human settlements programmes and projects. Grant spending has improved in the Department, which can be partially attributed to the presence of an OPSCAP funded team of project management experts.
2.	Is the OPSCAP being implemented according to the design?	Yes. The Department is maintaining its 5% of the HSDG dedicated to OPSCAP in line with the DORA framework and the Housing Code.

No	Evaluation Questions	Indicators
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	No institutional gaps/ issues have come to light that relate particularly to OPSCAP.
4.	Are resources used efficiently? Is value for money being obtained?	There is value for money obtained in the utilisation of OPSCAP in that the programme is funding a project management expertise that are assigned the responsibility of managing the Department's human settlements projects and programmes.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The only indicator that is used to track OPSCAP is expenditure, which is reported monthly internally and quarterly to the NDHS in line with the HSDG framework.

Source: Author compilation

4.2.7.10 Lessons Learned

- There is need to be precise and clear on the kind of expertise that is required from OPSCAP and how these will contribute to the human settlements programme.

4.2.7.11 Recommendations

With regard to the implementation of OPSCAP in the NCDHS, the following recommendations can be made:

- Appointment of key personnel and avoiding over-reliance on external service providers.
- Requirements of OPSCAP should not be one size fits all so 5% for the NC is too little. The Department is of the opinion that OPSCAP must be allocated over and above the baseline.

4.2.8 North West Department of Human Settlements (NWDHS) Findings

The OPSCAP participatory evaluation approach involved interviews and focus group discussions with the following key stakeholders:

- Director: Planning and Technical Services – Human Settlements

Discussions with the key informants in NCDHS were done virtually using MS Teams. The interview guide was sent to the key informants beforehand to give them time to prepare for the interview.

4.2.8.1 Programme interpretation and application

Understanding of conceptualisation

There is a recognition in the Provincial Department of what OPSCAP entails as set out in the Housing Code in that the programme caters for the funding the procurement or acquisition of key personnel with crucial skills required for delivering on the human settlements programme. The province follows the following steps in order to access the OPSCAP funding:

- Identify and quantify the need for technical support - based on technical skills that are lacking in the Department.
- Preparation and submission of business plans.
- Motivation letters for OPSCAP allocation submitted to NDHS.
- Business plan approval by NDHS.
- Funds gazetted in terms of DORA.
- Implementation of plans, and
- Monthly and quarterly HSDG reporting to NDHS.

Relevance of OPSCAP

The Provincial Department highlighted how OPSCAP has been relevant in its contribution to the human settlements programme by enabling them to procure much needed technical skills. Certain professional technical skills cannot be acquired directly because of lower salary brackets in the public sector so OPSCAP provides the

Department with a mechanism of acquiring scarce skills indirectly. This assists the Department to deliver quality services and within the specified timeframes.

Skills Transfer

The Terms of Reference for the external service providers has skills transfer component which requires them to institute a mechanism of transferring skills to the Department's officials, so that they are able to perform independently. Officials are assigned to work with the PMU, however there is no measurement of the degree to which skills are being transferred. The monthly meetings and progress reporting also do not touch on skills transfer.

Utilisation of OPSCAP by the NCDHS

The NWDHS utilizes OPSCAP for the following:

- Additional resources to provide Municipal accreditation support – external service providers have been appointed to assist municipalities in performing certain functions for the human settlements programme.
- Acquisition of Programme/ Project management (PMU) support for the human settlement programme. Open tender process in line with relevant regulations.
- Funding the operational budget of the MTOP with the Housing Development Agency (HDA).

Project Management Unit (PMU)

Provincial departmental documents reveal that up to 2017/18, in addition with funding the PMU, OPSCAP was also funding a variety of items such as housing tribunals, accommodation and other disbursements, feasibility studies, etc. It is only in the last five financial years that the majority of the OPSCAP budget has been dedicated to funding project management technical support (PMU) as envisaged by the Housing Code.

HDA Medium Term Operation Support Plan (MTOP)

The overall objective of the MTOP agreement between the North West PDHS and the HDA is to provide appropriate capacity to support the programming, planning coordination and implementation of human settlements development projects through

a multi-year approach. The agreement authorises the HDA to undertake the role of implementing agent or programme manager in the implementation of identified human settlement programmes/ projects relating to:

- Land assembly for human settlements projects.
- Implementation support for specified and other identified priority projects.
- Catalytic projects.
- Revitalisation of distressed mining towns.
- Informal settlements upgrading support, and
- Priority human settlements and housing development areas (PHSHDAs).

In order to carry out the above, the HDA makes use of its own staff as well as external services providers and independent contractors. To fulfil the objectives of the current MTOP (2021/22 to 2023/24), the HDA has acquired the following capacity which is reviewed annually in line with the Programme requirements:

- Provincial Manager
- Programme Coordinator
- Development Manager
- Strategic Programme Manager
- Town Planner x 2
- Assistant Town Planners x 2, and
- Engineers/ Project Managers x 2

The projected operational costs for the MTOP for the period were estimated at R 105 183 360. This is inclusive of staff costs, programme administration as well as office accommodation and related costs. However, it is not entirely clear whether OPSCAP covers the entire amount or just a portion of these costs.

The MTOP agreement is aligned to DORA and the PFMA in terms of reporting requirements. The HDA reports directly to the Department which remains accountable for the funds which are transferred to the HDA.

Operational Capital Allocation and Expenditure

Table 58 North West DHS Operational Capital Allocation and Expenditure

FY	OPSCAP Expenditure
2016/2017	R 63 558 770
2017/2018	R 56 918 341
2018/2019	R 43 516 435
2019/2020	R 45 195 038
2020/2021	R 9 944 120
2021/2022	R 37 643

Source: NWDHS Documents

Table 58 depicts the OPSCAP expenditure by the Department since 2016/2017 up to 2021/2022 which has been declining over the period.

4.2.8.2 Value for Money

NWDHS is of the opinion that OPSCAP has value for money in that it is impacting performance positively, with targets being achieved. The services developed are also of quality due to the fact that OPSCAP is able to fund the quality control of projects. Projects are also delivered within anticipated time frames and there are quicker turnaround times.

Negative impacts of OPSCAP

The Department highlighted the over-reliance on external service providers and their processes, systems etc as a negative and unintended impact of OPSCAP. Once the term of the Service Provider ends the Department no longer has access to the systems which sets them back. The Department needs to have its own systems in place which support the delivery of human settlements rather than being overly reliant on the SPs.

4.2.8.3 Programme Monitoring and Reporting

OPSCAP is reported in line with the HSDG framework, on a monthly and quarterly basis. For its part, the HDA reports to the Provincial Department which remains accountable for the funds in terms of the DORA.

4.2.8.4 Policy and Legal Framework

NWDHS has not developed a SOP for OPSCAP but is guided in its use by the Housing Code and the HSDG Grant Framework, including DORA and the PFMA.

4.2.8.5 Funding Framework

The NWDHS is of the view that the limit of 5% is too little and is sometimes inadequate for the needs that exist.

4.2.8.6 Institutional Framework

The following stakeholders have been identified by NWDHS as key when it comes to OPSCAP:

- Municipalities – all the human settlements projects are being implemented at Municipal level. OPSCAP provides support to municipal accreditation. MoUs are signed with Municipalities in relation to programmes so as to spell out the expectations for each party.
- The HDA as party to the MTOP Agreement with the Province.

Working relationships between the stakeholders are governed by the IGR framework in line with the IGR Act, 2005.

4.2.8.7 Issues/ Challenges

NWDHS identified the following challenges that it is experiencing as it implements OPSCAP:

- OPSCAP should be able to acquire systems such as software that are required in the delivery of human settlements and not just rely on the systems of the service provider whose term is limited.
- Limited budget and escalating costs may make the Programme unsustainable.
- Technical professional resources are extremely expensive to acquire even via OPSCAP.
- Skills transfer component does not always take place at the desired level in spite of that being a stated requirement in the Terms of Reference of the Service Provider.

- The Department is unable to retain technical professional staff / capacity and as a result there is a high staff turnover.

4.2.8.8 General

Regarding the national priorities of elevating women, youth and persons with disabilities (WYPD), the Department follows its procurement policy which is aligned to national policy and legislation as well as the priorities of the current MTSF. External Service Providers are appointed in line with relevant procurement policies.

4.2.8.9 Concluding Remarks

The utilization of OPSCAP funding in the NWPDHS has over the years contributed to some extent to addressing some of the human settlements' capacity challenges experienced despite the shortcomings of the programme. The Department's use of OPSCAP has bridged the capacity gap for the province in the implementation and management of human settlement projects. However, the Department's own internal capacity appears to have remained largely stagnant whilst it relies on such external capacity. Table 59 depicts the summary of evaluation findings for the Province.

Table 59 North West DHS Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	Yes. OPSCAP addresses the major challenge of technical capacity constraints in the implementation of human settlements programmes and projects. There is evidence that the introduction of OPSCAP has gradually improved expenditure and delivery of projects.
2.	Is the OPSCAP being implemented according to the design?	Partially. Although a fair amount of the OPSCAP budget is dedicated to funding the PMU and the MTOP Agreement with the HDA, there are still additional uses that cannot be classified as adhering to the intent of the Programme.
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	No institutional gaps/ issues have come to light that relate particularly to OPSCAP.

No	Evaluation Questions	Indicators
4.	Are resources used efficiently? Is value for money being obtained?	There is value for money obtained in the utilisation of OPSCAP in the contributions made by the resources purchased using the OPSCAP fund. However, this is counteracted by the fact that the Department also uses OPSCAP to fund additional items not in line with policy.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The only indicator that is used to track OPSCAP is expenditure, which is reported monthly internally and quarterly to the NDHS in line with the HSDG framework/ DORA provisions.

Source: Author compilation

4.2.8.10 Lessons Learned

- The Department has become overly reliant on service providers and skills transfer needs to be formalised.

4.2.8.11 Recommendations

- Appointment of key personnel and avoid over-reliance on external service providers. Build permanent internal capacity. This will ensure continuity in the implementation of human settlements programmes.
- Relevant systems should be procured using OPSCAP, and
- Increasing of the OPSCAP percentage in order to procure additional resources.

4.2.9 Western Cape Department of Human Settlements (WCDHS) Findings

The OPSCAP participatory evaluation approach involved mainly interviews with the following key stakeholders:

- Officials responsible for the implementation and coordination of the HSDG including OPSCAP allocation.

A set of structured questionnaires were used to ensure representativeness in responses and to ensure that the evaluation process do not deviate from the objective of the evaluation. The interview with the key informants in the WCDHS was undertaken virtually to discuss the questionnaire in general and what outputs were expected. The

Department availed senior officials in the Human Settlements directorate responsible for HSDG.

4.2.9.1 Programme interpretation and application

Understanding of conceptualisation

OPSCAP in the WCDHS is being conceptualized in terms of the policy guidelines. It is understood as a funding portion of the HSDG for building capacity and capability for human settlements programmes within the Department supplementing gaps identified in relation to skills capacity. It has been established in the Department Strategic plans and annual plans that OPSCAP allocation is being utilized effectively and optimally in ensuring that Human settlements programmes are achieved. Furthermore, the Department endeavours to follow the HSGD/OPSCAP guidelines read with the Housing Code's and DoRA.

In its planning process the Department ensured that the approved business plans include OPSCAP related activities with the 5% budget allocated to fund supplementary skills capacity to be sourced in line with the policy guidelines. The steps followed by the Department to access and utilize OPSCAP funding are highlighted as follows:

- Submission of business plans.
- Funds gazetted in terms of DORA.
- Approval of budget within the Department.
- Implementation of plans.
- Quarterly HSDG reporting to NDHS.

The OPSCAP is viewed relevant to support the Department acquire relevant capacity to implement human settlements programmes. OPSCAP is critical in the Department as the human settlements core directorate is being supported by this supplementary technical skills resources recruited and /or procured utilizing OPSCAP allocation.

The Department provides capacity-building programs such artisan training, mostly for young people from the community, and housing consumer education programs for beneficiaries. During COVID-19, the department rolled out a capacity-building program for older people. Municipalities in the province are not accredited to

implement human settlements programs, except for Cape Town Metropolitan Municipality, but are to a certain extent perform human settlements functions. The Department has been utilizing OPSCAP allocation to improve capacity within municipalities.

Regarding equity, the Department has specific indicators and frameworks to track the amount and percentage of grants spent on designated groups. On catalytic projects, the department partners with well capacitated companies to team up with smaller companies particularly from designated groups on a 60-40 basis, for skills transfer and mentorships. Sixty-seven (67%) of the HSDG/OPSCAP allocation is directed to targeted groups (particularly women and persons with disabilities) and the Department periodically hosts workshops with these groups, encouraging young people to participate in this programme. The Department is of the view that capacity to implement Human settlements programme has increased on all levels, including contractors, beneficiaries, and youth, since the inception of OPSCAP.

Utilisation of OPSCAP by WCDHS

The Department clearly perceives and interpret OPSCAP allocation in relation to its intended purposes and as per the guideline. The purpose is to augment and supplement capacity to ensure implementation of Human Settlements programmes as per the approved business plans.

OPSCAP allocation is largely utilized on external resources sourced to assist the Department implement catalytic projects such the provision of basic services and infrastructure in informal settlements, installation of water and sanitation services, provision of electricity and upgrading of housing stock.

Table 60 Western Cape DHS HSDG/ OPSCAP allocation and expenditure

FY	HSDG allocation	OPSCAP allocation	Expenditure
2019/20	-	R 14 463 747	R 14 463 747
2021/22	R 1 575 283 000	R 69 941 000	R 42 141 000
2022/23	R 1 628 418 000	R 65 789 000	-

Source: WCDHS OPSCAP reports.

Table 60 shows the HSDG vis-a-vis the OPSCAP allocation as contained in the Department's historical business plans, the HSDG reports and Annual Performance Plans in the period 2018/19 to 2021/22.

These figures demonstrate a significant increase in capital allocation and expenditure for the HSDG/OPSCAP, indicating the Department spending in relation to human settlements delivery.

4.2.9.2 Value for Money

The Department has been utilizing OPSCAP allocation efficiently and optimally. The Department has been able to achieve its human settlements targets through the strategic use of OPSCAP allocation. However, there are institutional gaps affecting operations in the Department and to some extent defeat the objective of achieving obtaining value for money in relation to OPSCAP funding.

The need to improve capacity in the Department is critical and concerning as the human settlements activities overwhelms the available internal capacity responsible for monitoring human settlements programmes implemented in the Department. Therefore, there is need for the Department to increase capacity to match the growing demand and responsibility in implementing human settlements programmes.

Another issue affecting value for money is the lack of flexibility in the OPSCAP budget, which makes it difficult to accommodate changes throughout the year. The approval process for additional capacity is also quite stringent, which slows down the program's progress.

Despite these challenges, the Department has made efforts to increase its own expertise through open tender processes and have skilled contractors and consultants assisting the Department with implementation of catalytic projects.

What types of outputs has the programme produced since inception?

The Department has seen much of its human settlements programme achieved through the support of external resources procured. OPSCAP allocation has been utilized to implement catalytic projects and the Department has been benefiting as projects such as such the provision of basic services and infrastructure in informal

settlements, installation of water and sanitation services, provision of electricity and upgrading of housing stock have been implemented over the past years.

Perceived Negative Impacts of OPSCAP

The Department is of the view that as much as OPSCAP is critical in assisting the Department to augment capacity in relation to implementation of Human settlements programme, the guidelines limit the Department to use it on other human settlements needs that suffering due to limited resources within the Department.

Skills Transfer and Capacity Development

The Department of human settlements has implemented measures to ensure that the resources allocated to the program are used efficiently. The Department has developed a strategies and implementation models, and this has been successful in building capacity within the Department. The program also provided innovative mechanisms that encourage creative thinking, such as consumer education that changes the perspective and understanding of a housing unit according to the beneficiary.

The program has further helped to put young people into artisan training and has assisted women in graduating in the construction industry. The Department entered into service level agreements and Memorandum of Agreements with various stakeholders, such as contractors and institutions of higher learning to ensure effective achievement of the human settlements' programs. The capacity building initiatives have helped improve the Department's audit status, and the positive feedback received from those who have graduated and are now looking for jobs is a testament to its success.

Human settlements capacity challenges in the Provincial Department

The capacity constraint challenges cut across the Provincial Department organizational environment and human settlements is not excluded. The availability of sufficiently skilled technical, engineering, professional and managerial staff in the marketplace willing to work for government mean that the Provincial Department has

had to be innovative in ensuring that the professional and managerial skills required for delivery are available.

The Provincial Department has made efforts to ensure that costs are managed effectively and have a set limit of not paying more than 80% of the Engineering Council's tariffs for engineering consultants, and the cost of planning for a project differs based on the number of units.

The Provincial Department has capacity gaps to monitor and track progress on the implementation of Human settlements programmes effectively, which could affect the sustainability of the program. The Provincial Department acknowledged the need for increased programme monitoring which requires additional capacity to ensure continued progress and avoid regression. Furthermore, the Provincial Department saw need for increased internal capacity development, including changing job descriptions and adding staff.

Skills and expertise sufficient to implement human settlement programmes.

The WCDHS has implemented measures to ensure that the resources allocated to the program are used efficiently. The Provincial Department is utilizing OPSCAP allocation to supplement and ensure internal staff capacity is improved by working hand in with the external sourced expertise. Therefore, the skills transfer brought by external expertise through OPSCAP allocation can be measured at this stage.

The HDA is not an implementing agent of the Provincial Department but provides professional services in project management and other necessary skills. The funding for HDA services is part of the OPSCAP budget, which is provided under project management services.

Gaps or skills shortages

The WCDHS has identified skills gaps in monitoring human settlements programme and has since consider increasing capacity to ensure that human settlements programme implemented with minimal interruptions. Nevertheless, the service providers are tracked according to their contracts, and any deviations or non-performance are being addressed. The Provincial Department has a tracking financial

system for OPSCAP, which allows the Department to report on the utilisation of funds and certify that funds have been used for the intended purpose.

4.2.9.3 Programme Monitoring and Reporting

There is no monitoring and evaluation framework in place specifically for OPSCAP, the Department has a monitoring and evaluation framework. The indicators for OPSCAP are aligned with the execution of the strategy and mandate committed to the citizen, and the program is part of the housing code with clear guidelines and circulars from the NDHS on its utilization.

The unspent funds from subsidies are transferred to other programs, and the OPSCAP funding helps to build the necessary capacity for executing projects. However, legal costs are excluded from the program, and construction has become a legal battlefield.

4.2.9.4 Policy and Legal Framework

In terms of the policy and legal framework for the OPSCAP within the WCDHS, the program is guided by several legislative and policy frameworks. These include:

- (i) **The National Housing Code:** This policy framework provides guidelines for the provision of housing and basic services to vulnerable and marginalized communities, including those living in informal settlements. The OPSCAP aligned with the principles and guidelines set out in the National Housing Code.
- (ii) **The Housing Act:** This legislation provides a legal framework for the provision of housing and related services, as well as for the regulation of the housing sector. The OPSCAP is implemented in accordance with the provisions of the Housing Act.
- (iii) **The Western Cape Provincial Housing Strategy:** This policy framework provides a comprehensive approach to housing development and the provision of related services in the province. The OPSCAP is implemented in accordance with the goals and objectives set out in the Provincial Housing Strategy.

4.2.9.5 Funding Framework

In terms of funding for the OPSCAP within the Human Settlements Department for Western Cape, the provincial government has allocated significant resources to this area in recent years. The 2021/22 HSDG budget for the Department is over R 3 billion. The 5% OPSCAP allocation has been utilized effectively and optimally by the Department. The OPSCAP funding mechanism has been assisting the Department to realize its objectives of delivering human settlements programme. The Department is incrementally increasing its capacity and to certain extent skills are being acquired using OPSCAP allocation.

The OPSCAP specifically focuses on the provision of basic services and infrastructure in informal settlements, as well as the upgrading of existing housing stock. This includes the provision of water and sanitation, electricity, roads, and community facilities.

4.2.9.6 Institutional Framework

The institutional arrangements in relation to OPSCAP are governed by pre-defined processes and policies including protocol agreements. The Department is complying with the guidelines as prescribed and OPSCAP is being utilized as intended.

The Department ensure full compliance to the requirements of the PFMA and other prescripts guiding the programme in the Department. The departmental risk management strategy and internal compliance assessments. The Department has developed a tracking financial system for OPSCAP, which allows the Department to report on the utilisation of funds and certify that funds have been used for the intended purpose are in addition managed from this unit. Therefore, the office of CFO ensures preparation and submission of the Medium-Term Expenditure Framework (MTREF) budget in line with the MFMA and ensures that expenditure is in line with the business plan and policy guidelines.

External Stakeholders

- NDHS – business plans and HSDG quarterly reports are submitted to the NDHS.

- HDA – Provide technical assistance and expertise to ensure delivery of Human Settlements programmes.
- Tertiary institutions - training support and development of curriculum; and
- Provincial treasury - sector alignment and budget allocation and approval

4.2.9.7 Issues/ Challenges

Several institutional issues and gaps have emerged in the implementation of these plans, particularly in relation to the OPSCAP programme. One key issue is the lack of coordination and collaboration between different levels of government and departments responsible for housing delivery. This has led to duplication of efforts and inefficient use of resources, as well as delays in the delivery of housing projects.

The limited capacity and resources within municipalities to implement housing programmes effectively. Municipalities are responsible for implementing housing programmes at a local level, but many lack the necessary resources, technical expertise, and institutional capacity to do so. This has resulted in delays and a backlog of housing projects, particularly in areas with high demand.

The lack of adequate funding for housing programmes, which has impacted the delivery of human settlements programmes in the province. Despite the allocation of funds through the OPSCAP programme, there are still significant resource constraints that limit the ability of the provincial government and municipalities to deliver housing projects on time and within budget.

The implementation of the OPSCAP programme in the WCDHS has also been impacted by changing priorities which has affected the stability and consistency of housing policies and programmes.

The institutional issues and gaps have had a significant impact on the delivery of human settlements programmes in the Western Cape, particularly in relation to the implementation of the OPSCAP programme. To address these challenges, there is a need for greater coordination and collaboration between different levels of government and departments responsible for housing delivery, as well as increased funding and capacity-building for local municipalities to implement housing programmes effectively.

4.2.9.8 General

Regarding the national priorities of elevating WYPD, the Department follows its approved employment equity plan in handling all its appointments. The plan is aligned to the Employment Equity Act, which advocates workplace equity and prioritising WYPD. The Department has been conducting workshops and encourages youth to participate in the human settlements programmes to ensure skill transfer and benefit from the allocated funds for youth empowerment.

4.2.9.9 Concluding Remarks

The Department has seen much of its human settlements programme achieved through the support of external resources procured through OPSCAP. Table 61 depicts the summary of evaluation findings for the Province.

Table 61: Western Cape DHS Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	The theoretical framework informing the OPSCAP Programme is an appropriate response to human settlements challenges in the Western Cape, as demonstrated in the Built Environment Performance Plans from 2010 to 2021. However, there have been limitations in the utilization of OPSCAP due to guidelines set forth by the National Department of Human Settlements. Despite these limitations, the Western Cape Department of Human Settlements has demonstrated a commitment to addressing housing challenges and implementing housing programs in the province.
2.	Is the OPSCAP being implemented according to the design?	The Operational Capital Program is being implemented according to the design, and the budget is utilized where extra capacity is needed. The Department provides capacity-building programs and housing consumer education programs for beneficiaries. The Department has specific indicators and frameworks to track the amount and percentage of grants spent on designated groups, and they prioritize targeted groups, particularly women and persons with disabilities. Capacity has increased on all levels since the inception of OPSCAP.
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is	Institutional gaps and issues have impacted the implementation of the Operational Capital Program, leading to a need for greater coordination, increased funding, and capacity-building for local municipalities. Despite stakeholder arrangements being effective, there is

No	Evaluation Questions	Indicators
	it affecting delivery of the Human Settlements Programmes?	a need for increased monitoring to ensure continued progress. The program aims to empower young people, women, and people living with disabilities, but there are challenges related to the business plan approval process and changing the budget. The Department aims to correct past wrongs and ensure equitable distribution of housing resources.
4.	Are resources used efficiently? Is value for money being obtained?	Efforts made for efficient resource use and obtaining value for money by the Western Cape government in the implementation of the OPSCAP program. However, institutional gaps and capacity issues remain, and there is a need for increased monitoring and flexibility in the budget. The Department of Human Settlements has implemented measures to ensure efficient resource allocation and management, with a focus on cost-effectiveness. Capacity gaps identified, with a need for increased monitoring and internal capacity development. Officials report effective resource utilization and consistent achievement of program targets and objectives. Emphasis on effective systems and control over the program, with temporary use of external consultants.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	No dedicated indicators have been identified for OPSCAP, but the performance indicators for the Operational Expenditure Budget in Support of the Implementation of National and Provincial Housing Programmes within Western Cape are suitable. The program is effective in achieving its targets and is part of the housing code with clear guidelines and circulars from the National Department of Human Settlements on its utilization. While there is no monitoring and evaluation framework in place specifically for OPSCAP, the indicators are aligned with the execution of the strategy and mandate committed to the citizen. The officials believe that the program has been successful and is working as intended, with no specific recommendations for improvement.

Source: Author compilation

4.2.9.10 Lessons Learned

- The WCDHS has been utilizing OPSCAP optimally by ensuring that it augments capacity improvement to deliver human settlements programme which in turn improve skills transfers for its internal staff.

- The Department has since realized that utilizing OPSCAP optimally yielded positive results and thus taken steps to align with the prescribed OPSCAP guidelines.
- OPSCAP has importuned the Department to identify skills gaps and have thus consider to incrementally increase its internal capacity to ensure sustainability in the Department.

4.2.9.11 Recommendations

- (i) Increase funding: insufficient funding has been a major challenge in the implementation of the OPSCAP programme. There is need for the NDHS reviews of the funding mechanism.
- (ii) Enhance stakeholder engagement: There is a need for improved communication and collaboration between the NDHS, PDHS and municipalities implementing OPSCAP for information sharing and best practices.
- (iii) Improve the monitoring and evaluation system: The current monitoring and evaluation system is inadequate, and there is a need for a more comprehensive system to measure the impact of the programme. This can be achieved by incorporating more quantitative and qualitative data into the monitoring and evaluation process.
- (iv) Increase efficiency in project implementation: The delays experienced in the implementation of human settlements programmes due to various challenges such as bureaucratic processes and lack of skilled personnel. It is recommended that the NDHS streamline the project implementation process and increase the number of skilled personnel involved in the programme.

4.2.10 Conclusion

OPSCAP appears to be quite relevant in its contribution to the human settlements programme in the Western Cape Province in that these institutions have come to rely on it to provide the operational capital required to procure the services of professional expertise to assist with project identification and management of human settlements programmes.

OPSCAP is a vital element in propelling the human settlements programmes within the Provincial Departments as it contributes to the initiation, conceptualization and subsequent implementation of HSDG human settlements projects. However, a lot of gaps remain which affect the Programme's ability to meet the objectives of the policy intent seamlessly.

4.3 METROPOLITAN CASE REPORTS

4.3.1 Introduction

This Chapter presents the findings from the eight (8) Metropolitan Municipalities (Metros) presented in a case study format. The individual case reports provide an in-depth assessment of the OPSCAP within each Metropolitan Municipality and a discussion of the issues raised during the interview process and those obtained from various documents containing information on the subject matter. The assessment discusses the following:

- How the Metropolitan Municipalities are utilizing OPSCAP.
- How OPCAP is interpreted by the Municipality in the way that it is being applied to the unique environment of the Municipality.
- The constraints the Municipality is experiencing in relation to OPSCAP.
- Whether OPSCAP providing value for money.
- What types of outputs OPSCAP is producing in the human settlements sector?
- Allocation and expenditure towards OPSCAP in previous financial years (from 2010 onwards) and outcomes achieved from such expenditure.
- The impact of OPSCAP in the ability of the Municipality to spend on and fulfil its USDG framework conditions.
- Appropriateness of existing institutional and reporting frameworks for OPSCAP.

4.3.2 Buffalo City Metropolitan Municipality (BCMM) Findings

The OPSCAP participatory evaluation approach involved interviews and focus group discussions with the following key stakeholders:

- EPMO
- Grant Management
- Special Projects, and
- USDG Coordinator

Discussions with the key informants in BCMM were done virtually. The interview guide was sent to the key informants beforehand to give them time to prepare for the interview.

4.3.2.1 Programme interpretation and application

Understanding of conceptualisation

BCMM respondents understand the purpose for OPSCAP as the 3% portion of the USDG annual allocation dedicated to building capacity for implementing human settlements projects funded by the USDG. The introduction of the USDG itself brought to light the fact in spite of the extensive need for human settlements interventions, providing the funding for these was not enough as Metros lacked the capacity. The Metro did not have the capacity to initiate and pipeline projects as well as implement human settlements projects in line with the requirements of the USDG framework. Hence the introduction of OPSCAP in response. The Metro follows the following steps in order to access the OPSCAP funding:

- Submission of business plans.
- Funds gazetted in terms of DORA.
- Approval of budget within the Metro.
- Implementation of plans. and
- Quarterly USDG reporting to the NDHS.

The relevance of OPSCAP to the development of human settlements is recognised by the Metro in that they make use of the fund to augment their project management capacity.

An important aspect is that this capacity must stay within the Metro and be integrated into all its systems.

Utilisation of OPSCAP by BCMM

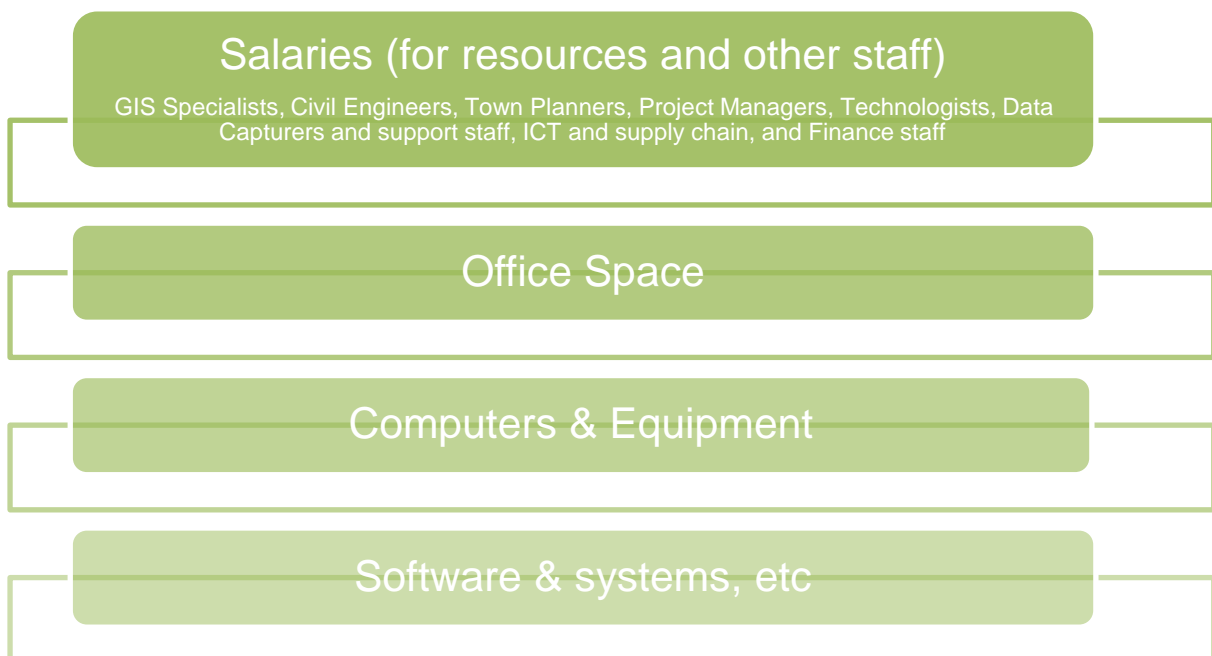
The USDG Grant itself provides funding to augment capital investment in the Metro. In line with this the Metro is utilising the stipulated 3% of the USDG to fund the operational capacity needed to implement these capital projects.

The Metro utilises OPSCAP to establish a EP MO for the purpose of initiating and implementing projects funded under the USDG Grant as well as achieving outcomes envisaged in the Grant framework.

The EPMO is a unit within the Metro and funded via OPSCAP as well as from the Metro's revenue as OPSCAP is not adequate to fully fund the EPMO. The EPMO's operations also cut across the Metro's Directorates and are not just focused on USDG financed projects only.

The EPMO does not form part of the official approved organogram for the Metro. It was established solely as a precondition in response to the USDG funds being made available to the Metro. EPMO staff are all employed on a contractual basis with contracts that range from 3 – 4 years in line with to the allocations of the USDG MTREF. The costs of the BCMM EPMO can be broken down as per Figure 9.

Figure 8: Costs of the Buffalo City EPMO



The EPMO has a variety of skills-sets available at its disposal and this has a cross-cutting involvement in all infrastructure projects within the Metro to ensure coordination. Amongst others, the EPMO has been tasked with roles and responsibilities indicated in Table 62.

Table 62: Buffalo City EPMO Responsibilities

Buffalo City EPMO tasks	
<ul style="list-style-type: none"> ○ Project management and support on site for projects. ○ Financial and non-financial monitoring and reporting. ○ Grant management ○ Economic development initiatives. ○ Spatial and development planning. ○ ICT 	<ul style="list-style-type: none"> ○ Compliance with DORA, MFMA and other relevant policies and legislation. ○ Financial management and responding to audits. ○ Project pipelining, planning and governance. ○ Preparation of business plans. ○ Transport planning ○ Developing SOPs

Source: Metro USDG reports

Operational Capital Allocation and Expenditure

Table 63: Buffalo City operational capital allocation and expenditure

FY	USDG Allocation	OPSCAP Budget Allocated	OPSCAP Expenditure
2016/2017	R 731 499 000	R 21 166 470	R 19 674 866
2017/2018	R 928 128 000	R 27 844 000	R 24 651 000
2018/2019	R 962 992 000	R 22 890 000	R 18 074 000
2019/2020	R 817 423 000	R 24 603 000	–
2020/2021	R 1 110 177 000	R 20 614 000	R 22 154 000
2021/2022	R 499 705 000	R 14 991 150	R 13 085 784
2022/2023	R 496 166 000	R 14 885 000	R 12 845 000

Source: Metro USDG reports

Table 63 shows the total USDG allocation made to the Metro over the years since 2016/2017. The Metro has consistently allocated the 3% prescribed allocation towards OPSCAP. The amount has been declining in line with the decrease in the USDG allocations caused by the split between the USDG and the UISG. According to Municipal reporting documents, approximately 2% of the overall OPSCAP budget which amounted to R 350 000 in 2022/23, is amount is dedicated to office furniture, equipment etc for the EPMO.

4.3.2.2 Value for Money

What types of outputs has the programme produced since inception?

OPSCAP has been a vital contribution to BCMM's ability to deliver on its mandate regarding human settlements. The funds from OPSCAP have been used to secure

human capacity for project management over the years to improve the functionality, processes, systems, performance, and service delivery by the local government.

The EPMO is also involved in the development of the SDBIP, the IDP, budgeting and project scheduling and prioritisation as well as monitoring and reporting. In addition, the EPMO provides support and advisory services to the Metro. This has enabled the Metro to meet its USDG targets and even has been able to secure additional funding from non-spending Metros. Other positive outcomes of the OPSCAP funded Metro include:

- Effective delivery on human settlements projects.
- The funding of the EPMO through OPSCAP has enabled to USDG to positively impact human settlements in the Metro.
- Development of quality planning instruments.
- An indirect impact has been the increase in Contractor CIDB grades.
- The OPSCAP funded EPMO has enabled the Metro to consistently spend 100% of its USDG. The EPMO supports all stages of project development including financial reporting, business plan development, integration, and engagements through IGRs.
- The EPMO is located within the office of the City Manager. As such, it does not only focus on human settlements projects but on service delivery within the entire Metro's units.

Skills Transfer

EPMO shares knowledge with other professionals in the Metro outside of the EPMO. The EPMO also works with interns who are sometimes integrated into the Metro and assisted to register professionally with the relevant professional institutions.

Capacity improvements

The introduction of OPSCAP has brought about significant improvements not only relating to capacity but performance as well. The impact of the EPMO has been felt across the Metro. The Metro has now become one of the best spending when it comes to the USDG. And has also benefitted from funds that have been taken from non-spending Metros towards capital projects. The Metro will be receiving an additional approx. R 800 million in the current FY from non-spending Metros.

4.3.2.3 Programme Monitoring and Reporting

OPSCAP does not have an M&E framework of its own but rather is reported on within the framework of the USDG Framework. The Metro reports on OPSCAP to the NDHS and NT on a monthly and quarterly basis as part of the USDG framework reporting. The SDBIP also reports on the entirety of the USDG allocation and not necessarily on the OPSCAP component alone. There are also regular internal meetings for reporting and tracking progress and expenditure on all projects.

When it comes to USDG reporting the Metro highlighted a lack of coordination from NDHS between CFO Office and their Programme Management unit. These can be combined because it takes time and resources from the Metro to attend to their reporting requirements.

4.3.2.4 Policy and Legal Framework

The Metro has not developed a SOP for OPSCAP but is guided in its use by the guideline for the utilisation of OPSCAP that were developed by the NDHS as well as the USDG framework. The Metro also aligns all its USDG and OPSCAP objectives with that of their SDBIPS and other Metropolitan development strategies.

4.3.2.5 Institutional Framework

The institutional arrangements in relation to OPSCAP are governed by pre-defined processes, policies, and where necessary SLAs. In addition to the institutional framework defined in the USDG OPSCAP guideline, the Metro has the following arrangements in place:

Internal Stakeholders

- Human Resources Department – is responsible for appointing the required contract employees in line with the Metro’s HR policies.
- Finance – preparation and submission of the Medium-Term Expenditure Framework (MTREF) budget in line with the MFMA.
- Economic Development – creation of job opportunities in line with national government priorities.

External Stakeholders

- NDHS – business plans and USDG quarterly reports are submitted to the NDH.
- PDHS – planning and coordination.

Quarterly meetings are also held with the NDHS as part of the USDG support framework. However, a technical oversight committee that includes NDHS and the PDHS may be required so that reporting does not only focus on expenditure but on delivery.

4.3.2.6 Issues/ Challenges

The Metro identified the following challenges that it is experiencing as it implements OPSCAP:

- The split between USDG and USPG has resulted in the 3% operational capital being severely reduced and inadequate to cover the EPMO costs.
- The OPSCAP budget is inadequate for the full needs. There is always a deficit of approximately R 10 million in the EPMO budget.
- Technical professionals that are skilled tend to be costly in terms of competitive market salary requirements.
- There is a skills deficit as the Metro does not have funds to hire additional staff.
- There is a growing demand for the Metro's services, but resources are shrinking.

4.3.2.7 Concluding Remarks

The BCMM's approach to utilising OPSCAP has seen the Metro establish an EPMO as a standalone unit within the Metro. The EPMO has been instrumental in improving performance within the Metro. However, OPSCAP funds have proved inadequate to fund the entire unit and the recent split of the ISUPG from the USDG has led to financial constraints. Table 64 below depicts the summary of evaluation findings for the Metro.

Table 64: Buffalo City Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	Yes. OPSCAP addresses the major challenge of technical capacity constraints in the implementation of human settlements programmes and projects. The introduction of OPSCAP improved expenditure and delivery on the USDG funded human settlements programmes and projects.
2.	Is the OPSCAP being implemented according to the design?	Yes, partially. The Metro is implementing OPSCAP according to design in the budget is utilised to fund an internal EPMO unit comprising professional technical staff such as project managers and engineers to support the human settlements programme. However, the Metro is also funding office accommodation and overheads that relate to the procuring of the staff. As such, the 3% OPSCAP fund is inadequate to cover the financial requirements of the EPMO. The policy intent of OPSCAP must be effectively communicated, not just to the human settlements division but also to finance and HR divisions so that there is an understanding that OPSCAP is tied to human settlements projects.
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	Greater involvement required by the NDHS in providing leadership and guidance. The NDHS has oversight over the OPSCAP utilization. The fact that Metro has varying interpretations and applications in terms of what OPSCAP can be utilised for, points to the fact that there is a gap the National Department must address with respect to OPSCAP.
4.	Are resources used efficiently? Is value for money being obtained?	There is value for money obtained in the utilisation of OPSCAP as seen by the direct contribution OPSCAP funded EPMO makes in the delivery of human settlements projects from project conceptualization to implementation and handover. The Metro is also now able to develop a continuous human settlements project pipeline to support their budgeting process for the USDG.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The only indicator that is used to track OPSCAP is expenditure, which is reported monthly internally and quarterly to the NDHS in line with the USDG framework.

Source: Author compilation

4.3.2.8 Recommendations

- The OPSCAP guideline may need to be reviewed to allow flexibility by Metros to utilize OPSCAP allocation on other pressing human settlements delivery needs.
- The policy intent of OPSCAP is to strictly fund technical resources, the NDHS must step up on its oversight and guidance role in terms of addressing ancillary costs related to such resources.

4.3.3 City of Cape Town Metropolitan Municipality (CoTMM) Findings

The OPSCAP participatory evaluation approach involved interviews and focus group discussions with the following key stakeholder:

- Manager of Grant Fund Governance – which falls under the Grant Funding Department and is part of the Finance Directorate.

Discussions with the key informant in the Metro were done virtually. The interview guide was sent to the key informants beforehand to give them time to prepare for the interview.

4.3.3.1 Programme interpretation and application

Understanding of conceptualisation

According to the conducted interviews, the CoTMM explained that they follow the official guideline document from issued by NDHS, which is in line with the DORA framework (i.e., it is required of all Metros to adhere to the provisions of the guidelines on the utilisation of 3% of the USDG for Capacity Building by Metropolitan Municipalities) and they strictly adhere to these policies and prescripts. The Metro further indicated that some elements of a logic model contained in the guidelines, which requires specific outputs and outcomes to be covered in the development of capacity and capability by the Metros. However, the Metro is not clear as to whether the guidelines are based on a Logic Model or a Theory of Change.

The Metro does not leave anything to chances but follows a strict process that ensures everything is in line with the policy guidelines. This suggests that the theoretical

framework behind OPSCAP is informed by national-level guidelines and policies and that the Metro is committed to implementing these guidelines as intended.

Utilisation of OPSCAP by CoCT

OPSCAP within the Metro is mostly utilised to employ additional internal capacity within the Municipality. The CoCT indicated that a small portion of the OPSCAP funds is occasionally used to source external resource (consultants), to assist with planning, or learn project management services when the need arises.

The Metro receives applications from its internal departments, which require additional capacity (i.e., Project Managers, Internal Administrators etc.) for projects implemented using the USDG. Within the Metro, applications are assessed in line with the policy guidelines and the impact on the outcomes of the USDG. The application is then reviewed by the Grant Funding Technical Review Committee (GFTRC), and Delegated Authority. The application is then approved, and a resolution is developed detailing the conditions of the funds.

The expenditure breakdown between 2017/18 and 2021/22 shows that the Metro has been utilizing its OPSCAP allocation to procure capacity to strengthen various directorate (such as corporate services, Finance, Transport, Informal settlements, Water & waste service, amongst others) with required skills to ensure delivery of Human settlements programmes. The capacity procured includes staff for programme support, SCM tender staff, Project management services (PMU), project administrators, technicians & professional officers.

The following conclusions were drawn from the intensive interviews conducted:

- OPSCAP is an instrument to capacitate and support the Metro in delivering on the USDG outcomes and the Metro follows the guidelines, legislation, and policy in interpreting and applying OPSCAP accordingly.
- The implementation of OPSCAP is mainly in terms of employing additional technical capacity and to a lesser extent, procuring support for project management and technical support in the form of external service providers in the implementation of USDG funded human settlements programmes.

Operational Capital Allocation and Expenditure

The Human Settlements Department for CoTMM has consistently allocated a significant portion of its USDG/OPSCAP budget over the years as indicated in Table 65.

Table 65: City of Cape Town USDG/Operational Capital Allocation

Financial Year	USDG Allocation (R)	OPSCAP Budget (R)	OPSCAP Expenditure (R)
2017/18	R 1 494 786 000	R 42 103 444	R 37 265 112
2018/19	R 1 484 790 000	R 35 517 090	R 24 808 989
2019/20	1 256 090 608.60	R 30 934 213	R 29 015 507
2020/21	1 040 824 000.00	R 24 884 427	R 23 430 786
2021/22	972 431 000.00	R 26 617 142	R 24 143 807

Source: CoCT reports

The Metro has seen the USDG allocation decreasing over the years due to the reduction in USDG allocation as well as the ISUPG split. This can be attested from the OPSCAP budget allocation in Table 59 which has decreased proportionally from the years 2017/18 at R 42 103 444 to R 24 884 427 in the year 2020/21. The OPSCAP budget allocation increases in the year 2021/22 to R 26 617 142.

Over the above-mentioned period the allocated OPSCAP budget relatively is consistent with expenditure. According to the Metro reports the OPSCAP allocation is directed towards building and strengthening capacity in various departments (e.g., corporate, finance, transport, informal settlements) to ensure delivery of human settlements programmes. As indicated from the Metro's OPSCAP quarterly reporting, staff complements acquired utilizing OPSCAP allocation include among others the following: Specialists on programmes support and facilitation, senior professional officers, principal technicians, professional officer, projects Administrators, GIS Technicians.

4.3.3.1 Value for Money

According to the interviews, value for money means appointing people at the prescribed levels to ensure the required quality while also minimizing costs. It was noted that it is difficult to quantify value for money, but the impact created through

efficient management of grants is more significant than the percentage saved. Additionally, value for money is utilized throughout the human settlements process, from project packaging to final handover. There has been sustained improvement in expenditure on the ground, reporting, and compliance.

Additionally, based on the information provided in the CoTMM's Annual Report for the 2019/2020 financial year, it can be concluded that the resources allocated to OPSCAP were used efficiently and effectively. The Annual Report shows that the CoTMM exceeded its target of providing 6 000 housing opportunities by providing a total of 7 036 housing opportunities. This indicates that OPSCAP has been successful in achieving its objectives.

4.3.3.3 Programme Monitoring and Reporting

OPSCAP performance is reported on a quarterly basis to the National Department. Performance monitoring indicators are captured as planned, including the actual expenditure report on a quarterly basis. The Metro ensures that its number of planned capacity targets are reviewed annually. The responsible line department (in the Metro) reports on the number of actual capacities appointed on a quarterly basis against the annual targets. This also indicates how the appointment of capacity links with the sub-outcomes listed in the guidelines.

The Metro highlighted that the current quarterly reporting arrangements are suitable. However, the Metro is of the view that guideline needs to be reviewed to improve the quality of the reporting.

Since OPSCAP focuses on providing operational support for the implementation of national and provincial housing programs, the performance indicators for the OPSCAP are aligned with this purpose, with a focus on increasing the number of affordable housing opportunities, improving the living conditions of residents, and ensuring effective financial management of the program.

However, the CoCT is of the opinion that the outputs and outcomes in the OPSCAP guideline are not aligned and are ambiguous and do not provide an accurate representation of the effective development of capacity and capability in Metros.

Therefore, there is a need for the guideline to be reviewed to ensure clarity and certainty.

The OPSCAP's performance indicators include the number of affordable housing units constructed, the number of housing opportunities created through partnerships with private developers, the percentage of households living in informal settlements with access to basic services, and the percentage of housing projects completed within budget and on time. These indicators are suitable for the OPSCAP's stated purpose as they focus on delivering affordable housing and improving living conditions.

The CTMM's performance monitoring framework captures the performance of the OPSCAP at various levels of government. At the national level, the Department of Human Settlements monitors the implementation of housing programs and projects. At the provincial level, the Western Cape Department of Human Settlements provides oversight and support to the Metro in the implementation of housing programs. At the local level, the Metro's Performance Management Framework monitors the implementation of the OPSCAP and other housing programs.

In conclusion, the performance indicators for the OPSCAP are suitable for its stated purpose of providing operational support for the implementation of national and provincial housing programs. These indicators are aligned with the program's objectives and focus on delivering affordable housing and improving living conditions. The performance of the OPSCAP is captured in the performance monitoring frameworks of the various spheres of government, providing oversight and support for the implementation of housing programs.

4.3.3.4 Policy and Legal Framework

The Metro explained that they follow the official OPSCAP guideline document from the national level, which is in line with the DORA framework, and they strictly adhere to these policies and prescripts. There are no variations or deviations from the policies in implementing OPSCAP, the Metro follows a strict process that ensures everything is within policy guidelines. This suggests that the theoretical framework behind OPSCAP is informed by national-level guidelines and policies and that the CoTMM is committed to implementing them as intended. However, it is unclear if this framework provides an appropriate response to human settlements challenges in the Metro.

4.3.3.5 Funding Framework

The CTMM Human Settlements Department is responsible for the implementation of housing programs and projects, including the OPSCAP. The OPSCAP funded activities are focused on providing infrastructure and services to support the development of housing projects.

The Metro highlighted the program's success in creating project management and technical capacity, efficiency and effectiveness, and its consistency with intended outcomes. As well as the reporting and compliance process of the CoTMM related to the USDG and OPSCAP, which is done as per the requirements of the National Department and Dora frameworks. However, the Metro suggests that reviewing guideline will assist addressing gaps identified within OPSCAP to improve the performance and implementation rather than relooking at reporting processes. The Metro further discusses the impact of OPSCAP on expenditure on the ground, level of reporting, governance, and compliance, as well as skills transfer within the organization.

According to the interviews discussions, it is believed that the OPSCAP funding framework is working well but noted that there could be improvements in terms of flexibility to accommodate changes in policies and approaches within the housing sector. Overall, the funding framework for the OPSCAP is aligned with the CoTMM's broader strategic goals for human settlements development.

4.3.3.6 Institutional Framework

Based on the available information, the institutional framework for OPSCAP within the Human Settlements Department for CoTMM appears to be well-established. The Department has identified the need for the programme in its Spatial Development Framework and has consistently allocated a significant portion of its budget towards it in its Built Environment Performance Plan.

The Department has also established a Capital Projects Management Office (CPMO), which is responsible for managing the delivery of OPSCAP. The CPMO oversees the planning, procurement, and implementation of capital projects and works closely with other departments and external stakeholders to ensure that projects are completed within budget and on schedule.

In addition to the CPMO, the Department has established various other structures and processes to support the implementation of OPSCAP. These include a robust monitoring and evaluation framework, which tracks the progress of capital projects and identifies areas where improvements can be made.

Overall, the institutional framework for OPSCAP within the Human Settlements Department for CoTMM appears to be well-designed and effective in ensuring the successful implementation of capital projects within the department.

4.3.3.7 Issues/ Challenges

According to the interviews conducted, these are the challenges identified:

- Negative changes include the difficulty in attracting skilled workers on short-term contracts and limitations on the percentage that can be used.
- The non-permanent nature of capacity creation may be a gap or risk area, and potential challenges that may affect program sustainability include changes in government policies and funding constraints.
- The interviews revealed that the current guidelines are too focused on project management and technical aspects and do not adequately address the need for other support aspects.
- Lack of intervention by the Department (NHS) to provide guidance and direction in relation to areas of the guidelines that are ambiguous to ensure proper implementation of the programme by the Metros.

4.3.3.8 General

The OPSCAP grant is used for operational purposes to support the outcomes of the USDG contained in the framework. It is utilized in the CoTMM to create internal capacity and follows a specific process. The process involves making specific applications available, followed by a budget and applications from the line departments. A committee checks the viability of the project, and it is taken to the delegated authority for approval. After approval, the administration of the grant takes place, which involves creating internal capacities, such as project managers, internal administrators, or consultants. The CoTMM has a Manager for Grant Fund Governance who is responsible for the administration of transversal grants used in the Metro, including USDG, and minor grants.

4.3.3.9 Concluding Remarks

Following the analysis made from the availed documents by the CoTMM, it has been deduced that OPSCAP has been allocated over the years and utilized to ensure implementation of human settlements programmes within the Metro. However, a slight portion of OPSCAP is used to procure external resources, and larger portion is utilized on building internal technical capacity. Table 66 below depicts the summary of evaluation findings for the Metro.

Table 66: City of Cape Town Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	Theoretical frameworks such as DORA, National Housing Code, social justice, and sustainability inform the OPSCAP budget, which aims to address human settlements challenges in Cape Town. Adhering to these frameworks ensures fair allocation of resources, collaborative implementation, and equitable and environmentally responsible housing solutions. The Cape Town Metropolitan Municipality strictly follows national-level guidelines and policies, suggesting a commitment to implementing the theoretical framework. However, it is unclear if this framework provides an appropriate response to human settlements challenges in the Metro.
2.	Is the OPSCAP being implemented according to the design?	It is clear that OPSCAP is being implemented according to its intended design in the Metro. The Metro has established capacity to effectively manage and deliver housing programs. Although there are some elements of ambiguities in the guidelines and policies governing the use of OPSCAP funding, the Metro ensures that OPSCAP allocation is directed and utilized as prescribed; and outcomes related to the implementation of National and Provincial Housing Programmes are adhered to.
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	The Metro is not experiencing any institutional challenges that detrimental in the implementation of the programme. The Metro is able to deliver Human Settlements Programmes and achieve the set targets. The OPSCAP program faces challenges related to attracting and retaining skilled workers on short-term contracts, as well as limitations on the percentage that can be used. The experts suggest recognizing core permanent capacity and providing more flexibility on the percentage that can be used, especially when starting big projects, to address these challenges.

No	Evaluation Questions	Indicators
4.	Are resources used efficiently? Is value for money being obtained?	The Metro's implementation of the housing budget has been efficient, with a high level of spending. OPSCAP program has achieved its objectives and has been established in the actual expenditure figures submitted. The Metro values the importance of housing and is willing to invest significant resources. The funding framework for OPSCAP is believed to be working well but could benefit from more flexibility.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The performance indicators for the OPSCAP are suitable for its purpose of providing operational support for housing programs. They are captured in the performance monitoring frameworks of different government levels. Interviews suggest that OPSCAP has been successful in creating capacity and meeting outcomes, but potential gaps should be looked at to improve performance. The impact of OPSCAP on expenditure, reporting, governance, compliance, and skills transfer is also discussed.

Source: Author compilation

4.3.3.10 Lessons Learned

The interviews revealed the importance of having skilled and qualified individuals in the full value chain of human settlements programmes and projects. Project managers require administrative support, as well as skills and capacity within the supply chain and monitoring and evaluation. However, attracting these skills on a non-permanent basis can be difficult.

Regarding the programme design and OPSCAP's application in the future, it was suggested that there is not much that needs to be changed except for possibly making the guidelines more focused on the full value chain of the projects and supporting ancillary actions. The current guidelines are too focused on project management and technical aspects and do not adequately address the need for other support aspects.

4.3.3.11 Recommendations

Based on interviews conducted in relation to a thorough analysis of the relevant documents concerning the CoTM's implementation and performance of the OPSCAP, the following recommendations are suggested:

- (i) Improve monitoring and evaluation: Although the Metro is implementing the programme effectively, it is of the view that the guidelines need to be reviewed to address outdated provisions and elements of ambiguity or including the aspect outputs listed in the guideline that seem not to be “tangible”, i.e., not expressed in measurable terms. This will assist the Metro in its endeavour to improve its monitoring and evaluation framework to ensure that resources are being used in a more efficiently and that the desired outcomes are being achieved.
- (ii) It was suggested that there is not much that needs to be changed except for possibly making the guidelines more focused on the full value chain of the projects and supporting ancillary actions.
- (iii) A system funding core permanent technical capacity could help sustain the implementation of human settlement programs, as continuity is essential in projects that have long lifecycles, such as larger housing projects.
- (iv) Increase flexibility in funding: The Metro suggested that having a range between 3-5% could provide more flexibility in funding. The Metro should consider this suggestion to allow for variations in capacity needs, especially during changes in policies and approaches in the housing space. However, necessary approvals will have to be adhered to.
- (v) The guidelines should recognize that the capacity should be more permanent and that there should be more flexibility on the percentage that can be used. It is further suggested that sometimes they might need to step outside the percentage for a year or two, especially when starting big projects.
- (vi) Enhance collaboration: The Metro has good intergovernmental relation with both national and provincial government. However, reviewing of the guidelines will assist in strengthening the collaboration amongst these stakeholders and ensure consistency in the implementation of the programme.

4.3.4 Ekurhuleni Metropolitan Municipality (EMM) Findings

The OPSCAP participatory evaluation approach involved interviews and focus group discussions with the following key stakeholders:

- Executive Manager – Support Services.
- Human Settlements Unit.
- OPSCAP funded project manager/ engineer.
- OPSCAP funded project administrator.

Discussions with the key informants in EMM were done both physically and virtually. An initial introductory physical meeting was held to discuss the questionnaire in general and what outputs were expected. A follow-up virtual meeting was then done two days later. Two (2) additional interviews were also done with two (2) employees that were identified as key participants during the initial interview. These were technical staff that had been appointed by the Metro's utilising the OPSCAP. The interview guide was sent to the key informants beforehand to give them time to prepare for the interview.

4.3.4.1 Programme interpretation and application

Understanding of conceptualisation

OPSCAP is recognised in the EMM as the operational funding portion of the USDG for building capacity and capability for human settlements development within the Metro. The Metro follows the following steps in order to access the OPSCAP funding:

- Submission of business plans (which include OPSCAP projections).
- Approval of business plans.
- Funds gazetted in terms of DORA.
- Approval of budget within the Metro.
- Implementation of plans; and
- Quarterly USDG reporting to NDHS.

Utilisation of OPSCAP by CoCT

In the EMM, the OPSCAP prescribed portion of the USDG has been previously utilized to fund the establishment of a Project Management Office within the human

settlements division. However, the Metro has recently abandoned this approach and now uses OPSCAP for the following:

- Appointment of contract staff – engineers and project managers who mainly focus on USDG funded projects. Table 67 depicts the OPSCAP funded contract technical resources since 2017. From 2017 up to 2019 technical contract appointments were made through DBSA using OPSCAP funding as part of an internal PMO established in 2016. The use of DBSA appointments/secondments included internal appointments of six (6) programme and project managers that were made as part of the PMO. When the PMO concept was discontinued, the Metro appointed a total of 32 resources. The appointments are on a one-year contract which is renewed every year subject to adequate OPSCAP funding continuing to be available. In addition, over time, some of these contract staff have become permanent employees in line with the institution’s approved organogram. This has proven to be the most cost-effective approach that enables the Metro to utilize as much as possible of the USDG strictly on much-needed capital projects.

Table 67: City of Ekurhuleni utilisation of OPSCAP

Resources appointed through DBSA: 2017 to 2019	PMO resources appointed: 2019/2020 to 2021/2022	Internal capacity appointed: 2018/ 2019 to 2021/2022
1. Opex Project Administrator	1. 1x Project Manager PMO	1. 32 Employed employees on a one-year contract linked to the external capacity and the employees are now permanent.
2. Leeupoort Project Administrator	2. 1x Programme Manager: Implementation	2. Youth Brigades
3. PMU Project Administrator	3. 1x Project Manager Leeuwpoot	
4. Service Stands and House Construction Project Administrator	4. 3x Project Managers	
5. Project Manager Urban Renewal & Social Housing		
6. Project Manager Urban Renewal & Social Housing		
7. Project Manager Urban Renewal & Social Housing		
8. Programme Manager Urban Renewal & Social Housing		
9. Programme Manager Urban Renewal & Social Housing		
10. Project Manager Leeuwpoot		
11. Programme Manager Re-blocking		
12. PMO UNIT		

Source: EMM Report

Table 67 describes the types of resources that have been purchased using OPSCAP over the years within the Metro.

The job description of the project managers that are appointed using OPSCAP to support the development of human settlements within the Metro include the following outcomes:

- To ensure an improved and enhanced built environment to create sustainable human settlements.
- To ensure contracted work is undertaken within the agreed specifications and projects are carried out within professional project management practice.
- To ensure the EMM human settlements development programmes are developed in line with best practice approaches in the Built Environment in the Human Settlements sector.
- To ensure a professional business environment and legislative compliance.
- To ensure the development of a high-performance team that delivers timeously on objectives.

These appointees are a mainstay for the Metro's human settlements programme and their impact has contributed to achieving targets and successful delivery on projects. In addition, the Metro uses the OPSCAP fund to appoint "Youth Brigades". According to the Metro, every project that is implemented within the Metro must have a beneficiary before it commences so the appointment of the youth brigades is to fulfil this requirement. The Youth Brigades assist in the following:

- Assisting in identifying pre-qualifying beneficiaries of a projects conducting mini assessments of who stays in the shacks.
- Assisting in documentation preparation to allow full admin on HSS system.
- Team leaders manage and report to the relevant project manager.
- Once the serviced stands projects are completed then they assist in the relocation of beneficiary to service stands.
- Expediting the title distribution for both serviced stands and subsidised housing.

Operational Capital Allocation and Expenditure

Table 68: City of Ekurhuleni operational capital allocation and expenditure

FY	USDG Allocation	OPSCAP Budget Allocated	OPSCAP Expenditure
2016/2017	R 1 890 352 000	R 6 800 000,00	R 6 577 642,00
2017/2018	R 2 097 108 000	R 34 749 000,00	R 26 193 000,00
2018/2019	R 1 535 121 575	R 13 900 000,00	R 13 775 221,56
2019/2020	R 1 629 493 919	R 20 020 081,00	R 19 894 811,68
2020/2021	R 2 114 840 243	R 21 916 761,00	R 20 833 695,62
2021/2022	R 1 269 818 461	R 20 028 539,00	R 17 085 612,75
2022/2023	R 1 282 202 000	R 11 090 000,00	-

Source: Metro reporting documents

Table 68 depicts EMM's allocation and expenditure towards OPSCAP within the previous financial years since 2016/ 2017. The Metro utilises approximately 1% of its USDG to fund OPSCAP, preferring rather to dedicate its USDG allocation to funding much needed capital projects.

4.3.4.2 Value for Money

What types of outputs has the programme produced since inception?

The respondents highlighted that OPSCAP has been a vital contribution to the Metro's ability to deliver on its mandate with regard to human settlements. The funds from OPSCAP have been used to secure human capacity for project management over the years to improve the functionality, processes, systems, performance, and service delivery by the local government. The Metro has been able to annually achieve its targets on the following aspects over the years through resources procured utilising OPSCAP:

- Title deeds issued to beneficiaries.
- Informal settlements provided with interim basic services.
- Job opportunities created.
- Human Settlement project Committees established.
- Informal Settlements realigned (Re-blocked).

The Metro has significantly improved in their USDG expenditure over the years that OPSCAP has been in operation, a fact which the respondents partially attribute to the

appointment of expertise that has been instrumental in multi-year project identification, prioritisation, pipelining, and implementation, leading to successful project implementation of these projects. According to the SDBIP, between the financial years, 2017/18 up to 2020/21, the Metro was able to not only achieve its targets for the number of serviced stands completed, but in some instances surpassed their targets due to the fact that they had an effective project management team. It is the positive impact of OPSCAP is also evident in that in the year 2021/22, the Metro was unable to use the OPSCAP funded project management capacity in its projects, and this resulted in a 30% failure to achieve their targets for serviced stands.

Table 69 reflects outputs and changes that have taken place which can be linked directly to OPSCAP during the period when the Metro’s Human Settlements Department had an OPSCAP funded Project Management Office (PMO).

Table 69: City of Ekurhuleni Human Settlements Performance Analysis related to OPSCAP

Project Management Capability	Impact on the performance of the Department
Project Management Systems	<ul style="list-style-type: none"> • Standardisation of reporting templates was one of the first tasks that was done. This was to ensure that all the reports coming from Department are uniform and contain all the necessary reporting requirements from all our stakeholders such as National Department of Human Settlements, Gauteng Department of Human Settlements etc. There is now standardised project progress reporting, Risk Management Reports, Cash Flow templates and Milestone Tracking Templates. • Reporting: all projects funded by the USDG, and other sources of funding have compulsory monthly reports submitted to management of the Department and that of the Metro. • Risk management: establishment of project risk management systems to ensure the detection and mitigation of all risks timeously. • Budget Controls & Alignment to SDBIP Targets: Alignment of budgets to the SDBIP Targets and ensuring any changes go through the proper change management process. This has ensured that our grants are spent as per the plans submitted. • Weekly War Rooms: As part of the project Monitoring system, in 2016/17 the weekly departmental war rooms were introduced in which all are interrogated and where necessary corrective measures are developed and implemented. These are chaired by the HOD and/or delegated official.

Project Management Capability	Impact on the performance of the Department
Project Pipeline Development	<ul style="list-style-type: none"> • Creation of a multi-year project pipeline of the Department in line with the Metro’s strategy to ensure that all programs are sustainable and budgeted for accordingly. There is a project pipeline for the following programs: Land Acquisition; Serviced Stands; Mega Projects: Hostel Re-development; Urban Renewal and Social Housing.
Project Monitoring	<ul style="list-style-type: none"> • Establishment of project steering committees consisting of relevant stakeholders from the communities and government. This includes the introduction of Projects Social Facilitators who function as a link between the Department and the community stakeholders.
Information Management System & Documentation	<ul style="list-style-type: none"> • Creation of an information management system relating to all projects both electronic and physical documentation storing.
Capacity Building & Contract Management	<ul style="list-style-type: none"> • Previously, there was a weakness in that the Metro’s project managers did not have the minimum required contract management skills for construction projects. This led to projects overspending their budgets and litigations against the Department. Now the PMs have been equipped with at least NQF Level 5 Contract management knowledge and skills.

Source: EMM Reports

The relevance of OPSCAP to the development of human settlements is recognised by the Metro in that they make use of the fund to augment their project management capacity.

Perceived Negative Impacts of OPSCAP

As already highlighted, EMM utilises OPSCAP to employ contract technical staff. However, the Metro does not use OPSCAP to cover employee related costs such as office space, utilities, stationery and other trade tools or equipment. This also include legal fees that can sometimes result where there are legal issues related to the OPSCAP funded employees. In light of this the respondents felt that administering the programme put additional financial pressure on the Metro’s already stretched financial resources.

Skills Transfer and Capacity Development

The appointed contractual technical staff work with officials within the Department of Human Settlements unit and skills transfer takes place. Skills transfer is measured through the management performance system and the one-on-one performance interviews between employees and their immediate line managers.

Furthermore, the Metro does not have an OPSCAP funded capacity development programme in place as envisaged in the guideline.

4.3.4.3 Programme Monitoring and Reporting

OPSCAP does not have an M&E framework of its own but rather is reported on within the framework of the USDG. The EMM human settlements unit reports on OPSCAP expenditure to the NDHS monthly as well as on a quarterly basis as part of the USDG framework reporting. There is no requirement for OPSCAP reporting to be linked to projects as is the case with capital projects expenditure. Reporting is also done to Council and the Oversight Committee and to the departmental / unit's weekly war-room meetings which focus not only on OPSCAP but on other programmes within the Metro as well.

4.3.4.4 Policy and Legal Framework

EMM has not developed a SOP for OPSCAP but is guided in its use by the guideline for the utilisation of OPSCAP that was developed by the NDHS as well as the USDG framework. The opinion of the Metro is that this guideline has become outdated and needs to be reviewed. The Metro is guided by these documents in its utilisation of OPSCAP but has not always used the funds in line with these provisions.

4.3.4.5 Funding Framework

The Metro does not utilise the entire 3% of the USDG dedicated to OPSCAP. Allocation and expenditure towards OPSCAP fluctuate around 1 % each financial year with the Metro preferring to have more resources going towards capital projects. The respondents expressed frustration with the fact that the MTREF USDG projections fluctuate and make it difficult to plan precisely.

4.3.4.6 Institutional Framework

The institutional arrangements in relation to OPSCAP are governed by pre-defined processes, policies, and where necessary SLAs. In addition to the framework defined in the USDG OPSCAP guideline the Metro has the following arrangements in place:

Internal Stakeholders

- Human Resources Department – is responsible for appointing the required contract employees in line with the Metro’s HR policies.
- Finance – preparation and submission of the Medium-Term Expenditure Framework (MTREF) budget in line with the MFMA.
- Economic Development – creation of job opportunities in line with national government priorities.
- Monthly Council Meetings in which progress is presented.

External Stakeholders

- NDHS – business plans and USDG quarterly reports are submitted to the NDHS.
- Human Settlements Oversight Committee – the committee consists of provincial and municipal officials and is responsible for accounting for non-performance. These committee meeting are held on a monthly basis.

Quarterly meetings are also held with the NDHS as part of the USDG support framework. However, a technical oversight committee that includes NDHS and the PDHS may be required so that reporting does not only focus on expenditure but on delivery.

4.3.4.7 Issues/ Challenges

EMM identified the following challenges that it is experiencing as it implements OPSCAP:

- OPSCAP does not accommodate the appointment of supporting staff that can assist the technical expertise such as drivers, secretaries etc. The Metro is of the opinion that the guidelines for OPSCAP must be reviewed by the NDHS to cater for the following:
 - support staff to assist the technical staff appointed using OPSCAP.

- all employee related costs for all employees/ project managers funded using OPSCAP.
- Uncertainty of funding – It is difficult to plan for beyond a three-year period when hiring employees because the funds are not guaranteed. In spite of the funds being gazetted at times in the following MTREF the funds may be reduced because of circumstances outside the Metro’s control. In such instances the Metro is forced to divert funds from elsewhere to meet these obligations.
- Lack of platform with NDHS so as to obtain assistance with addressing faced in relation to OPSCAP in particular.
- OPSCAP funding is not ring-fenced but rather constitutes a percentage of the USDG. As a result, when USDG funds are moved away due to non-performance this affects the contractual obligations that have already been entered into in line with OPSCAP to fund capacity.

4.3.4.8 General

With regard to the national priorities of elevating women, youth and persons with disabilities (WYPD), the Metro follows its approved employment equity plan in handling all its appointments. The plan is aligned to the Employment Equity Act, which advocates workplace equity and prioritising WYPD.

4.3.4.9 Concluding Remarks

The Metro has been utilising OPSCAP since its inception to address technical capacity challenges. This has been instrumental in improving the Metro’s capacity to plan adequately and spend on the USDG. Table 70 depicts the summary of evaluation findings for the Metro.

Table 70: City of Ekurhuleni summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	Yes. OPSCAP addresses the major challenge of technical capacity constraints in the implementation of human settlements programmes and projects. There is evidence in EMM that the introduction of OPSCAP improved expenditure and delivery on the USDG funded human settlements programmes and projects.
2.	Is the OPSCAP being implemented according to the design?	Largely. EMM is implementing OPSCAP according to design in that most of the budget is utilised to procure the services of professional technical staff such as project managers/administrators and engineers to support the human settlements programme. The Metro does not utilise the entire 3% of the OPSCAP budget taken from the USDG with the balance going towards capital projects. A small portion of the OPSCAP budget is utilised to fund the “youth brigades” as part of the Metro’s community contribution towards uplifting the youth and job creation.
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	The respondents felt that there is a need to have some kind of forum in which the Metro could air its views or grievances to the NDHS.
4.	Are resources used efficiently? Is value for money being obtained?	There is value for money obtained in the utilisation of OPSCAP by EMM as seen by the direct contribution OPSCAP funded technical staff make in the delivery of human settlements projects from project conceptualization to implementation and handover. The Metro is also now able to develop a continuous human settlements project pipeline to support their budgeting process for the USDG.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The only indicator that is used to track OPSCAP by EMM is the amount spent i.e., expenditure, which is reported monthly internally and quarterly to the NDHS in line with the USDG framework. There is a need to report on related projects. The OPSCAP guideline proposes additional indicators that relate capacity development which are not being reported on.

Source: Author compilation

4.3.4.10 Lessons Learned

The following key lessons have come about as a result of implementing OPSCAP:

- EMM needs funding to be able to fund its own functional organisational structure and deliver on its mandate on this basis.

- There is need to regularly review the organisational structure in order to align the structure with the departmental value chain, define roles and responsibilities to eliminate duplicate of functions, define clear business processes, and also identify capacity and capability gaps.

4.3.4.11 Recommendations

The respondents had the following recommendations:

- Review of the guidelines which have become obsolete.
- OPSCAP funded employees' duties and responsibilities cannot be limited to USDG-related projects. The Programme needs to support the entire value chain including land identification, acquisition, and planning for project pipelines.

4.3.5 eThekweni Metropolitan Municipality (ETHMM) Findings

An interview with ETHMM was not secured. However, available programme documentation was assessed on the implementation of the programme.

4.3.5.1 Programme interpretation and application

Understanding of conceptualisation

The conceptualization of OPSCAP has not been coming out clearly in almost all the strategic planning documents including annual reports. The Metro acknowledges the USDG/OPSCAP allocation and is being utilized in the implementation of human settlements programme. However, OPSCAP funding is understood to be of assistance in strengthening capacity to ensure implementation human settlements programmes.

Utilisation of OPSCAP

According to BEPP of 2010-2014, ETHMM has not articulated on the utilization of OPSCAP allocation towards building capacity but focusing on implementing programmes/projects with USDG funding on capital projects as per the approved business plan. During that period the Metro could not achieve most of its human settlements targets and was experiencing capacity constraints in the human settlements' unit (BEPP, 2014).

In terms of the expenditure report and trends, the Metro has been allocating and utilizing OPSCAP funds in most of the financial years, although it was not explicit in terms of which activities are funded by the OPSCAP allocation. In the financial year 2020/21 the Metro had an OPSCAP allocation of R 53 139 000 (3% of total USDG), whereby 67% of (R 35 391 000) was spent. In most of the financial years, expenditure reports have not provided an indication of OPSCAP allocation and expenditure as shown in Table 71. It is clear from the expenditure reports since the inception of OPSCAP that the Metro has been allocating OPSCAP funds, but not efficiently utilizing it on activities as per the provision of the guidelines, particularly capacity building within the institution.

In the coming financial year, the Metro has plans to establish a Project Management Office (PMO) to be financed using OPSCAP. The PMO will constitute a variety of technical professional service providers to support human settlements development in the Metro.

Table 71: eThekweni Metro USDG/OPSCAP allocation and expenditure trends

FY	USDG Allocation	OPSCAP Allocated Budget	OPSCAP Expenditure
2016/17	R 1 885 685 000	R 14 000 000	-
2017/18	R 1 980 109 000	R 14 000 000	R 14 000 000
2018/19	R 1 966 869 000	R 55 770 000	R 55 770 000
2019/20	R 2 094 441 000	-	-
2020/21	R 1 771 286 000	R 53 139 000	R 35 391 000
2021/22	R 1 288 158 000	-	-
2022/23	R 1 279 036 000	-	-

Source: eThekweni USDG reports

4.3.5.2 Value for Money

It is not clear as to whether the OPSCAP utilization has brought any changes in terms of capacity improvement. However, the ETHMM has been achieving its human settlements targets through the assistance of external resources sourced using OPSCAP funding.

What types of outputs has the programme produced since inception?

ETHMM has been utilizing USDG allocation to implement human settlements programmes. However, the Metro has not been explicit in terms of OPSCAP utilization including resources brought in through OPSCAP funding.

4.3.5.3 Skills Transfer and Capacity Development

There is no indication of skills development brought in by OPSCAP funding. However, the ETHMM has been relying of external expertise sourced to achieve its human settlements targets.

Human settlements capacity challenges in the Metro

A full-time multi-disciplinary project team of four (4) to six (6) people and a pool of internal or external consultants would be seen as the optimum arrangement needed for every Housing Mega-Project in the Metro. This level of resourcing is not currently in place at ETHMM. The responsibility lies with Human Settlements Unit in the Metro to ensure adequately resourced Housing Mega-Projects (BEPP, 2018/19).

The Metro intended to utilize the necessary funding to be allocated from the USDG, given the withdrawal of the Municipal Human Settlements Capacity Grant (MHSCG), which was meant to fund such structures. The structure will include amongst others, Deputy Head of Mega Projects, Senior Manager and Manager Projects, Manager Monitoring and Evaluations Project Coordinators. (BEPP, 2018/19).

Skills and expertise sufficient to implement human settlements programmes

According to BEPP, 2020/21, the Human Settlements Unit appears to have sufficient capacity to administer top-structure construction contracts, and to oversee the infrastructure contracts that Services Department and Development Engineering delivers. However, the unit also needed to supplement its capacity to finalise Infrastructure handover projects. Furthermore, the Metro identified the need for additional capacity requirements that need to be in place as a liaison structure to strengthen internal coordination in the implementation of human settlements programmes.

To complement capacity challenge, the Metro utilizes the service of HDA to assist with the implementation of the human settlements' catalytic projects. The HDA acts as Programme Managers for the catalytic projects. The HDA also provides secretariat functions which may include the following:

- Compiling progress reports for submission to the technical Committee and other relevant oversight structures such as MINMEC and joint Committee of Mayors and MEC.
- Ensuring that timeframes for the submissions, reports, minutes in relation to the operation of the Steering Committee are met (BEPP, 2020/21).

Gaps or skills shortages

The Metro is silent in terms of the level of skills gaps or shortage. However, according to (BEPP, 2018/19), the Human Settlements Unit requires to increase or reorganise its internal capacity to conceptualise and design.

4.3.5.4 Programme Monitoring and Reporting

The Metro is not explicit in terms of OPSCAP M&E framework of its own but rather is reported on within the framework of the USDG Framework. Reporting on OPSCAP is based solely on expenditure and is done once a month and quarterly in line with the USDG frameworks.

4.3.5.5 Policy and Legal Framework

The Metro has not clearly articulated on guidelines for the utilisation of OPSCAP being in place. The grant frameworks legislate on the prescribed OPSCAP percentage, however there is no mechanism in place to ensure that the Provincial Departments and Metros spend within the stipulated framework.

4.3.5.6 Funding Framework

The USDG allocation directed to fund human settlements capital projects and the Metro is silent on how OPSCAP portion is utilized on. Due to decreasing of the USDG allocation the 3% funding from the USDG is becoming smaller and limits the Metro acquire required expertise to assist in the implementation of human settlements programmes.

4.3.5.7 Institutional Framework

The institutional arrangements in relation to OPSCAP are governed by pre-defined processes, policies, and where necessary SLAs. In addition to the framework defined in the USDG/OPSCAP guideline the Metro has the following arrangements in place:

Internal Stakeholders

- Human Resources Department – is responsible for appointing the required contract employees in line with the Metro’s HR policies.
- Finance – preparation and submission of the Medium-Term Expenditure Framework (MTREF) budget in line with the MFMA.
- Monthly Council Meetings in which progress is presented.

External Stakeholders

- NDHS – business plans and USDG quarterly reports are submitted to the NDHS.
- HDA- acts as Programme Manager for the catalytic projects and is to provide secretariat functions in relation to - Compiling progress reports for submission to the technical Committee and other relevant oversight structures and ensuring that timeframes for the submission of reports are adhered to.

Quarterly meetings are also held with the NDHS as part of the USDG support framework.

4.3.5.8 Issues/ Challenges

- The analysis derived from the Metro’s documents (IDP, BEPPs, Annual report and SDBIPS) are explicit in relation to OPSCAP utilization. Although the aspect of capacity constraints in the human Settlements Unit has been raised, it is not clear where and how the OPSACP fund is being used to address those challenges.
- Procuring professional skills (engineers in particular) has become costly and OPSCAP allocation appears to be smaller.

4.3.5.9 General

Regarding the national priorities of elevating WYPD, the ETHMM follows its approved employment equity plan in handling all its appointments. The plan is aligned to the Employment Equity Act, which advocates workplace equity and prioritising WYPD.

4.3.5.10 Concluding Remarks

Following the analysis made from the availed documents by the ETHMM, it has been deduced that OPSCAP has been allocated over the years and utilized to ensure implementation of human settlements programmes. However, OPSCAP is largely used to procure external resources. Therefore, the Metro is more reliant on service providers to implement human settlements programmes. Table 72 depicts the summary of evaluation findings for the Metro.

Table 72: eThekweni Municipality Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	The OPSCAP budget is merely an operational support mechanism, which although vital does not constitute a magic wand in addressing human settlements challenges. Human settlements challenges are often complex and at times addressing the lack of professional skills is not enough.
2.	Is the OPSCAP being implemented according to the design?	The initiation of OPSCAP is intended to ease the capacity constraints for the Metros, and in the long term allow the institution to develop the required capacity internally. External service providers in the Metro have merely become an extension of the Departments. The capacity building element of the OPSCAP programme has not fully materialised and the Metro is still too dependent on external expertise sourced in spite of several years in which they have implemented OPSCAP.
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	Although NDHS is playing an oversight role on the OPSCAP utilization. The Metro has varying interpretations and applications in terms of what OPSCAP can be utilised for. Therefore, there is a gap that National Department must address with respect to OPSCAP.
4.	Are resources used efficiently? Is value for money being obtained?	The Metro utilized OPSCAP in planning, design of plans, and pipeline projects to be implemented, managing expenditure etc, on the USDG shows that there is value for money from OPSCAP. Therefore, it is evident that the

No	Evaluation Questions	Indicators
		Metro has not always strictly utilized OPSCAP for its intended purpose and to certain extent not in line with the policy intent.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The indicators that the Metro report on for OPSCAP are expenditure. There is need to link OPSCAP expenditure to the housing projects and programmes that it is supporting. This will assist the NDHS to monitor the types of expenses that OPSCAP is being used for.

Source: Author compilation

4.3.5.11 Lessons Learned

- Limited capacity in professional streams to assist the Metro execute its mandate with ease.
- Cost of acquiring relevant expertise due to skills competition on the market impact negatively in the Metro's performance in delivery of human settlements programmes.
- Lack of appetite in planning, budgeting, and implementing decision to sources required skills to ensure sustainable delivery of human settlements programmes.

4.3.5.12 Recommendations

- The ETHMM to ensure articulation in the portion of OPSCAP utilization in line with guidelines.
- The ETHMM to clearly outline challenges in relation to capacity constraints and the plan to address such to ensure delivery of human settlements programmes.
- The ETHMM to ensure compliance with the utilization of the USDG/OPSCAP funding in line with guidelines.

4.3.6 Johannesburg Metropolitan Municipality (JMM) Findings

The OPSCAP participatory evaluation approach involved interviews and focus group discussions with the following key stakeholders in the following designations within JMM:

- Acting Director – Finance
- Grant Management
- Operational Expenditure

Discussions with the key informants in Johannesburg was done virtually with three officials that were identified as key participants. The interview guide was sent to the key informants beforehand to give them time to prepare for the interview.

4.3.6.1 Programme interpretation and application

Understanding of conceptualisation

In spite of the fact that the Metro does not make use of OPSCAP, there is an understanding by the respondents that the programme was conceptualised with the intention of providing operational support towards human settlements projects in the form of professional services which are required for project preparation and implementation as well as funding the software required in the implementation of such projects.

Utilisation of OPSCAP by JMM

Johannesburg Metropolitan Municipality has not utilised OPSCAP since it was introduced. The Municipal officials highlighted that this was not due to the fact that they had not need of OPSCAP but rather because of the following:

- The infrastructure projects management system, Johannesburg Strategic Infrastructure Programme (JSIP) that the Metro is utilizing is not compatible with OPSCAP. JSIP is an infrastructural capital projects management system which has been specially designed to prioritize infrastructure projects using an algorithm based on the Metro's development priorities. All the Metro's capital projects are managed using JSIP and the operational costs for these projects

are managed separately. This is a technical challenge that the Metro officials said the Metro has not been able to address.

- The Metro allocates the entire USDG towards capital projects and has not really taken time to build a business case for the utilisation of the 3% for OPSCAP which is required in order to obtain the necessary approvals.

Approach to operational costs

All project operational costs for the Metro's capital projects are funded using Metro's own funding from its revenues. These are factored into the Metro's budget. Going forward, the Metro officials highlighted that the Metro would want to utilise OPSCAP in the coming financial year.

Currently, JMM feels that its capacity to manage its human settlements projects is acceptable but not entirely adequate due to the fact that the need is rapidly growing and has ongoing measures to capacitate the Department from its own revenue. The existing capacity comprises of both internal staff and external service providers who provide project preparation and implementation support for human settlements capital projects. For example, the Metro has appointed a developer for a housing project. The developer will utilise their own professionals such as engineers, project managers etc. for the project. The Metro's own internal professionals will then work in tandem with the developer's staff.

4.4.6.2 Issues/ Challenges

In spite of the awareness of the existence of OPSCAP, based on the 3% provision made in the USDG framework, there is need to provide a detailed guideline of how this should translate into utilisation.

4.3.6.3 Concluding Remarks

The Metro does not utilise OPSCAP to fund any operational capacity but rather allocates the entire USDG towards its capital projects. Table 73 depicts the summary of evaluation findings for the Metro.

Table 73: City of Johannesburg Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	OPSCAP addresses the major challenge of technical capacity constraints in the implementation of human settlements programmes and projects. City of Joburg, however, does not make use to fund its operational capacity needs but rather relies on its internal revenue.
2.	Is the OPSCAP being implemented according to the design?	N/A
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	N/A
4.	Are resources used efficiently? Is value for money being obtained?	N/A
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	N/A

Source: Author compilation

4.3.6.4 Recommendations

- Workshop with all the Metros which breaks down the entire programme to the officials responsible for implementation.

4.3.7 Mangaung Metropolitan Municipality (MMM) Findings

The OPSCAP participatory evaluation approach involved mainly interviews with the following key stakeholders:

- Officials responsible for the implementation and coordination of the USDG including OPSCAP allocation.

MMM in Free State Province were interviewed with a view to gather the information on how the Metro is utilizing its 3% OPSCAP allocation. A set of structured questionnaires were used to ensure representativeness in responses, which will assist in the evaluation process and not to deviate from the objective of the evaluation. The analysis and assessment of the institution on how is executing its responsibilities in

relation to Human Settlements delivery in the Metropolitan jurisdiction through utilization of 3% OPSCAP from the allocated USDG.

Discussions with the key informants in the Mungaung Metropolitan was undertaken virtually to discuss the questionnaire in general and what outputs were expected. The Metro availed senior officials in the Human Settlements directorate who coordinates the implementation of the Urban Settlements Development Grant including OPSCAP. The assigned officials were identified as key participants in this process. The interview guide was sent to the Metro and key informants beforehand to ensure that sufficient time is given to prepare for the interview.

4.3.7.1 Programme interpretation and application

Understanding of conceptualisation

OPSCAP in MMM is conceptualized in terms of the guidelines. It is understood as a funding portion of the USDG for building capacity and capability for human settlements development within the Metro particularly supplementing technical skills in the built environment. However, the Metro clearly stated that OPSCAP has not been utilized optimally as it is being directed to activities outside the OPSCAP guidelines. The OPSCAP allocation in the MMM is not utilized to augment capacity, but to address other arising human settlements challenges such as title deeds registration influenced by conditions in which the Metro finds itself in, such as lack of revenue collection.

The Metro has since been advised to avoid utilizing OPSCAP on projects that are outside OPSCAP guidelines, as that will affect the approval of the business plan would not be approved. The steps followed by the Metro in order to access the OPSCAP funding are highlighted as follows:

- Submission of business plans.
- Funds gazetted in terms of DORA.
- Approval of budget within the MMM.
- Implementation of plans.
- Quarterly USDG reporting to NDHS.

The OPSACP funding is viewed relevant to support the Metro acquire relevant capacity to implement Human Settlements programmes but has not been adhered to at the Metro. The issue of capacity development to ensure achievement of Human Settlements programme has not been prioritized in the Metro.

Utilisation of OPSCAP by MMM

In the MMM, OPSCAP prescribed portion of the USDG has been utilized to fund the procurement of consultants to assist in other human settlements programmes (e.g., Title deeds registration). The status quo in the Metro has not changed following the myriad challenges that are being experienced by the Metro affecting delivery of Human Settlements programmes. Table 74 and 75 depicts the USDG/OPSCAP allocation, and the resources used on human settlements’ programmes from 2021 to 2023.

Table 74: Mangaung Metro human settlements programmes funded by USDG

USDG Funded Projects: 2021/2022 to 2024/2024	Programmes/ Resources Utilized: 2021/22 to 2024/2024	Internal Capacity Used
(i) Provision of basic services (ii) Title deeds registration (iii) Acquisition of land for informal settlements relocations	(i) Contractor/ SP (ii) Conveyancers	(i) PMU (HDA) and Officials on the Human Settlements Department

Source: MMM SDBIP Report

MMM’s trends on utilization of USDG/OPSCAP is more biased towards sourcing external expertise to ensure that human settlements programmes are achieved. In addition, the Metro is utilizing OPSCAP allocation for activities outside the guidelines. For example, in Table 68, in 2021/22 the OPSCAP allocation was diverted to the Title deeds restoration programme.

A large amount of the OPSCAP allocation is directed towards addressing title deeds registration and PMU (HDA). The acquisition of equipment in Housing Unit and training of officials is also funded by OSCAP allocation. No indication of portion of OPSCAP allocation directed towards improvement of capacity in the Metro, whilst capacity constraints is one of the major challenges.

Table 75: Mangaung Metro USDG allocation and expenditure over the past five years

FY	USDG	OPSCAP	OPSCAP expenditure	Project description
2018/19	R 511 650 271	2 156 030	3 449 729	Project Management
		395 272	280 902	Relocations (informal settlement)
		2 946 574	4 714 670	Professional fees
		201 229	70 723	Title registration
		1 078 015	1 595 958	Training for the officials in various training to improve capacity.
2019/20	R 788 813 000	R 7 764 652	R 2 176 607	Project Management
		R 1 423 520	R 72 298	Relocations (informal settlement)
		R 10 611 691	R -	Professional fees
		R 724 701	R -	Title registration
		R 3 882 326	R 1 342 082	Acquisition of equipment for the implementation of housing needs register
2020/2021	R 753 593 000	R 4 500 000	Not spent	Project Management
		R 1 685 824	48 622	Relocations (informal settlement)
		R 4 700 000	Not spent	Professional fees
		R 1 588 187	Not spent	Title registration
		R 7 588 428	2 419 258	Acquisition of equipment for the implementation of housing needs register
2021/2022	R 420 794 244	R 2 000 000	R 2 000 000	Project Management
		R 2 858 070	R 147 315 (balance shifted)	Relocations (informal settlement)
		R 5 000 000	Funds shifted	Professional fees
		R 4 000 000	R 1 481 767 (balance shifted)	Title registration
		R 1 000 000	Not spent	Acquisition of equipment for the implementation of housing needs register
2022/2023	R 491 760 000	R 1 500 000	R 1 500 000 (Transferred to HDA)	Project Management
		R 2 952 800	Funds to be shifted to title deeds registration.	Relocations (informal settlement)
		R 800 000	Funds to be shifted, title deeds registration	Professional fees
		R 1 000 000	Not spent	Acquisition of equipment for the implementation of housing needs register
		R 8 500 000	Not spent	Title registration

Source: MMM expenditure quarterly reports

Table 76: MMM USDG/OPSCAP allocation and expenditure trends

FY	USDG Allocation	OPSCAP Allocated Budget	OPSCAP Expenditure
2016/17	R 783 647 000	R 7 500 000	R 3 658 000
2017/18	R 943 536 000	R 13 391 667	-
2018/19	R 756 216 000	R 13 390 000	R 59 732
2019/20	R 813 563 000	R 24 407 000	R 8 566 000
2020/21	R 681 019 000	R 22 638 000	R 1 790 000
2021/22	R 593 145 000	R 14 858 070	R 11 886 663
2022/23	R 588 945 000	R 14 753 000	-

Source: MMM USDG reports

Table 76 provides an indication of how the Metro has been allocating and utilizing OPSCAP funds. The Metro has for several financial years (2016/17 to 2021/22) provided OPSCAP allocation and expenditures but in general the reports are silent on the specific activities that were funded through the OPSCAP allocation.

4.3.7.2 Value for Money

The issue of value for money in the MMM is measured by utilization of USDG in relation to delivery of human settlements programmes by external expertise (consultant) procured on title deeds restoration programme. Therefore, value for money is not perceived in relation to the skills capacity brought in through OPSCAP; which is being identified as a gap as far as OPSCAP allocation and utilization is concerned.

What types of outputs has the programme produced since inception?

OPSCAP has been a vital part of the Metro's ability to deliver on its mandate with regards to human settlements. The funds from OPSCAP have been used mostly to cover the cost of consultants in other human settlements programmes. The Metro has not been addressing the capacity needs, but to ensure that the overall USDG is utilized. The Metro has been able to achieve the target on the following aspects over the years through resources procured utilising OPSCAP:

- Title deeds registration.
- Informal settlements provided with interim basic services.
- Land Acquisition.
- Upgrading of Informal Settlements.

However, USDG expenditure over the years has generally remained stagnant and not seen improvements which may be attributed to the fact that OPSCAP has not been optimally utilized for the intended purposes. According to the Metro's SDBIP, in the FY 2021/22 up to 2022/23, the Metro was aiming to not only achieve its targets in terms of the number of title deeds registered, but surpassed its targets due to the fact that its consultants were able to deliver as expected and within timelines.

Perceived Negative Impacts of OPSCAP

The MMM is not optimally utilising the OPSCAP allocation as prescribed (i.e., supplementing staff capacity). However, NDHS has not been able to detect variation made by Metros in the utilization of OPSCAP. It is as if Metros have freedom in terms of how and where the OPSCAP can be directed. The need to have a programme monitoring tool is critical to ensure that Metro's follow the guideline.

Skills Transfer and Capacity Development

The MMM is not utilizing OPSCAP on supplementing capacity to ensure improvement capacity of internal staff to carry out human settlements' programmes. Therefore, the skills transfer brought by the implementation of OPSCAP allocation cannot be measured at this stage. There is no OPSCAP funded capacity development programme in place as envisaged in the guideline.

Human settlements capacity challenges in Provincial Departments and Metros

There are capacity challenges in the MMM to ensure delivery of human settlements programmes. The Metro relies more on the external expertise sourced (consultants) to ensure delivery of human settlements programmes. This has been exacerbated by the fact that the Metro has not been utilizing OPSCAP optimally.

Skills and expertise sufficient to implement human settlement programmes

The presence of Housing Development Agency (HDA) through the protocol/agreement entered between the two institutions has also been handy in assisting the Metro to achieve its human settlement targets. However, the Metro's current arrangements in the utilization of OPSCAP allocation is not assisting in

ensuring building capacity including skills transfer (from procured external resource) to sustain the Metro in implementing human settlements programme in the future.

Gaps or skills shortages

There is insufficient human resources and organisational capacity dedicated to meet the required targets, which in turn affects the MMM's ability to implement projects effectively and efficiently. Limited resources, both financial and human capital worsen the challenge (BEPP, 2014/15).

It was established during interview discussion that the Metro has been experiencing capacity gaps associated with non-compliance of policy guidelines in the utilization of OPSCAP allocation as prescribed. The delivery of human settlements programme in the Metro mostly relied on the external expertise procured which are said to be monitored by the officials in the Human Settlements Directorate with limited capacity. The Metro cannot account/confirm resources that the have been acquired and the outputs of these resources which contributed to the delivery of human settlements.

4.3.7.3 Programme Monitoring and Reporting

MMM does not have OPSCAP M&E framework rather is reported on within the framework of the USDG Framework. The MMM Human Settlements Unit reports on the overall USDG utilization to the NDHS on a monthly and quarterly basis as part of the USDG framework reporting, but OPSCAP is not specifically reported on. The non-compliance in the utilization OPSCAP allocation is contributing to the Metro's failure to account on its performance and in terms of expenditure.

4.3.7.4 Policy and Legal Framework

MMM has not developed a Standard Operating Procedures (SOP) specifically for OPSCAP but is guided in its use by the guideline developed for Human Settlements Directorate in the Metro. This guideline is for the utilisation of OPSCAP that were developed by the NDHS in line with the USDG framework. The MMM is of the view of that OPSCAP allocation and utilization as per the guideline is crucial in assisting the institution to incrementally increase capacity. However, the framework is left for the Metro interpretation, hence the Metro has not been utilizing the funds in line with policy.

4.3.7.5 Funding Framework

The Metro acknowledges the Hosing code and DORA guidelines. It is the intention of the Metro to implement the guidelines as prescribed. However, MMM is amongst municipalities that are not collecting much revenue. Therefore, OPSCAP allocation comes handy in ensuring the capacity is sourced to deliver human settlements programmes. therefore, due to lack of capacity and misdirecting of OPSCAP allocation to other activities not in line with the guidelines, the Metro's objectives have not been achieved as OPSCAP. The Metro has been deviating from the funding guidelines as prescribed.

4.3.7.6 Institutional Framework

The institutional arrangements in relation to OPSCAP are governed by pre-defined processes and policies including protocol agreements. The MMM is not complying with the guidelines as prescribed and OPSCAP is not being utilized as intended. In relation to the framework defined in the USDG/OPSCAP guideline the Metro has the following arrangements in place:

Internal Stakeholders

- Cooperate Department – is responsible for appointing the required contract employees in line with the Metro's HR policies.
- Finance – preparation and submission of the Medium-Term Expenditure Framework (MTREF) budget in line with the MFMA.
- Monthly Council Meetings in which progress is presented.

External Stakeholders

- NDHS – business plans and USDG quarterly reports are submitted to the NDHS.
- HDA – Provide technical assistance and expertise through the protocol agreements entered between the parties to ensure delivery of Human Settlements programmes.

Monthly and quarterly meetings are also held with the NDHS as part of the USDG support framework.

4.3.7.7 Issues/ Challenges

MMM identified the following challenges that it is experiencing as it implements OPSCAP:

- Interpretation of prescripts by respective institutions on guiding the implementation has an influence towards the implementation OPSCAP allocation.
- National Department has not been able to detect variation made by Metros in the utilization of OPSCAP. It is as if Metros have freedom in terms of how and where the OPSCAP can be directed to. In such instances the Metro is forced to divert funds from elsewhere to meet these obligations.
- The restriction attached to OPSCAP utilization to institutions has the negative impact in the achievement of other human settlements targets as Metros are experiencing multiple challenges that require immediate interventions.

4.3.7.8 General

Regarding the national priorities of elevating women, youth, and persons with disabilities (WYPD), MMM follows its approved employment equity plan in handling all its appointments. The plan is aligned to the Employment Equity Act, which advocates workplace equity and prioritising WYPD.

4.3.7.9 Concluding Remarks

MMM has not been utilizing OPSCAP optimally leading to variation and non-compliance with the policy. the institution is overly reliant on the external capacity sourced to implement human settlements Programmes. The Metro has realized value for money in utilizing OPSCAP particularly in relation to achieving human settlements delivery using the services of external expertise sourced, but internal capacity building and skills transfer has not been a priority. The Metro should start considering addressing the issues of capacity constraint internally and strengthen the human settlements unit in an endeavour to sustain itself in the long run. Table 77 depicts the summary of evaluation findings for the Metro.

Table 77: Mangaung Metro Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	The OPSCAP budget is merely an operational support mechanism, which although vital does not constitute a magic wand in addressing human settlements challenges. It was evident from the respondents that human settlements challenges are often complex and at times addressing the lack of professional skills is not enough.
2.	Is the OPSCAP being implemented according to the design?	The initiation of OPSCAP was also intended to ease the capacity constraints for the Provincial Departments and Metros, and in the long term allow the institution to develop the required capacity internally. It is clear that this has not been the case, in most instances external service providers have merely become an extension of the Metro. It appears that the Metro had become too dependent on external service providers resulting in the Metro core services now being outsourced. The capacity building element of the OPSCAP programme has not materialised and Metro is still too dependent on external resources sourced in spite of several years in which the Metro has been implementing OPSCAP.
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	The NDHS has oversight over the OPSCAP utilization. The fact that Metro has varying interpretations and applications in terms of what OPSCAP can be utilised for, points to the fact that there is a gap the National Department must address with respect to OPSCAP. The policy intent of OPSCAP must be effectively communicated, not just to the human settlements division but also to finance and HR divisions so that there is an understanding that OPSCAP is tied to human settlements projects.
4.	Are resources used efficiently? Is value for money being obtained?	Objectively measuring the value for money provided by OPSCAP is impossible since information on allocations and expenditure and breakdown of uses was not available. Therefore, efficiency and value for money is intrinsically linked to programme design and application thereof. It is evident that the MMM has not always strictly utilized OPSCAP for its intended purpose and in line with the policy intent; and it is, therefore, arguable that resources are not being used efficiently and value for money is not being obtained.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The only indicator that is used to track OPSCAP by Mangaung is the amount spent, which is reported monthly internally and quarterly to the NDHS in line with the USDG framework. The Mangaung monitor and report on the performance and expenditure of consultants appointed through OPSCAP allocation on the human settlements' programmes.

Source: Author compilation

4.3.7.10 Lessons Learned

- Capacity improvement is key to delivery of human settlements programme and should be done incrementally.
- The issue of strengthening capacity is critical if human settlements targets are to be achieved and OPSCAP allocation should be utilized accordingly and as per the guidelines.
- MMM has been losing a chunk of its USDG allocation caused by poor performance and non-spending of the grant, possibly due to lack of capacity and skills to implement human settlement programmes.

4.3.7.11 Recommendations

- The guideline may need to be reviewed to allow consider gaps identified by Metro to utilize OPSCAP allocation for pressing affecting human settlements delivery.
- NDHS to monitor the application and implementation of OPSCAP allocation by various Metros and advice accordingly. Most of the cities are likely to be directing OPSCAP allocation where it is not prescribed leaving the gaps in terms of building capacity.

4.3.8 Nelson Mandela Bay Metropolitan Municipality (NMBMM) Findings

The OPSCAP participatory evaluation approach involved at a phase value interviews with the following key stakeholders:

- Officials in NMBMM responsible for the coordination and implementation of the USDG including OPSCAP utilization.

The officials within NMBMM in the Eastern Cape Province were interviewed with a view to gather information in relation to how the Metro is utilizing its 3% of OPSCAP allocation. A set of structured questionnaires were used to ensure representativeness of responses, which assisted in the evaluation process and including not to deviate from the objective of the evaluation. The analysis and assessment of the institution on how is executing its responsibilities in relation to Human Settlements delivery in the Metropolitan jurisdiction through utilization of 3% OPSCAP from the allocated USDG.

Interview discussions with the key informants in NMBMM was done virtually. The Metro availed senior officials in the Human Settlements directorate led by the COO, whose responsibility is to coordinate and ensure implementation of the Urban Settlements Development Grant including OPSCAP. The assigned officials were identified as key participants in this process. These were officials that are in the organizational structure of the Metro as opposed to be OPSCAP appointee's officials. The interview guide was sent to the Metro and key informants beforehand to ensure that sufficient time is given to prepare for the interview.

4.3.8.1 Programme interpretation and application

Understanding of conceptualisation

OPSCAP in NMBMM is conceptualized in terms of the OPSCAP guidelines. It is understood as a funding portion of the USDG for building capacity and capability for human settlements development within the Metro, particularly technical skills in the built environment. However, the Metro is currently not utilizing OPSCAP allocation optimally, as it is directed towards activities outside the OPSCAP guidelines. The OPSCAP allocation in NMBMM is not utilized to augment capacity, but to address other human settlements pressing challenges identified within the Metro. These include project preparation, planning and design, which is implemented through the procured external resources consultants.

The Metro ensures that the 3% of USDG allocation is made available to use by the Human Settlements directorate for the implementation of human settlements programme. The OPSCAP allocated resources have been in the main utilized for preparation, planning and design of human settlements projects to be implemented by the Metro. The steps followed by the Metro in order to access the OPSCAP funding are highlighted as follows:

- Submission of business plans.
- Funds gazetted in terms of DORA.
- Approval of budget within the Metro.
- Implementation of plans.
- Quarterly USDG reporting to provincial and NDHS.

Utilisation of OPSCAP

OPSCAP is viewed relevant in that Metro is able to implement human settlements programmes and utilize the funding to source required capacity. However, NMBMM has been over the years affected by natural disasters (such as drought challenges) and OPSCAP funds have been directed towards addressing such challenges.

Over the years, the municipality has not been reporting specifically on OPSCAP allocation and expenditure but rather focusing its reporting on the USDG as a whole. Although the Metro has capacity challenges in relation to implementing human settlement programmes, OPSCAP was not viewed as an option to address such challenge, hence there was no OPSCAP allocation in previous financial years. Table 78 shows the 2020/21 to 22/23 financial year OPSCAP allocation and associated expenditure within the Metro.

Table 78: Nelson Mandela Bay Metro USDG/OPSCAP allocation and expenditure trends

FY	USDG Allocation	OPSCAP Allocated Budget	OPSCAP Expenditure
2020/21	R 1 205 880 000	R 27 111 000	R 2 499 000
2021/22	R 593 145 000	R 17 794 353	R 9 596 160
2022/23	R 588 945 000	R 17 668 344	-

Source: NMBMM USDG reports

A large portion of OPSCAP in the Metro has been utilized to procure external resources (consultants) to assist in the preparation, planning and design of human settlements projects (e.g., bulk water supply projects). The status quo in the Metro in relation to OPSCAP utilization has not changed following the myriad of challenges impacting on delivery of Human Settlements programmes.

NMBMM has not been utilizing OPSCAP optimally and effectively. Therefore, the roles and responsibilities (job description) assigned to staff appointed through OPSCAP allocation to support the Metro to deliver human settlements programme are not in place.

4.3.8.2 Value for Money

The issue of value for money in NMBMM is measured by utilization of USDG in relation to delivery of human settlements by external expertise procured (consultant). The Metro use standard rate to remunerate consultant and are said to be delivering as expected and within the timelines. Therefore, value for money is not seen in relation to improving capacity brought in through OPSCAP, but in terms of achievement on human settlement programmes delivered. This is a gap identified in the NMBMM as far as OPSACP allocation and utilization is concerned.

What types of outputs has the programme produced since inception?

OPSCAP has been a vital contributor to the Metro's ability to deliver on its mandate with regards to delivery of human settlements. The OPSCAP funds have not been utilized optimally, but for sourcing external capacity (consultants) particularly in the preparation, planning and design of capital projects is seen as positives within the Metro.

NMBMM internal capacity is supported through external resources sourced (contractors) to deliver top structure services and install services. This approach is said to be placing the Metro in a position to deliver more services in housing than the current funding opportunities allow. The same approach is being used to implement all engineering projects (BEPP, 2015/16 report).

The Metro has not been addressing the capacity needs, but to ensure that the overall USDG is utilized. As indicated above OPSCAP is being assigned to Human Settlements directorate for utilization, but not necessarily to address capacity as intended in the guidelines. The Metro has been able to achieve the target on the following aspects over the years through resources procured utilising OPSCAP:

- Capital projects (i.e., Mostly Bulk Water supply).
- Informal settlements provided with interim basic services.
- Human Settlement project Committees established.
- Informal Settlements realigned (Re-blocked).

During the interview NMBMM claimed to have improved in relation to USDG expenditure over the years. However, OPSCAP has not been optimally utilized for the intended purposes. This can be attributed to the appointment of consultant instrumental in the preparation, planning and projects design.

The records from NMBMM SDBIPs outlines trends in relation to utilization of USDG allocation on human settlements programmes being achieved with the assistance of external resources procured.

Perceived Negative Impacts of OPSCAP

As already highlighted, the Metro is not optimally utilising the OPSCAP allocation as prescribed (i.e., supplementing staff capacity). However, NMBMM is of the view that OPSCAP is too prescriptive and limit the Metro to utilize this fund on other activities critical in the implementation of human settlements' programmes, such as PMU funding, ICT equipment's, training, etc.

Skills Transfer and Capacity Development

NMBMM has a Workplace Skills Plan in place for the training and development of its staff is implemented in terms institution skills development policies. The Metro is not utilizing OPSCAP on capacity development to ensure improvement of internal staff and to optimally carry out human settlements' programmes.

OPSCAP has not been viewed outside of the USDG, hence the issues in relation to changes on skills improvement has not been given attention by the Metro. Therefore, skills transfer brought by the implementation of OPSCAP allocation cannot be measured at this stage. There are no OPSCAP funded capacity development programmes in place developed by the by Metro, rather all training related programmes are handled by the dedicated unit ensuring that all officials are trained as per the needs.

Human settlements capacity challenges in Provincial Departments and Metros

NMBMM is experiencing capacity challenges and is affecting the delivery of human settlements programmes. This has led the Metro to rely on the expertise of external resources (consultants) in the execution of its various human settlements'

programmes. The interview discussion pointed out that this approach places the institution in a position to deliver more services in housing than the current funding opportunities allow. The same approach is being used to implement all engineering projects. NMBMM is also benefiting from its Civil Engineering bursary scheme which is resulting in the creation of internal capacity to start taking over some of the engineering projects. The initiative is being influenced by the fact that the Metro has not been utilizing OPSCAP optimally and effectively.

Skills and expertise sufficient to implement human settlements programmes.

According to the BEPP reports, in 2020, the Human Settlements directorate in NMBMM had a staff complement of 301. Twenty-five (25) vacant and the total funded posts amount to 326. However, it cannot not be established as to whether the Metro has requisite technical skills to manage and execute human settlements programmes. The HDA is the implementing agent for housing delivery within NMBMM. To this end, the USDG for housing delivery is transferred directly to the HDA (NMBMM reports, 2019/2020). The assistance/support provided by the HDA following the protocol/agreement entered between the two institutions facilitated by the province also come handy in terms of relevant skills required by the Metro to implement Human settlements. However, the Metro current arrangements in the utilization of OPSCAP allocation is not assisting in ensuring incremental building of capacity in the institution. This includes skills transfer (from procured external resource/HDA) to sustain the Metro in implementing human settlements programme in the future.

Gaps or skills shortages

NMBMM acknowledges that OPSCAP is not being utilized effectively and there are capacity gaps to ensure implementation of human settlements. This can be linked with the non-compliance in utilizing OPSCAP allocation. The delivery of human settlements programme in the Metro is reliant on external expertise procured. The limited skilled personnel monitor the implementation of human settlements programmes executed by external contractors.

Currently the Metro is in no position to account on resources acquired and output brought by the technical capabilities in relation to human settlements programmes. This is basically linked to how OPSCAP fund is being mainstreamed in the NMBMM.

4.3.8.3 Programme Monitoring and Reporting

OPSCAP does not have an M&E framework of its own, rather it is reported on within the framework of the USDG Framework. NMBMM human settlements unit reports on the overall USDG utilization to the NDHS on a quarterly basis as part of the USDG framework reporting, but OPSCAP is not specifically reported on. The non-compliance in the utilization OPSCAP allocation is contributing to the Metro not being able to properly account on OPSCAP performance.

4.3.8.4 Policy and Legal Framework

NMBMM has not developed a Standard Operating Procedures (SOP) for OPSCAP. The Metro is guided in its use by the guideline developed by Human Settlements directorate in the Metro for the utilisation of USDG. The guidelines were developed by the NDHS in line with the USDG framework. The view of the Metro in relation to the OPSCAP allocation and utilization is that the guidelines are crucial in assisting the institution to increase capacity. This, however, depends on how the institution interprets and align implementation based on its understanding. It is also limiting the institutions in addressing other human settlements needs.

4.3.8.5 Funding Framework

The 3% OPSCAP allocation has been ineffectively utilized as outlined before. The OPSCAP allocation has not been used for the intended purposes in the Metro. The interview discussion reveals that NMBMM human settlements directorate assigned with the responsibility to utilize OPSCAP allocation is underspending, hence no tangible achievement in terms of building capacity internally to implement human settlement programmes in the long run.

4.3.8.6 Institutional Framework

In an endeavour to address human settlements NMBMM intended to rope in Multiple Housing Delivery Agent. This was meant to create space for a range of housing delivery agents to participate in the creation of new human settlements. This will maximise synergies and mobilise a range of resources and support from all sectors of the society towards housing delivery. These Agents should be able to tap onto the

subsidy and beneficiaries from NMBMM list and work in partnership with NMBMM Housing Delivery (BEPP, 2014/15).

The institutional arrangements in relation to OPSCAP are governed by pre-defined processes and policies including protocol agreements. Apart of OPSCAP being underspent in the Metro, there is an issue of non-compliance with the guidelines as prescribed. In addition to the framework defined in the USDG/OPSCAP guideline the Metro has the following arrangements in place:

Internal Stakeholders

- Human Resources Department – is responsible for appointing the required contract employees in line with the Metro’s HR policies.
- Finance – preparation and submission of the Medium-Term Expenditure Framework (MTREF) budget in line with the MFMA.
- Monthly Council Meetings in which progress is presented.

External Stakeholders

- NDHS – business plans and USDG quarterly reports are submitted to the NDHS.
- HDA – Provide technical assistance and expertise through the protocol agreements entered between the parties to ensure delivery of Human Settlements programmes.

Monthly and quarterly meetings are also held with the NDHS as part of the USDG support framework (BEPPs reports).

4.3.8.7 Issues/ Challenges

The Metro identified the following challenges that it is experiencing in OPSCAP implementation:

- Interpretation of prescripts by respective institutions has an influence towards the implementation OPSCAP allocation.
- The inflexibility of the OPSCAP utilization by respective institution has the negative impact in the achievement of some of human settlements targets as Metros are experiencing multiple challenges that require immediate interventions.

- Annual decreasing of funding – the decrease in the overall USDG allocation impact on the portion of OPSACP allocation, and it affects the budgeting as consultants’ fees are not decreasing.

4.3.8.8 General

Regarding the national priorities of elevating WYPD, NMBMM follows its approved employment equity plan in handling all its appointments. The plan is aligned to the Employment Equity Act, which advocates workplace equity and prioritising WYPD. As far as OPSCAP allocation and utilization is the concern, equity issues are not prioritized/addressed.

4.3.8.9 Concluding Remarks

NMBMM has not been utilizing OPSCAP to its maximum benefit, rather focus on how the USDG allocation is implemented to achieve human settlements delivery targets. The Metro has a clear understanding of where OPSCAP funds should be utilized on but decided to use it on other programmes as opposed to its intended purposes. The Metro has internal capacity challenges to sustainably implement human settlements programmes, but it is not utilizing OPSCAP to address such challenges. can be addressed by effectively and optimal utilization of OPSCAP allocation. Table 79 depicts the summary of evaluation findings for the Metro.

Table 79: Nelson Mandela Bay Metro Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	No. OPSCAP is not effectively and optimally utilized in the Metro. The challenges (capacity building) meant to be addressed by OPSCAP have not been given priority. Therefore, there is no evidence in NMBMM that the introduction of OPSCAP improved capacity and that delivery on the USDG funded human settlements programmes and projects will be sustainable in the long run.
2.	Is the OPSCAP being implemented according to the design?	No. NMBMM is not implementing OPSCAP according to its design in that most of the allocation is utilized for the procure services of external resources (consultant). The Metro has often not been utilizing the entire 3% of the OPSCAP budget taken from the USDG due to underspending by the human settlement directorate as assigned with such responsibility.

No	Evaluation Questions	Indicators
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	In terms of the IDP, NMBMM Human Settlements Directorate is staffed not only with technical staff, but also project management and community development staff. The NMBMM experience capacity gaps to an extent that most of its human settlements' programs are achieved through the utilization of service providers appointed through OPSCAP allocation. OPSCAP is not effectively utilized to build capacity so that the Metro can be able to sustain itself in the implementation of human settlements programmes and delivery in future.
4.	Are resources used efficiently? Is value for money being obtained?	OPSCAP is not optimally utilized in the Metro. Therefore, value for money is not being realized through utilization of OPSCAP. A large portion of OPSCAP allocation in the NMBMM is being spent on consultancy, and the Metro cannot confirm whether transferring skills on internal staff is taking place or not. However, the procured service providers are said to be delivering according to agreed terms and within timelines, and on that basis the NMBMM is seeing value for money in that regard.
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	The only indicator that is used to track OPSCAP by NMBMM is the amount spent, which is reported monthly internally and quarterly to the NDHS in line with the USDG framework. NMBMM monitors and reports on the performance and expenditure of consultants appointed through OPSCAP allocation on the human settlements' programmes.

Source: Author compilation

4.3.8.10 Lessons Learned

- Building Capacity internally is critical for the institution to improve and to ensure delivery of human settlements programme, there is need for NMBMM to start utilizing OPSCAP optimally as intended and as per the guidelines.
- The Metro needs to ensure that the issue of strengthening capacity is a priority if human settlements targets are to be achieved and OPSCAP allocation should be utilized accordingly and per the guideline.
- The Metro to ensure that coordination within the institution is improved for better implementation of Human Settlements Programmes.
- The 3% OPSCAP allocation has brought a lot of opportunities to the Metro in relation to strengthening capacity improvement. Therefore, the need to utilize OPSCAP optimally and as per the guide is eminent.

4.3.8.11 Recommendations

- Institutions in the local government are not operating in the same environment and faced with different and myriad of challenges in relation to human settlements delivery. Therefore, OPSCAP guideline may need to be reviewed to allow flexibility by Metros to utilize OPSCAP allocation on other pressing human settlements delivery needs.
- This proposal is influenced by the fact that cities are different and are facing enormous challenges that require immediate intervention.

4.3.9 Tshwane Metropolitan Municipality (TMM) Findings

The OPSCAP participatory evaluation approach involved interviews and focus group discussions with the following key stakeholders:

- Officials responsible for the implementation and coordination of the USDG/OPSCAP programme. Officials participated in the interview process are as follows:
 - Deputy director at the human settlement finance
 - Divisional Head of Human Settlements
 - Human capital unit

Discussions with the key informants in TMM were undertaken on both virtually and physically to go through the questionnaire in general and what outputs were expected. The Metro availed two officials from the Human Settlements Department including an official recruited through OPSCAP processes, who coordinates the implementation of the Urban Settlements Development Grant including OPSCAP. The assigned officials were identified as key participants/informants in this process. The interview guide was sent to the Metro and key informants beforehand to ensure that sufficient time is given to prepare for the interview.

4.3.9.1 Programme interpretation and application

Understanding of conceptualisation

OPSCAP is recognised in the TMM as the operational funding portion of the USDG for building capacity and capability for human settlements development within the

Metro. The steps followed by the Metro in order to access the OPSCAP funding are highlighted below as follows:

- Submission of adopted business plans.
- Funds gazetted in terms of DORA.
- Approval of budget within the Metro.
- Implementation of plans.
- Quarterly USDG reporting to NDHS.

OPSCAP is viewed as relevant to ensure the development of human settlements is achieved in that the Metro make use of the fund to augment capacity in the project management.

Utilisation of OPSCAP

The Tshwane Metropolitan Municipality OPSCAP prescribed portion of the USDG has been allocated towards Human Settlement unit in the Metro.

Operational Capital Allocation and Expenditure

The trends in relation to OPSCAP allocation and utilization has been clearly indicated as per Table 80. The information received from the Metro shows the allocation expenditure of five financial years, wherein on average the OPSCAP allocation has been fully exhausted except for one financial year 2017/2018, where the expenditure was at 0%. Over the indicated financial years the allocated amount seems to be decreasing gradually reflecting the decreased USDG grant allocation. The respondents pointed out that this decrease was affecting them negatively as they had been forced to cut back.

Table 80: Operational Capital Allocation and Expenditure

FY	USDG	Budget Allocated	Expenditure
2017/2018	R 1 616 415 000	R 48 492 450	R 0.00
2019/2020	R 1 511 013 000	R 51 330 390	R 51 330 390
2020/2021	R 1 545 948 000	R 43 378 440	R 43 378 440
2021/2022	R 1 051 557 000	R 31 546 710	R 31 546 710
2022/2023	R 1 012 788 000	R 31 323 330	R 31 323 330

Source: City of Tshwane reports

4.3.9.2 Value for Money

What types of outputs has the programme produced since inception?

OPSCAP has been a vital contributor to the Metro's ability to deliver on its mandate with regard to human settlements. The OPSCAP allocated funds have been used to ensure human settlements programs in the Metro such as the Informal Settlement Upgrading Programme and improving capacity through appointment of officials to support internal capacity to assist with the implementation of human settlements program including offering experiential training to students and internship programmes to young professionals. The Metro has been able to achieve the target on the following aspects over the years through resources procured utilising OPSCAP:

- Mainstreaming services to informal settlements:
 - Provide serviced stands (water and sewer reticulation) which yielded 12 606 sewer and water connections; and
 - Provided standpipes and other rudimentary utility services in informal areas which provided 187 informal settlements with rudimentary services (Water Tankers and Chemical Toilets)
- Acquired 218.595 Hectares for Greenfield development and 174 Hectares of land for informal Settlements Upgrading, upgrade a total of 32 informal settlements.
- Consolidate the current mixed housing developments – including the provision of bulk services and construction of top structures (focus is on catalytic and mega projects).
- Register and issue title deeds, which issued 7 534 title deeds, opened the township register for 3 townships, registered 6 920 properties at the Deeds Office and allocated 1 948 Low-Cost Houses.
- Fast-track projects under planning.
- Increase delivery of affordable rental and gap market housing.

Perceived Negative Impacts of OPSCAP

The Metro is of the view that OPSCAP allocation has been insufficient due to decreasing USDG allocation, and that the Metro is unable to implement all the human settlements targets that have been planned due to the expense and the limited the fund experienced. The human settlements demand is increasing, whilst allocated resources are becoming smaller and narrower. Therefore, with these limited resources they can no longer deliver human settlements as expected and backlog in relation to human settlements is not being addressed.

Skills Transfer and Capacity Development

TMM, through the support of OPSCAP fund, is able to bring in young professionals in the form of internship programme, who in turn assist in the implementation of human settlements programmes. Young professional gain experience and are able to register with respective councils. Furthermore, internal officials in the human settlements' unit work hand in hand with external resources sourced to assist the Metro in the implementation of human settlements programmes and skill transfer is gained both directly and indirectly. There is no capacity development programme specifically for OPSCAP in the Metro, however, the Metro has MOU with TUT whereby the Metro offers experiential training and made this as part of the institution curriculum.

Human settlement capacity challenges in the Metro

TMM has been experiencing capacity challenges in relation to implementing human settlements programmes. The process of building capacity in the Metro was interrupted by covid-19, where funds in the Metro in general became limited. Recently the Metro has been experiencing some improvements in relation to capacity improvement and is positively impacting on the implementation of human settlements programmes.

Skills and expertise sufficient to implement human settlement programmes

The Metro is implementing human settlements programmes with limited skills and expertise. Due to the large scope of work expected to be executed in the human settlements space, the Metro requires additional resources and expertise to ensure

delivery of human settlements projects. Therefore, the Metro is not having sufficient skills and expertise to implement the programmes. The Metro is in the process of acquiring additional resources in the form of program managers or project directors specifically engineers to be funded through OPSCAP allocation. The expertise recruited are expected to be in the Metro for a period of five years. The responsibilities /duties of those experts will be to assist the Metro with planning, project packaging, implementation management as well as stakeholder management for the projects including community engagements and all those aspects that are important for project success.

Gaps or skills shortages

The Metro has clearly indicated that the skills shortage has been identified in areas of project implementation, where shortage of engineers to assist in the implementation of human settlements programmes requires prioritization.

4.3.9.3 Programme Monitoring and Reporting

OPSCAP does not have an M&E framework of its own but rather is reported on within the framework of the USDG Framework. The TMM human settlements unit reports on OPSCAP to the NDHS monthly as part of the USDG framework reporting. Reporting on OPSCAP focuses solely on expenditure.

4.3.9.4 Policy and Legal Framework

TMM has not developed a SOP for OPSCAP but is guided in its use by the guideline for the utilisation of OPSCAP that were developed by the NDHS as well as the USDG framework.

4.3.9.5 Funding Framework

The 3% OPSCAP allocation has been utilized effectively and optimally by the Metro. The OPSCAP funding mechanism has been assisting the Metro to realize its objectives of delivering human settlements programme. Therefore, the Metro is in the process of incrementally increasing its capacity utilizing OPSCAP funds, and where possible the acquired skills can as well be retained/absorbed to sustain the institution to implement human settlements programmes in the future.

4.3.9.6 Institutional Framework

The institutional arrangements in relation to OPSCAP are governed by pre-defined processes, policies, and where necessary SLAs. The following stakeholders have been identified by the Department as key when it comes to OPSCAP:

Internal Stakeholders

- Human Resources Department: is responsible for appointing the required contract employees in line with the Metro's HR policies.

External Stakeholders

- NDHS: business plans and USDG quarterly reports are submitted to the NDHS.
- had: Provide technical assistance and expertise to ensure delivery of Human Settlements programmes in the Metro.
- Provincial Department/COGSTA: provide support to the Metro in ensuring that human settlements programmes are implemented with expedition and in line with the prescripts.

4.3.9.7 Issues/ Challenges

The Metro identified the following challenges that it is experiencing as it implements OPSCAP:

- The decreasing of USDG over the year impacted negatively on the planning and utilization of funds effectively. The OPSCAP allocation has been lessor, and the institutions find it expensive to afford the sourcing capacity as well as competing in the market quality technical skills required.
- The inflexibility of the OPSCAP utilization by respective institution has the negative impact in the achievement of some human of human settlements targets as Metro s are experience multiple challenges that require immediate interventions.

4.3.9.8 General

Regarding the national priorities of elevating WYPD, TMM follows its approved employment equity plan in handling all its appointments. The plan is aligned to the Employment Equity Act, which advocates workplace equity and prioritising WYPD.

4.3.9.9 Concluding Remarks

OPSCAP in TMM has been positively contributing towards addressing some of the human settlements challenges that the Metro is encountering despite the shortcomings of the programme. OPSCAP has assisted the Metro to build capacity within the human settlements unit/department and has also contributed to the skills transfer/training of internal staff benefitting. The programme has been able to facilitate project/programmes implementation in the Metro, however there is still room for improvement to ensure that human settlements services are sustainably implemented. Table 81 depicts the summary of evaluation findings for the Metro.

Table 81: City of Tshwane Summary of findings

No	Evaluation Questions	Indicators
1.	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?	Yes. OPSCAP addresses the major challenge of technical capacity constraints in the implementation of human settlements programmes and projects. There is evidence in COT that the introduction of OPSCAP improved expenditure and delivery on the USDG funded human settlements programmes and projects.
2.	Is the OPSCAP being implemented according to the design?	Largely. COT is implementing OPSCAP according to design in that most of the budget is utilised to procure the services of professional technical staff such as project managers to support the human settlements programme.
3.	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?	The COT has been faced with challenges in the organizational environment, the major challenge that has been existing in respect to human resources is capacity constraint particularly in the project management. Through its equitable share allocated to address capacity needs, the Metro has not been able to recruit much needed capacity and that had an implication in the implementation of human settlements programs.
4.	Are resources used efficiently? Is value for money being obtained?	There is value for money obtained in the utilisation of OPSCAP by COT as seen by the direct contribution OPSCAP funded the sourcing of experts to propel human settlement service delivery in the Metro.

No	Evaluation Questions	Indicators
5.	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?	OPSCAP doesn't have performance indicators specifically for it. The only indicator that is used to track OPSCAP by Department is the amount spent, which is reported on monthly internally and quarterly to the NDHS in line with the USDG framework.

Source: Author compilation

4.3.9.10 Lessons Learned

- The decreasing USDG allocation impacted negatively on the OPSCAP allocation, which in turn limit TMM to acquire sufficient resources to implement human settlements programs.

4.3.9.11 Recommendations

Going forward the programme should take into consideration the following:

- The funds should be revised to a higher percentage to allow the Metro to achieve more projects on the business plan and acquire adequate internal capacity to help in human settlement service delivery.
- Human settlement should come up with a clearer policy guideline which indicated the activities the Metro should fund using OPSCAP.
- The Metro should include performance indicators specifically designed for OPSCAP and should fit its stated purpose of ensuring that the resources allocated are being used efficiently and effectively.

4.4 OPERATIONAL CAPITAL PROGRAMME THEORY OF CHANGE (ToC)

This section outlines the OPSCAP ToC or logic model in terms of how the programme achieves the desired outcomes and impacts through the various activities that are implemented. The programme logic model presents an analysis of the rationale at the core of the programme and in so doing, articulates the diverse components that constitute the Programme. This aspect focuses more on how indicators should be used rather than how they should be developed. This in turn guides the development of key performance indicators.

Developing the Theory of Change for OPSCAP

There is no explicit ToC for OPSACP and as such the process of developing the ToC forms part of the implementation evaluation of the programme. Developing the TOC for OPSCAP was a collaborative and consultative process with the programme stakeholders because the TOC connects stakeholders, clarifying a common pathway to a shared goal, promoting understanding of stakeholders' roles and thus a sense of ownership among those involved. The National Evaluation Policy Framework highlights the need for an effective, clearly defined ToC and a Log Frame for government programmes and interventions (NEPF, 2011):

- a clearly defined theory of change which shows the core logic of the process assumed in the intervention, as well as the critical assumptions.
- a log frame (impact, outcomes, outputs, activities, inputs, and their associated assumptions) as well as explanation of the causal mechanism of how these activities and outputs will results in the intended outcomes.
- a management unit within the department responsible for the delivery of that defined set of services and functions; and
- a clear budget allocation which can be tracked, e.g., at the sub/(sub) budget programme level' (DMPE, 2013).

The objective (outcome) of OPSCAP is to source external capacity to support Provincial Department and Metros to ensure the successful implementation of National Housing Programmes so as to ultimately achieve improved quality of life of communities. The vision of the Housing Policy (1994) and subsequent housing

frameworks was to provide adequate housing, and this is in line with the objectives of the OPSCAP. In addition, policy pronouncements contained in ensuing Human Settlements strategies, and national policies, such as the National Development Plan (NDP, 2010), emphasized the importance of building the capacity of Provincial Departments and Municipalities to implement various human settlements programmes. As such, in developing the TOC for OPSCAP, it was necessary to clearly specify the type of change required in relation to delivery of various human settlements programmes within a specified timeframe.

Where a programme does not have an articulated ToC, one must be developed, as in the case of OPSCAP, based on existing policy and strategy documents from the Department of Human Settlements over the years such as the National Housing Code (2009); the White Paper – A New Housing Policy and Strategy for South Africa (1994); the Housing Act of 1997; Breaking New Ground (BNG) – A Comprehensive Plan for the Development of Sustainable Human Settlements (2004) and the National Housing Code (2009), amongst others. OPSCAP is one of the programmes implemented through the Housing Code guidelines.

Therefore, the OPSCAP elements of the ToC were assessed during the evaluation process of the program as each of the elements was expected to be arrived at in the process of evaluating the implementation of the OPSCAP. The other critical aspect is the linkages of these elements to ensure realisation of the desired results and the assumptions on which the intervention elements are based. OPSCAP makes the following assumptions:

- That the OPSCAP is consistent with and aligned to legislative and policy frameworks at local and provincial level.
- That the OPSCAP panel of experts provides a progressive intergovernmental influence on the development of the programmes and activities
- That there is well-located land available for acquisition including related infrastructure to ensure development of integrated Human Settlements in both provincial departments and metros.
- That the Provincial departments and metros have accurate, reliable, and timely administrative systems for processing of all outputs,
- That all the grant outputs will integrate under acceptable social conditions.

- That other outcomes related to health, education, safety, economic growth, and social cohesion are realised through concurrent interventions.

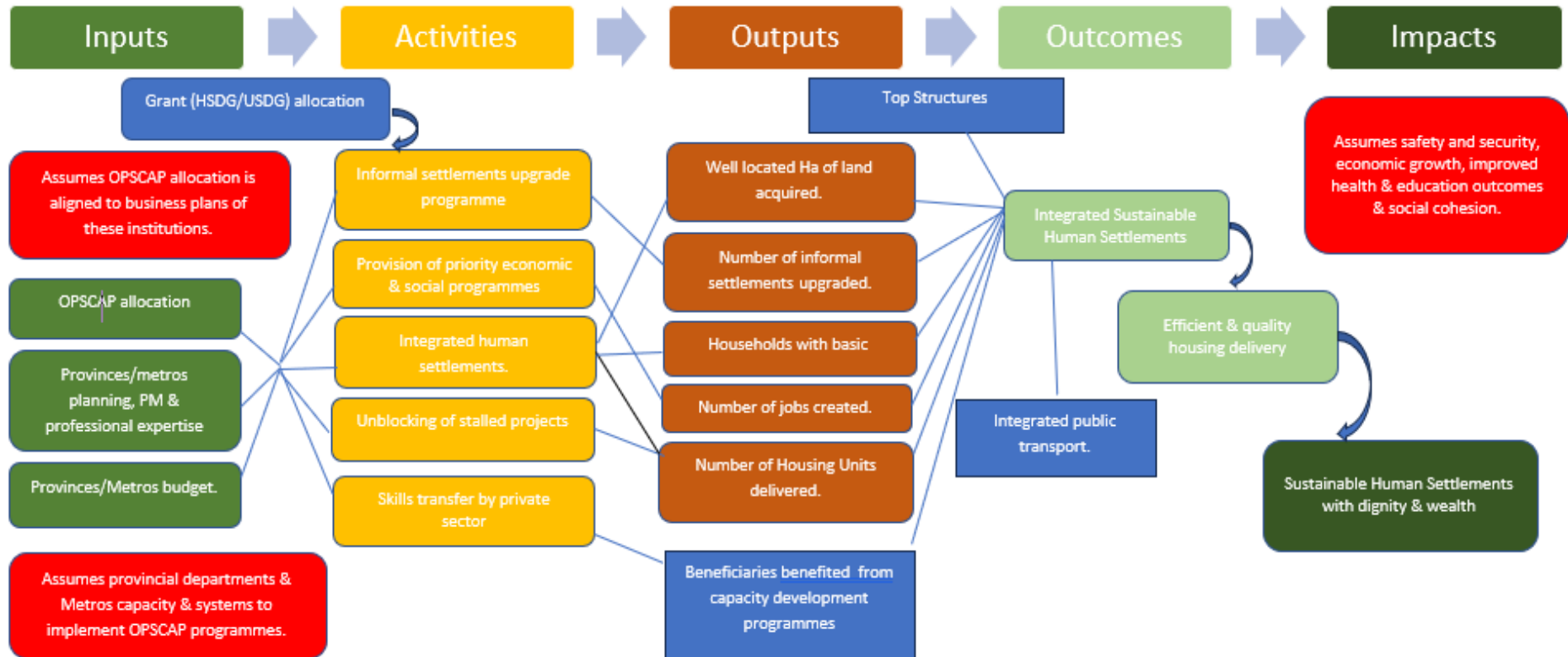
The evaluation process also tested the validity of these assumptions and whether the key intervening factors are present to support the implementation of the OPSCAP.

The OPSCAP Logical Framework Model

The basis of the evaluation assessed the design of the OPSCAP by analysing the legislative and policy intent, goals, and desired program outcomes. Specific activities in the assessment of the OPSCAP design included the identification of the goals and objectives of the program to determine the credibility of the programme and assess the theoretical coherence of what the program design intended to achieve; and to explore the alignment of the OPSCAP design to the NDHS mandate and other national policies. The resulting TOC was designed to explain the expected change (outcomes) and outline the pathways of change for the OPSCAP.

As illustrated in Figure 10, the OPSCAP ToC logical framework indicates the **inputs** as government funding, human capacity, housing, and support institutions. These should be converted into **activities** to be implemented by both provincial departments and Metros including NDHS in addressing housing backlogs. These activities should then be converted into **outputs** by providing institutional capacity, project planning and design, human settlements projects for ownership in low-income households and the provision of basic services. **Outcomes** should be indicated as immediate and intermediate, which are aimed at increasing the provision of housing as well as access to basic services and other related services. The **impact** on housing development should be the establishment of viable, socially, and economically integrated communities. These developments should be situated in areas allowing convenient access to economic opportunities and health, educational and social amenities. The ToC, therefore, assumes the effective integration of spatial planning and coordination across all three spheres of government, which contributes to the delivery of leading to integrated sustainable human settlements.

Figure 9: OPSCAP Logical Framework Model Theory of Change by Provinces/Metros



Source: Author compilation

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

OPSCAP is a vital cog that is propelling the human settlements programmes throughout. It contributes to the initiation and conceptualisation of HSDG and USDG human settlements projects in both Provincial Departments and Metros and thereafter their development. It is evident from the analysis of the interview results that the application of OPSCAP in the Provincial Departments and Metros is not always consistent across board and in alignment with the provisions of the guidelines and frameworks. OPSCAP has never really been viewed as a Programme in the strictest sense of the word and has been seen as a line item in the budget that is dedicated to operational costs. This appears to have strengthened the view that as an operational budget, OPSCAP can therefore be used to fund any operational expenses as long as they are, in some way related to human settlements. Recommendations in Table 82 can be made.

Table 82: Recommendations

Recommendations
(i) There is a need to set specific parameters that define the type of expenditure that can be allowed and not allowed by OPSCAP. NDHS must additionally develop an OPSCAP oriented implementation guideline/strict measures to guide the recipients to ensure effectively and optimal utilization of OPSCAP.
(ii) The NDHS must ensure that the enforcement of OPSCAP policy and guidelines is prioritized, in an endeavor to improve the level of alignment by recipients of the funds. Regular workshopping of the OPSCAP policy and guidelines with key stakeholders to ensure common and consistent understanding of the Programme.
(iii) The NDHS to introduce an OPSCAP champion/office to play a role of a coordinator/contact point amongst stakeholders (Departments/Metros) to enhance /strengthen channels of communication and advisory.
(iv) Formalization of the skills transfer process by NDHS to enable Departments particularly to build and retain capacity obtained through OPSCAP in a sustainable manner.
(v) OPSCAP motivations by Department & Metros must ensure that requested funds are linked to specific projects that are part of the project pipeline together with supporting documentation.
(vi) Provincial Departments and Metros to be encouraged (in the form of circular) to establish internal monitoring and evaluation committee (oversight committee) linked/aligned to CFOs office for control measures.
(vii) The NDHS to develop mandatory OPSCAP customized indicators to be adopted and implemented to ensure that Provincial Department and Metros are evaluated and monitored on.

Source: Author Compilation

APPENDIX 1: KEY INFORMANTS INTERVIEW GUIDE

A. National Department of Human Settlements Officials

[Please administrate introductions and purpose of interview]

NDHS UNIT		
KEY INFORMANT	<i>Name:</i>	<i>Position:</i>
CONTACT DETAILS	<i>Cell Number:</i>	<i>E-mail Address:</i>
INTERVIEWER		

General

1. Please introduce yourself and your role in the administration of the OPSCAP in the National Department of Human Settlements.
2. What is your understanding of OPSCAP? What is the rationale behind the conceptualization of the OPSCAP?
3. Please explain the key steps involved in the implementation of OPSCAP?

Programme Design

1. Are you aware of any difference in the design and implementation of OPSCAP across the Provincial Departments/Metros?
2. Are the OPSCAP funds being used according to design?
3. In your view, how efficient are the strategies or implementation models that are used?
4. In your view how well are the programme activities delivering value for money?
5. What are the intended and unintended changes both positive and negative that have been brought about by the implementation of the programme?
6. What would you change or not change in the programme design and its implementation in the short and long-term? and why?
7. Is there an implementation model/framework being used to implement OPSCAP?
8. How efficient is the implementation model/framework or strategies that are used?

Legal and Institutional Framework

1. What are the policy frameworks/ prescripts guiding the utilisation of OPSCAP?
 - a. Is the institution applying and implementing OPSCAP in line with these policies?
 - b. if the answer is No, can you please explain.
2. What are the legislative prescripts guiding the utilization of OPSCAP?
 - a. Is the OPSCAP implemented according to legislative guidelines?
 - b. if the answer is No, can you please explain
3. In your own understanding what objectives does OPSCAP intend to achieve?
 - a. Are these objectives being achieved in your institution (YES/NO)?
Expatriate, if YES in what sense, if NO what are the issues?
4. Are you aware of variations and deviations from polices and guidelines in the way the programme is being implemented by the Provincial Departments/ Metros? (YES/NO)
If yes, elaborate on the differences? In other words, what are the key and/or major differences?
5. What in your view is causing such variances/ deviations in the implementation of the programme?

Institutional arrangements

1. What is the role and/or main activities of the NDHS in the implementation of OPSCAP?
2. Does the NDHS role bring any impact in the implementation of OPSCAP? (YES/NO) Please explain.
3. Who are the other main stakeholders / role players in OPSCAP and what are their roles?
4. How is the cooperation and coordination of the programme amongst its stakeholders?
5. What is the role of HDA specifically in the implementation of OPSCAP?
6. How effective are the institutional arrangements for OPSCAP?
7. Overall, what other gaps do you think the PHS/Metropolitan Municipality and other stakeholder's activities still need to address?
8. Any other insights and/or recommendations to both the PHS/Metropolitan Municipality and any of the stakeholders?

9. How is OPSCAP being interpreted at provincial and municipal levels? – (By officials, beneficiaries, and other stakeholders).

Funding Arrangements

1. What are the funding arrangements for OPSCAP?
2. How effective are the funding arrangements of the OPSCAP?
3. Does the OPSCAP budget expenditure tracked and accounted for? if the budget OPSCAP is not exhausted in a financial year, where does the money go?

Monitoring / reporting framework

1. Are there indicators mainstreamed to incorporate OPSCAP in the APP? What indicators are these?
 - Are there indicators that are used to monitor the performance of OPSCAP?
 - If yes, what are those indicators?
 - can you provide the documentations containing these indicators?
2. How is the monitoring, evaluation and reporting of the programme done?
 - a. Does the programme have a Monitoring and Evaluation Framework in place? **Probe** if there is a Logic Model and Theory of Change
 - b. What are the performance monitoring indicators?
 - c. How frequently is reporting done on the Programme?
 - d. Do you have any recommendations to help improve the performance of OPSCAP?
14. Has the programme been innovating in trying to meet the demands of its target audience?
15. Is the programme's support geared towards meeting national, provincial, and local/municipal priorities?

Lessons Learned/ Good Practice

1. What are the key lessons/good practices thus far that can be drawn from implementing the programme since its inception?
2. If you were to redesign any aspects of the programme what would these be?
3. What recommendations can be made?

B. Provincial Department of Human Settlements and Metropolitan Municipality Officials

[Introduce Programme and Purpose of Interview]

PROVINCE/METRO		
KEY INFORMANT	<i>Name:</i>	<i>Dept/Position:</i>
CONTACT DETAILS	<i>Cell Number:</i>	<i>E-mail Address:</i>
INTERVIEWER		

General

1. Please introduce yourself and your role in the implementation of the OPSCAP in the Province/ Metro.
2. What is your understanding of OPSCAP? What is the rationale behind the Conceptualization of the OPSCAP?
3. Please explain the key steps involved in the implementation of the OPSCAP.
4. How relevant is OPSCAP in relation to:
 - a. the needs of the Province/ Metro in terms of its contribution to the success of human settlement programmes?
 - b. its contribution to the human settlements programme?
 - c. its ability to provide skills transfer to departmental/ Metro officials?

Programme Design

1. How is OPSCAP being interpreted at provincial and municipal levels? – (By beneficiaries and other stakeholders)
2. Is the OPSCAP being implemented according to the design? Is OPSCAP budget utilized for the intended objectives within the institution? Which area is OPSCAP funding directed to in the institution?
3. Does the Province/ Metro track and account the OPSCAP budget expenditure? If the budget OPSCAP is not exhausted in a financial year, where does the money go?
4. Does the Province/ Metro have a Standard Operating Procedure or guideline for the programme? If yes, please provide copy.
5. Describe any capacity development that is undertaken for efficient running of the programme.
 - Is there an OPSCAP capacity development programme in place?

- If yes, how is it rolled out to the intended beneficiaries?
 - How are you reporting on this aspect?
 - Where is the capacity development directed to?
 - Are the targeted beneficiaries responding to the capacity development undertaking? Is it producing the anticipated outputs? Please share with us your observation.
 - What can be done to improve the capacity building component of OPSCAP?
6. Would you say capacity has improved since the inception of OPSCAP? Explain why?
7. How do you handle issues of equity (elevating WYPD priorities) in the implementation of OPSCAP?

Institutional arrangements

1. What are the intended and unintended changes both positive and negative that have been brought about by the implementation of the programme in the institution?
2. Who are the institutions/ stakeholders you deal with and how are they involved in the programme?
3. What arrangements do you have in place with these institutions/stakeholders?
4. How effective are these stakeholder arrangements?
5. What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?
6. What challenges may affect the programme's sustainability?
 - a. Suggest solutions.
7. What is the role of HDA, if any in your Province with regard to the implementation of OPSCAP?
8. In your view, what changes in the above would make the programme more effective?
9. What are some of the challenges faced by the PHS/Metropolitan municipality and other stakeholders in implementing the OPSCAP?
 - a. What is the PHS/Metropolitan Municipality doing in addressing the challenges that you mentioned above?

- b. To what extent do you think PHS/Metropolitan Municipality activities are helpful in addressing the OPSCAP challenges which target beneficiaries and other stakeholders are facing?
- c. If PHS/Metropolitan Municipality is struggling to mitigate some of the challenges faced in the implementation of the OPSCAP, what are some of your recommendations for the PHS/Metropolitan Municipality?

Monitoring / reporting framework

1. In what ways is the Programme contributing to Departmental outputs and outcomes and making a difference in the delivery of human settlements?
2. How efficient are the strategies or implementation models that are used for OPSCAP?
3. To what extent does the programme effectively deliver on set targets as outlined in the programme proposal and programme plan so far?
4. To what extent are the programme objectives, planned activities and planned outputs consistent with the intended outcomes?
5. To what extent has the programme been innovating in trying to meet the outcomes of the USDG and HSDG?
6. What has been achieved thus far in meeting the programme's intended outcomes in 2021/22 and 2022/23?
7. How effective are the mechanisms or strategies to implement OPSCAP?
8. How well do the programme activities deliver their share of resources of outputs (value for money)?

Probing:

- a) Unpacking the model vs, the rand value
 - b) Contributions of the project management SPs to the OPSCAP results chain - input, output, outcome, and impact?
 - c) How do you source the project management expertise?
 - d) Since the introduction of expertise in your institution are you seeing any improvements?
 - e) Jobs created for every rand spent.
 - f) Skills transfer since inception? How has this been measured?
 - g) The things that happen wherever the programme is/was implemented??
9. How is the monitoring, evaluation and reporting of the programme done?

- a. Does the programme have a Monitoring and Evaluation Framework in place? Probe if there is a Logic Model and Theory of Change
- b. What are the performance monitoring indicators and how is OPSCAP performance captured? How frequently is this done?
- c. Are the performance indicators for the OPSCAP suitable for its stated purpose?
- d. Do you have any recommendations with regard to the reporting of OPSCAP to help improve its performance?

Legal and Institutional Framework

1. What are the policy frameworks/ prescripts guiding the utilisation of OPSCAP?
 - a. Is the institution applying and implementing OPSCAP in line with these policies?
 - b. if the answer is No, can you please explain.
2. What are the legislative prescripts guiding the utilization of OPSCAP?
 - a. Is the OPSCAP implemented according to legislative guidelines?
 - b. if the answer is No, can you please explain
3. In your own understanding what objectives does OPSCAP intend to achieve?
 - a. Are these objectives being achieved in your institution (YES/NO)?
Expatriate, if YES in what sense, if NO what are the issues?
4. Are you aware of variations and deviations from polices and guidelines in the way the programme is being implemented by the Provincial Departments/ Metros? (YES/NO)
If yes, elaborate on the differences? In other words, what are the key and/or major differences?
5. What in your view is causing such variances/ deviations in the implementation of the programme?

Funding Arrangements

1. How effective are the funding arrangements of OPSCAP?
2. Are resources used efficiently in the implementation of OPSCAP?
3. Is value for money being obtained in the implementation of OPSCAP? Explain answer. If Yes, to what extent and in what ways is the institution benefiting from OPSCAP funding?

4. Is the OPSCAP budget expenditure tracked and accounted for? if the allocation for OPSCAP is not exhausted in a financial year, where does the money go?

Lessons Learnt, Good Practices and Recommendations

1. What are some of the key learnings that the PHS/Metropolitan Municipality can draw from the OPSCAP from its inception to-date?
2. What would you change or not change in the programme design and its implementation in the near future?
3. Responsiveness: How well was the programme's support geared towards meeting national, provincial, and local/municipal priorities?
4. Overall, what other gaps do you think the PHS/Metropolitan Municipality and other stakeholder's activities still need to address?
5. What OPSCAP components appear likely to be sustained; replicated or scaled up and how?
6. Any other insights and/or recommendations to both the PHS/Metropolitan Municipality and any of the stakeholders?
7. Do you have any recommendations to help improve the performance of OPSCAP?

C. Project Management Service Providers

[Introduce Programme and Purpose of Interview]

PROVINCE		
SERVICE PROVIDER		
KEY INFORMANT	<i>Name:</i>	<i>Position:</i>
CONTACT DETAILS	<i>Cell Number:</i>	<i>E-mail Address:</i>
INTERVIEWER		

1. Please introduce yourself and your organisation's role in the Province/ Metro
2. When was your organisation appointed?
3. Briefly, what are the ToRs of your appointment? Request copy
4. Based on your ToR, what has been your impact on human settlements delivery in the Metro/ province?
5. In your understanding, what is OPSCAP?
6. What are your roles and/or main activities in the implementation of OPSCAP?
7. What are your experiences/ challenges in delivering implementation support to the PDHS/ Metro?
8. Do you have a formal or informal skills transfer plan that you are adhering to benefit the public officials? Request copy.
9. If yes, how do you measure performance on skills transfer.
10. If yes, do you think the skills transfer is providing the anticipated outputs? Explain. What can be done to improve this?
11. From your point of view, do you think OPSCAP is addressing the needs of the human settlements programme and is it relevant in addressing such needs?
Probe:
 - (i) If yes, why do you think so?
 - (ii) If no, why do you think so?
12. Are you aware of any difference in the design and implementation of OPSCAP across the Provincial Departments/municipalities (dependent on where SP is appointed). If yes, elaborate on the differences? In other words, what are the key and/or major differences?
13. What are some of the challenges faced by the PHS/Metropolitan municipality and other stakeholders in implementing the OPSCAP?

- a. What is the PHS/Metropolitan Municipality doing in addressing the challenges that you mentioned above?
14. To what extent do you think PHS/Metropolitan Municipality activities are helpful in addressing the OPSCAP challenges which target beneficiaries and other stakeholders are facing? If PHS/Metropolitan Municipality is struggling to mitigate some of the challenges faced in the implementation of the OPSCAP, what are some of your recommendations for the PHS/Metropolitan Municipality?
15. What are some of the key learnings that the PHS/Metropolitan Municipality can draw from the OPSCAP from its inception to-date? What would you change or not change in the programme design and its implementation in the near future?
16. Overall, what other gaps do you think the PHS/Metropolitan Municipality and other stakeholder's activities still need to address?
17. Any other insights and/or recommendations to both the PHS/Metropolitan Municipality and any of the stakeholders?

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